# CORPORACION NACIONAL DEL COBRE DE CHILE

Interim Consolidated Financial Statements
As of September 30, 2017

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## INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying interim consolidated statement of financial position of Corporación Nacional del Cobre de Chile and its subsidiaries (the "Company") as of September 30, 2017, and the related interim consolidated statements of comprehensive income for the nine-month and three-month periods ended September 30, 2017, and of changes in equity and cash flows for the nine-month periods then ended and the relates notes to the interim consolidated statements. The interim consolidated statements of comprehensive income nine-month and three-month periods ended September 30, 2016 and of changes in equity and cash flows for the nine-month periods ended September 30, 2016, were reviewed by other auditors whose report dated November 24, 2016, stated that based on their review, they were not aware of any material modifications that should be made to those statements in order for them to be in accordance with IAS 34 "Interim Financial Reporting" incorporated in the International Financial Reporting Standards ("IFRS"). The consolidated statement of financial position of the Company as of December 31, 2016, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended (not presented herein), were audited by other auditors whose report dated March 30, 2017, expressed an unmodified opinion on those consolidated financial statements.

### Management's Responsibility for the Interim Financial Information

The Company's management is responsible for the preparation and fair presentation of the interim financial information in accordance with IAS 34 "Interim Financial Reporting" incorporated in the International Financial Reporting Standards. This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with the applicable financial reporting framework.

### Auditor's Responsibility

Our responsibility is to conduct our review in accordance with auditing standards generally accepted in Chile applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Chile, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the interim financial information as of and for the nine-month and three-month periods ended September 30, 2017, in order to them to be in accordance with IAS 34 "Interim Financial Reporting" incorporated in the International Financial Reporting Standards.

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

Deloitte

November 23, 2017
Santiago, Chile

Mario Muñoz V.

# CODELCO – CHILE

**Unaudited Interim Consolidated Financial Statements as of and for the nine – month period ended September 30, 2017**

**(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)**

**TABLE OF CONTENTS**
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS,**
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)


**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION** .......... 7
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** .......... 9
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** .......... 10
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD** .......... 11
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY** .......... 12
**I. GENERAL INFORMATION** .......... 13
1. Corporate Information .......... 13
2. Basis of Presentation of the Consolidated Financial Statements .......... 14
**II. SIGNIFICANT ACCOUNTING POLICIES** .......... 16
1. Significant Judgments and Key Estimates .......... 16
2. Significant accounting policies .......... 19
3. New accounting pronouncements .......... 35
**III. EXPLANATORY NOTES** .......... 39
1. Cash and cash equivalents .......... 39
2. Trade on and other receivables .......... 39
3. Balance and transactions with related parties .......... 41
4. Inventories .......... 46
5. Income taxes and deferred taxes .......... 47
6. Current and non current tax assets and liabilities .......... 50
7. Property, Plant and Equipment .......... 51
8. Investments accounted for using the equity method .......... 55
9. Intangible assets other than goodwill .......... 62
10. Subsidiaries .......... 65
11. Other non-current non-financial assets .......... 65
12. Current and non-current financial assets .......... 66
13. Interest-bearing borrowings .......... 67
14. Fair Value of financial assets and liabilities .......... 75
15. Fair value hierarchy .......... 76
16. Trade and other payables .......... 77
17. Other provisions .......... 77
18. Employee benefits .......... 78
19. Equity .......... 81
20. Revenue .......... 84
21. Expenses by nature .......... 84
22. Impairment of Assets .......... 85
23. Other income and expenses by function .......... 85
24. Finance costs .......... 86
25. Operating segments .......... 86
26. Foreign exchange differences .......... 94
27. Statement of cash flows .......... 94
28. Financial risk management, objectives and policies .......... 95
29. Derivatives contracts .......... 99
30. Contingencies and restrictions .......... 102
31. Guarantees .......... 109
32. Balances in foreign currency .......... 111
33. Sanctions .......... 114

34. Environmental Expenditures ........ 114
35. Subsequent events ........ 118

**CORPORACION NACIONAL DEL COBRE DE CHILE**
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
As of September 30, 2017 (Unaudited) and December 31, 2016
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| | Notes | 09/30/2017 | 12/31/2016 |
|---|---|---|---|
| **Assets** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 1 | 1,072,126 | 576,726 |
| Other current financial assets | 12 | 1,565 | 9,861 |
| Other current non-financial assets | | 38,420 | 28,638 |
| Trade and other current receivables | 2 | 2,182,056 | 2,254,731 |
| Accounts receivable from related parties, current | 3 | 33,244 | 13,669 |
| Inventories | 4 | 2,029,769 | 1,800,270 |
| Current tax assets | 6 | 5,128 | 6,523 |
| ***Total current assets*** | | **5,362,308** | **4,690,418** |
| **Non-current assets** | | | |
| Other non-current financial assets | 12 | 120,173 | 70,585 |
| Other non-current non-financial assets | 11 | 12,127 | 14,317 |
| Non-current receivables | 2 | 86,014 | 95,316 |
| Accounts receivable from related parties, non-current | 3 | 22,473 | 21,713 |
| Non-current inventories | 4 | 437,392 | 337,411 |
| Investment accounted for using equity method | 8 | 3,680,252 | 3,753,974 |
| Intangible assets other than goodwill | 9 | 201,159 | 196,897 |
| Property, plant and equipment | 7 | 24,685,657 | 23,977,261 |
| Investment property | | 981 | 5,377 |
| Non-current tax assets | 6 | 233,772 | 233,886 |
| Deferred tax assets | 5 | 32,096 | 23,975 |
| ***Total non-current assets*** | | **29,512,096** | **28,730,712** |
| ***Total Assets*** | | **34,874,404** | **33,421,130** |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
As of September 30, 2017 (Unaudited) and December 31, 2016
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| | Notes | 09/30/2017 | 12/31/2016 |
|---|---|---|---|
| **Liabilities and Equity** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Other current financial liabilities | 13 | 889.143 | 352.610 |
| Trade and other current payables | 16 | 1.284.343 | 1.208.126 |
| Accounts payable to related parties, current | 3 | 135.738 | 103.894 |
| Other current provisions | 17 | 203.168 | 290.002 |
| Current tax liabilities | 6 | 20.844 | 9.582 |
| Current provisions for employee benefits | 18 | 393.239 | 439.585 |
| Other current non-financial liabilities | | 62.635 | 58.654 |
| ***Total current liabilities*** | | **2.989.110** | **2.462.453** |
| **Non-current liabilities** | | | |
| Other non-current financial liabilities | 13 | 14.680.938 | 14.931.469 |
| Non-current payables | | 49.867 | 62.651 |
| Other accounts payable to non-current related | 3 | - | - |
| Other non-current provisions | 17 | 1.660.862 | 1.592.612 |
| Deferred tax liabilities | 5 | 3.725.872 | 3.167.914 |
| Non-current provisions for employee benefits | 18 | 1.364.344 | 1.308.871 |
| Other non-current non-financial liabilities | | 4.191 | 4.751 |
| ***Total non-current liabilities*** | | **21.486.074** | **21.068.268** |
| ***Total liabilities*** | | **24.475.184** | **23.530.721** |
| **Equity** | | | |
| Issued capital | | 4.099.423 | 3.624.423 |
| Retained losses | | (35.696) | (30.072) |
| Other reserves | 19 | 5.323.419 | 5.317.392 |
| **Equity attributable to owners of the parent** | | **9.387.146** | **8.911.743** |
| Non-controlling interests | 19 | 1.012.074 | 978.666 |
| **Total equity** | | **10.399.220** | **9.890.409** |
| **Total liabilities and equity** | | **34.874.404** | **33.421.130** |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**

# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the nine and three month periods ended September 30, 2017 and 2016 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| | Notes N° | 01/01/2017 09/30/2017 | 01/01/2016 09/30/2016 | 07/01/2017 09/30/2017 | 07/01/2016 09/30/2017 |
|---|---|---|---|---|---|
| Revenue | 20 | 9.751.638 | 8.103.522 | 3.761.988 | 2.697.489 |
| Cost of sales | | (7.200.096) | (7.041.990) | (2.666.207) | (2.307.836) |
| **Gross profit** | | **2.551.542** | **1.061.532** | **1.095.781** | **389.653** |
| Other Income, by function | 23.a | 94.099 | 95.150 | 21.374 | 16.232 |
| Distribution costs | | (7.330) | (8.764) | (2.058) | (3.363) |
| Administrative expenses | | (304.942) | (257.237) | (97.161) | (81.092) |
| Other expenses | 23.b | (1.008.455) | (814.715) | (403.114) | (269.261) |
| Other gains | | 27.426 | 21.602 | 24.416 | 7.239 |
| **Profit from operating activities** | | **1.352.340** | **97.568** | **639.238** | **59.408** |
| Finance income | | 21.537 | 18.157 | 9.695 | 4.756 |
| Finance costs | 24 | (513.961) | (426.075) | (251.921) | (146.364) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 8 | 140.023 | (54.051) | 21.365 | (25.132) |
| Foreign exchanges difference | 26 | (95.247) | (257.456) | (69.754) | (18.203) |
| **Profit (Loss) for the period before tax** | | **904.692** | **(621.857)** | **348.623** | **(125.535)** |
| (Expenses) Income taxes | 5 | (589.251) | 308.228 | (239.511) | 15.719 |
| **Profit (Loss) for the period** | | **315.441** | **(313.629)** | **109.112** | **(109.816)** |
| Profit (Loss) attributable to owners of the parent | | 273.332 | (297.305) | 103.469 | (105.493) |
| Profit (Loss) attributable to non-controlling interests | 19.b | 42.109 | (16.324) | 5.643 | (4.323) |
| **Profit (Loss) for the period** | | **315.441** | **(313.629)** | **109.112** | **(109.816)** |

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

## CORPORACION NACIONAL DEL COBRE DE CHILE
# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the nine and three month periods ended September 30, 2017 and 2016 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| | Notes N° | 01/01/2017 09/30/2017 | 01/01/2016 09/30/2016 | 07/01/2017 09/30/2017 | 07/01/2016 09/30/2017 |
|---|---|---|---|---|---|
| **Profit (Loss) for the period** | | 315.441 | (313.629) | 109.112 | (109.816) |
| **Components of other comprehensive income that will not be reclassified to profit or loss, before tax:** | | | | | |
| Gains (losses) on remeasurement of defined benefit plans, before tax | | (11.433) | (26.481) | (976) | (15.845) |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, before tax | | 85 | 374 | 107 | 362 |
| **Other comprehensive income (loss) that will not be reclassified to profit or loss, before tax** | | **(11.348)** | **(26.107)** | **(869)** | **(15.483)** |
| **Components of other comprehensive income that will be reclassified to profit or loss, before tax:** | | | | | |
| **Exchange differences on translation:** | | | | | |
| Gains on exchange difference on translation, before tax | | 4.646 | 5.058 | 1.024 | 3.792 |
| **Other comprehensive income, before tax, exchange difference on translation** | | **4.646** | **5.058** | **1.024** | **3.792** |
| **Cash flow hedges:** | | | | | |
| Gains (Losses) on cash flow hedges, before tax | | (2.296) | (1.473) | 19.784 | 29.343 |
| **Other comprehensive income (loss), before tax, cash flow hedges** | | **(2.296)** | **(1.473)** | **19.784** | **29.343** |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, before tax | | (613) | (216) | (279) | (48) |
| **Other comprehensive income (loss) that will be reclassified to profit or loss, before tax** | | **1.737** | **3.369** | **20.529** | **33.087** |
| **Other comprehensive income (loss), before tax** | | **(9.611)** | **(22.738)** | **19.660** | **17.604** |
| Income (loss) tax relating to remeasurement of defined benefit plans of other comprehensive income | 5 | 7.719 | 18.272 | 420 | 11.465 |
| **Income taxes relating to components of other comprehensive income that will not be reclassify to profit or loss** | | **7.719** | **18.272** | **420** | **11.465** |
| **Income tax relating to the components of other comprehensive income that will be reclassified to income** | | | | | |
| Income tax relating to cash flow hedges of the other comprehensive income | 5 | 1.492 | 943 | (12.524) | (19.051) |
| **Income taxes relating to components of other comprehensive income that will not be reclassify to profit or loss** | | **1.492** | **943** | **(12.524)** | **(19.051)** |
| **Total other comprehensive income loss** | | **(400)** | **(3.523)** | **7.556** | **10.018** |
| **Total Comprehensive Income (Loss)** | | **315.041** | **(317.152)** | **116.668** | **(99.798)** |
| **Comprehensive income (loss) attributable to:** | | | | | |
| Comprehensive income (loss) attributable to owners of the parent | | 272.932 | (300.828) | 111.025 | (95.475) |
| Comprehensive income (loss) attributable to non-controlling interests | 19.b | 42.109 | (16.324) | 5.643 | (4.323) |
| **Total Comprehensive Income (loss)** | | **315.041** | **(317.152)** | **116.668** | **(99.798)** |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the nine month periods ended September 30, 2017 and 2016 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| | Notes | 01/01/2017 09/30/2017 | 01/01/2016 09/30/2016 |
|---|---|---|---|
| **Cash flows from (used in) operating activities:** | | | |
| Receipts from sales of goods and rendering of services | | 10.137.091 | 8.427.151 |
| Other cash receipts from operating activities | 27 | 1.320.430 | 1.118.562 |
| Payments to suppliers for goods and services | | (5.710.712) | (5.576.271) |
| Payments to and on behalf of employees | | (1.240.117) | (1.237.992) |
| Other cash payments from operating activities | 27 | (1.644.559) | (1.503.301) |
| Dividends received | | 214.551 | 49.509 |
| Income taxes paid | | (17.412) | (25.630) |
| Cash flows from operating activities | | 3.059.272 | 1.252.028 |
| **Cash flows from (used in) investing activities**: | | | |
| Other payments to acquire equity or debt instruments of other entities | | (5.055) | (5.030) |
| Purchase of property, plant and equipment | | (2.445.793) | (2.486.471) |
| Interest received | | 9.831 | 10.246 |
| Other inflows (outflows) of cash | | (88.926) | 138.787 |
| Cash flows used in investing activities | | (2.529.943) | (2.342.468) |
| **Cash flows from (used in) financing activities:** | | | |
| Proceeds from borrowings | | 3.050.000 | 856.682 |
| Repayment of borrowings | | (2.723.423) | (500.145) |
| Dividends paid | | (169.863) | - |
| Interest paid | | (461.984) | (437.049) |
| Others clash inflow | | 268.257 | - |
| Cash flows used in financing activities | | (37.013) | (80.512) |
| Decrease in cash and cash equivalents before effect of exchange rate changes | | 492.316 | (1.170.952) |
| Effect of exchange rate changes on cash and cash equivalents | | 3.084 | (742) |
| Decrease in cash and cash equivalents | | 495.400 | (1.171.694) |
| Cash and cash equivalents at beginning of period | 1 | 576.726 | 1.747.718 |
| Cash and cash equivalents at end of period | 1 | 1.072.126 | 576.024 |

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

## CORPORACION NACIONAL DEL COBRE DE CHILE
## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine month periods ended September 30, 2017 and 2016 (Unaudited)

(In thousands of US dollars - ThUS$)

(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| September 30, 2017 | Issued capital | Reserve of exchange difference on translation | Reserve of cash flow hedges | Reserve of actuarial gains or losses on defined benefits plans Note 18 | Other miscellaneous reserves | Total other reserves Note 19 | Retained earnings | Equity attributable to owners of the parent | Non-controlling interests Note 19 | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Initial balance as of 01/01/2017** | **3,624,423** | **(10,607)** | **12,342** | **(267,171)** | **5,582,828** | **5,317,392** | **(30,072)** | **8,911,743** | **978,666** | **9,890,409** |
| Changes in equity: | | | | | | | | | | |
| Profit (loss) | | | | | | | 273,332 | 273,332 | 42,109 | 315,441 |
| Other comprehensive income (loss) | | 4,646 | (804) | (3,714) | (528) | (400) | | (400) | - | (400) |
| Comprehensive income (loss) | | | | | | | | 272,932 | 42,109 | 315,041 |
| Dividends | | | | | | | (273,332) | (273,332) | | (273,332) |
| Capital Increases | 475,000 | | | | | | | 475,000 | | 475,000 |
| Increase (decrease) through transfers and other changes | - | - | - | - | 6,427 | 6,427 | (5,624) | 803 | (8,701) | (7,898) |
| **Total changes in equity** | **475,000** | **4,646** | **(804)** | **(3,714)** | **5,899** | **6,027** | **(5,624)** | **475,403** | **33,408** | **508,811** |
| **Final balance as of 09/30/2017** | **4,099,423** | **(5,961)** | **11,538** | **(270,885)** | **5,588,727** | **5,323,419** | **(35,696)** | **9,387,146** | **1,012,074** | **10,399,220** |

| September 30, 2016 | Issued capital | Reserve of exchange difference on translation | Reserve of cash flow hedges | Reserve of actuarial gains or losses on defined benefits plans Note 18 | Other miscellaneous reserves | Total other reserves Note 19 | Retained earnings | Equity attributable to owners of the parent | Non-controlling interests Note 19 | Total Equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Initial balance as of 01/01/2016** | **3,124,423** | **(12,974)** | **(6,549)** | **(246,424)** | **5,797,867** | **5,531,920** | **33,623** | **8,689,966** | **1,042,855** | **9,732,821** |
| Changes in equity: | | | | | | | | | | |
| Profit (loss) | | | | | | | (297,305) | (297,305) | (16,324) | (313,629) |
| Other comprehensive income (loss) | | 5,058 | (530) | (8,209) | 158 | (3,523) | | (3,523) | - | (3,523) |
| Comprehensive income (loss) | | | | | | | | (300,828) | (16,324) | (317,152) |
| Dividends | | | | | | | - | - | | - |
| Increase (decrease) through transfers and other changes | - | - | - | - | (216,196) | (216,196) | 215,993 | (203) | (553) | (756) |
| **Total changes in equity** | **-** | **5,058** | **(530)** | **(8,209)** | **(216,038)** | **(219,719)** | **(81,312)** | **(301,031)** | **(16,877)** | **(317,908)** |
| **Final balance as of 09/30/2016** | **3,124,423** | **(7,916)** | **(7,079)** | **(254,633)** | **5,581,829** | **5,312,201** | **(47,689)** | **8,388,935** | **1,025,978** | **9,414,913** |

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

# I. GENERAL INFORMATION

## 1. Corporate Information

Corporación Nacional del Cobre de Chile (hereinafter referred to as “Codelco”, “Codelco - Chile”, or the “Corporation”), is the largest copper producer in the world. Codelco’s most important product is refined copper, primarily in the form of cathodes. The Corporation also produces copper concentrates, blister and anode copper and by-products such as molybdenum, anode slime and sulfuric acid. Codelco also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material, through an associated company.

The Corporation trades its products based on a policy aimed to sell refined copper to manufacturers or producers of semi-manufactured products.

These products contribute to diverse fields of community development, particularly those intended to improve areas such as public health, energy efficiency, and sustainable development, among others.

Codelco-Chile is registered under Securities Registry No. 785 of the Chilean Superintendence of Securities and Insurance (the “SVS”) and is subject to its supervision. According to Article No. 10 of Law No. 20.392 (on the new Corporate Governance of Codelco), such supervision shall be on the same terms as publicly traded companies, notwithstanding the provisions in Decree Law (D.L.) No.1.349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

Codelco’s head office is located in Santiago, Chile, at 1270 Huérfanos Street, telephone number (56-2) 26903000.

Codelco was incorporated through D.L. No. 1.350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a government-owned mining, industrial and commercial company, which is a separate legal entity with its own equity, Codelco Chile currently carries out its mining business through its Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and Ventanas divisions. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date.

The Corporation also carries out similar activities in other mining deposits in association with third parties.

In accordance with letter e) of Article 10 of Law No. 20.392, Codelco is governed by its organic standards set forth in Decree Law No. 1.350 (D.L. No. 1.350) and that of its by-laws, and in matters not covered by them and, insofar as they are compatible and do not contradict the provisions of such standards, by the rules that govern publicly traded companies and the common laws as applicable to them.

In accordance with D.L. No. 1.350 Section IV related to the Company's Exchange and Budget Regulations. Codelco's financial activities are conducted following an annual budgeting program that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's taxable income is in accordance with Article 26 of D. L. No.1.350. which refers to Decree Law No. 824 on Income Tax of 1974 and Decree Law No. 2.398 (Article 2) of 1978, as applicable. The Corporation's taxable income is also subject to a Specific Mining Tax in accordance with Law No. 20.026 of 2005.

The Corporation is subject to Law No. 13.196, which mandates the payment of a 10% tax over the foreign currency return on the actual sale revenue of copper production, including its by-products.

The subsidiaries whose financial statements are included in these consolidated financial statements correspond to companies located in Chile and abroad, which are detailed in Note II.2.d.

The associates and joint ventures located in Chile and abroad, are detailed in the Explanatory Notes Section III of Note 8.

## 2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's interim consolidated statements of financial position as of September 30, 2017 and December 31, 2016, and the interim consolidated statements of comprehensive income for the nine and three month periods ended September 30, 2017 and 2016, the changes in equity and of cash flows for the nine month periods ended September 30, 2017 and 2016, have been prepared in accordance with International Accounting Standards (IAS) No. 34. Interim Financial Reporting as incorporated in the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

These interim consolidated financial statements include all information and disclosures required in annual financial statements.

These interim consolidated financial statements have been prepared from accounting records maintained by the Corporation.

The interim consolidated financial statements of the Corporation are presented in thousands of United States dollar ("U.S. dollar").

**Responsibility for the Information and Use of Estimates**

The Board of Directors of the Corporation has been informed of the information included in these unaudited interim consolidated financial statements and expressly declares its responsibility for the consistent and reliable nature of the information included in aforementioned financial statements as of September 30, 2017, for the effects of which the instructions from SVS have been applied, which fully comply with the IFRS as issued by the IASB, following the requirements of IAS No. 34, *Interim Financial Reporting*. These unaudited interim consolidated financial statements as of September 30, 2017 were approved by the Board of Directors at meeting held on November 23, 2017.

**Accounting Principles**

These unaudited interim consolidated financial statements reflect the financial position of Codelco and its subsidiaries as of September 30, 2017 and December 31, 2016, and the results of their operations for the nine and three month periods ended September 30, 2017 and 2016, and the changes in equity and cash flows for the nine month periods ended September 30, 2017 and 2016, and their related notes, all prepared in accordance with IAS 34, *Interim Financial Reporting*, in consideration of the presentation instructions of the Superintendency of Securities and Insurance (SVS), which are not in conflict with IFRS.

For the convenience of the reader, these unaudited interim consolidated financial statements and their accompanying notes have been translated from Spanish into English.

## II. SIGNIFICANT ACCOUNTING POLICIES

### 1. Significant Judgments and Key Estimates

In preparing these unaudited interim consolidated financial statements in accordance with the instructions of the Superintendence of Securities and Insurance (SVS), which fully comply with the International Financial Reporting Standards as issued by the IASB, requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of the financial statements and the amounts of revenue and expenses recognized during the reporting period. It also requires the Corporation's Management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unaudited interim consolidated financial statements are as follows:

a) **Useful economic lives and residual values of property, plant and equipment -** The useful lives and residual values of property, plant and equipment that are used for calculating depreciation are determined based on technical studies prepared by specialists (internal or external). The technical studies consider specific factors related to the use of assets.

   When there are indicators that could lead to changes in the estimates of the useful lives of such assets, these changes are made by using technical estimates considering specific factors related to the use of the assets.

b) **Ore reserves -** The measurements of ore reserves are based on estimates of the ore resources that are legally and economically exploitable, and reflect the technical and environmental considerations of the Corporation regarding the amount of resources that could be exploited and sold at prices exceeding the total cost associated with the extraction and processing.

   The Corporation applies prudent judgment in determining the ore reserves, and as such, possible changes in these estimates might significantly impact the estimates of net revenues over time. In addition, these changes might lead to modifications in usage estimates, which might have an effect on depreciation and amortization expense, calculation of stripping cost adjustments, determination of impairment losses, expected future disbursements related to decommissioning and restoration obligations, long term defined benefits plans and the accounting for financial derivative instruments.

   The Corporation estimates its reserves and mineral resources based on the information certified by the Competent Persons of the Corporation, who are defined and regulated according to Law No. 20.235. These estimates correspond to the application of the Certification Code of Ore Reserves, Resources and Exploration, issued by the Mining Committee which was instituted through the aforementioned law. This does not modify the global volume of the Corporation's ore reserves and resources.

Notwithstanding the above, the Corporation also periodically reviews such estimates, supported by world-class external experts, who certify the reserves as determined.

c) **Impairment of assets -** The Corporation reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss, If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, In testing impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these CGUs is calculated as the present value of the expected future cash flows from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, If the recoverable amount of the assets is lower than their carrying amount, an impairment loss is recognized.

The Corporation defines the CGUs and also estimates the timing and cash flows that such CGUs will generate. Subsequent changes in the grouping of the CGU, or changes in the assumptions supporting the estimates of cash flows or the discount rate, may impact the carrying amounts of the corresponding assets.

Estimates of assumptions influencing the calculation of cash flows, such as the price of copper or treatment charges and refining charges, among others, are determined based on studies conducted by the Corporation using uniform criteria over different periods. Any changes to these criteria may impact the estimated recoverable amount of the assets.

The Corporation has assessed and defined that the CGUs are determined at the level of each of its current operating divisions.

Impairment testing also includes subsidiaries, associates and joint arrangements.

d) **Provisions for decommissioning and site restoration costs -** The Corporation is obliged to incur decommissioning and site restoration costs when environmental disturbance is caused by the development or ongoing production of a mining property. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known. The initial estimate of decommissioning and site restoration costs is recognized as part of the cost of items of property, plant and equipment in accordance with IAS 16, and simultaneously a liability in accordance with IAS 37 is recognized.

For these purposes, a defined list of mine sites, facilities and other equipment assigned to this process, consider at the engineering level profile, the cubic of assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, reflecting the best knowledge at the time to carry out such activities, as well as techniques and more efficient construction procedures to date. In the process of valuation of these activities, the assumptions of the exchange rate for tradable goods and services is made, as well as a discount rate, which considers the time value of money and the risks associated with the liabilities, which is determined based on the currency in which disbursements are expected to be made.

The liability amounts recognized at the end of each reporting date represent management's best estimate of the present value of the future decommissioning and site restoration costs. Changes to estimated future costs that result from liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate are added to, or deducted from, the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss.

If the adjustment results in an addition to the cost of the asset, Codelco considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, Codelco tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss, in accordance with IAS 36. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine are expensed as incurred.

The decommissioning costs arise at the moment when a plant or other assets are installed. Such costs are capitalized as part of property, plant and equipment and discounted to their present value. These decommissioning costs are charged to net income over the life of the mine, through depreciation of the corresponding asset. Depreciation expense is included in cost of sales, while the unwinding of the discount in the provision is included in finance costs.

e) **Provisions for employee benefits –** Provisions for employee benefits related to severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the Projected Unit Credit Method, and are recognized in profit or loss on an accrual basis.

The Corporation uses assumptions to determine the best estimate of future obligations related to these benefits. Such estimates, as well as assumptions, are determined by management using the assistance of external actuaries. These assumptions include demographic assumptions, discount rate and expected salary increases and rotation levels, among other factors.

f) **Accruals for open invoices -** The Corporation uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables, due to the conditions in provisional pricing arrangements. These adjustments are updated on a monthly basis, See Notes 2 r) "Revenue Recognition" of No. II "Significant accounting policies".

g) **Fair Value of Derivatives and Other Financial Instruments -** Management may use its judgment to choose an adequate and proper valuation method for the financial instruments that are not quoted in an active market. The Corporation applies customary valuation techniques used by other professionals in the industry. In the case of derivative financial instruments, assumptions are based on observable market inputs, adjusted in conformity with the specific features of the instruments.

h) **Lawsuits and contingencies -** The Corporation assesses the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by its legal advisors. For cases in which management and the Corporation's legal advisors believe that a probable outcome will be obtained or when the results are not probable and the lawsuits are still pending resolution, no provisions are recognized.

Although the above-mentioned estimates have been made based on the best information available as of the date of issuance of these unaudited interim consolidated financial statements, it is possible that new developments could lead the Corporation to modify these estimates in the future. Such modifications, if applicable, would be adjusted prospectively, as required by IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

## 2. Significant accounting policies

a) **Period covered -** The accompanying unaudited interim consolidated financial statements of Corporación Nacional del Cobre de Chile include the following statements:

- Interim consolidated statements of financial position as of September 30, 2017 and December 31, 2016.
- Interim consolidated statements of comprehensive income for the nine and three month periods ended September 30, 2017 and 2016.
- Interim consolidated statements of changes in equity for the nine month periods ended September 30, 2017 and 2016.
- Interim consolidated statements of cash flows for the nine month periods ended September 30, 2017 and 2016.

b) **Basis of preparation -** The unaudited interim consolidated financial statements of the Corporation as of September 30, 2017, have been prepared in accordance with the instructions from the Superintendency of Securities and Insurance (SVS) which fully comply with the IFRSs as issued by the IASB.

The consolidated statement of financial position as of December 31, 2016, and the unaudited interim consolidated statements of comprehensive income, net equity and of cash flows for the nine month period ended September 30, 2016, included for comparison purposes, have been prepared in conformity with IFRS as issued by the IASB, and on a consistent basis with the accounting policies used by the Corporation for the six month period ended September 30, 2017.

These unaudited interim consolidated financial statements have been prepared based on the accounting records kept by the Corporation.

**c) Functional Currency -** The functional currency of Codelco is the U,S, dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues.

The functional currency of subsidiaries, associates and joint ventures, is the currency of the primary economic environment in which those entities operate and the currency in which they receive their revenues. However, for those subsidiaries and associates that are an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are with Codelco); the functional currency is also the U.S. dollar.

The presentation currency of Codelco's consolidated financial statements is the U.S. dollar.

**d) Basis of consolidation -** The unaudited interim consolidated financial statements incorporate the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date such control ceases, Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control de subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting period as the Corporation, using consistent accounting policies.

All assets, liabilities, equity, income, expenses and cash flows related to transactions between consolidated companies are fully eliminated on consolidation. Non-controlling interests in equity and in the comprehensive income of the consolidated subsidiaries are presented, respectively, under the line items "Total Equity: Non-controlling interests" in the interim consolidated statement of financial position and "Net income attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interests" in the consolidated statement of comprehensive income.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The companies included in the consolidation are as follows:

| Taxpayer ID Number | Company | Country | Currency | 09/30/2017 % Ownership Direct | 09/30/2017 % Ownership Indirect | 09/30/2017 % Ownership Total | 12/31/2016 % Ownership Total |
|---|---|---|---|---|---|---|---|
| Foreign | Chile Copper Limited | England | GBP | 100,00 | - | 100,00 | 100,00 |
| Foreign | Codelco do Brasil Mineracao | Brazil | BRL | - | 100,00 | 100,00 | 100,00 |
| Foreign | Codelco Group Inc, | United States of America | US$ | 100,00 | - | 100,00 | 100,00 |
| Foreign | Codelco International Limited | Bermuda | US$ | 100,00 | - | 100,00 | 100,00 |
| Foreign | Codelco Kupferhandel GmbH | Germany | EURO | 100,00 | - | 100,00 | 100,00 |
| Foreign | Codelco Metals Inc, | United States of America | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Codelco Services Limited | England | GBP | - | 100,00 | 100,00 | 100,00 |
| Foreign | Codelco Shanghai Company Limited | China | RMB | 100,00 | - | 100,00 | 100,00 |
| Foreign | Codelco Technologies Ltd, | Bermuda | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Codelco USA Inc, | United States of America | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Codelco Canada | Canada | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Ecometales Limited | Channel Islands | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Exploraciones Mineras Andinas Ecuador EMSAEC S,A, | Ecuador | US$ | - | 100,00 | 100,00 | 100,00 |
| Foreign | Cobrex Prospeccao Mineral | Brazil | BRL | - | 51,00 | 51,00 | 51,00 |
| 78.860.780-6 | Compañía Contractual Minera los Andes | Chile | US$ | 99,97 | 0,03 | 100,00 | 100,00 |
| 79.566.720-2 | Isapre Chuquicamata Ltda, | Chile | CLP | 98,30 | 1,70 | 100,00 | 100,00 |
| 81.767.200-0 | Asociación Garantizadora de Pensiones | Chile | CLP | 96,69 | - | 96,69 | 96,69 |
| 88.497.100-4 | Clinica San Lorenzo Limitada | Chile | CLP | 99,90 | 0,10 | 100,00 | 100,00 |
| 76.521.250-2 | San Lorenzo Institución de Salud Previsional Ltda, | Chile | CLP | - | 100,00 | 100,00 | 100,00 |
| 89.441.300-K | Isapre Río Blanco Ltda, | Chile | CLP | 99,99 | 0,01 | 100,00 | 100,00 |
| 96.817.780-K | Ejecutora Hospital del Cobre Calama S,A, | Chile | US$ | 99,99 | 0,01 | 100,00 | 100,00 |
| 96.819.040-7 | Complejo Portuario Mejillones S,A, | Chile | US$ | 99,99 | 0,01 | 100,00 | 100,00 |
| 76.024.442-2 | Ecosea Farming S,A, | Chile | US$ | - | 99,98 | 99,98 | 91,32 |
| 96.991.180-9 | Codelco Tec SpA | Chile | US$ | 99,91 | 0,09 | 100,00 | 100,00 |
| 99.569.520-0 | Exploraciones Mineras Andinas S,A, | Chile | US$ | 99,90 | 0,10 | 100,00 | 100,00 |
| 99.573.600-4 | Clinica Río Blanco S,A, | Chile | CLP | 99,00 | 1,00 | 100,00 | 100,00 |
| 76.064.682-2 | Centro de Especialidades Médicas Río Blanco Ltda, | Chile | CLP | 99,00 | 1,00 | 100,00 | 100,00 |
| 77.773.260-9 | Inversiones Copperfield Ltda, | Chile | US$ | 99,99 | 0,01 | 100,00 | 100,00 |
| 76.043.396-9 | Innovaciones en Cobre S,A, | Chile | US$ | 0,05 | 99,95 | 100,00 | 100,00 |
| 76.148.338-2 | Sociedad de Procesamiento de Molibdeno Ltda, | Chile | US$ | 99,90 | 0,10 | 100,00 | 100,00 |
| 76.167.903-1 | Inversiones Mineras Acrux SpA | Chile | US$ | - | 67,80 | 67,80 | 67,80 |
| 76.173.357-5 | Inversiones Gacrux SpA | Chile | US$ | 100,00 | - | 100,00 | 100,00 |
| 76.231.838-5 | Inversiones Mineras Nueva Acrux SpA | Chile | US$ | - | 67,80 | 67,80 | 67,80 |
| 76.237.866-3 | Inversiones Mineras Los Leones SpA | Chile | US$ | 100,00 | - | 100,00 | 100,00 |
| 76.173.783-K | Inversiones Mineras Becrux SpA | Chile | US$ | - | 67,80 | 67,80 | 67,80 |
| 76.124.156-7 | Centro de Especialidades Médicas San Lorenzo Ltda, | Chile | US$ | - | 100,00 | 100,00 | 100,00 |
| 76.255.061-K | Central Eléctrica Luz Minera SpA | Chile | US$ | 100,00 | - | 100,00 | 100,00 |
| 70.905.700-6 | Fusat | Chile | CLP | - | - | - | - |
| 76.334.370-7 | Instituto de Salud Previsional Fusat, Ltda, | Chile | CLP | - | - | - | - |
| 78.394.040-K | Centro de Servicios Médicos Porvenir Ltda, | Chile | CLP | - | 99,00 | 99,00 | 99,00 |
| 77.928.390-9 | Inmobiliaria e Inversiones Rio Cipreces Ltda, | Chile | CLP | - | 99,90 | 99,90 | 99,90 |
| 77.270.020-2 | Prestaciones de Servicios de la Salud Intersalud Ltda, | Chile | CLP | - | 99,00 | 99,00 | 99,00 |
| 76.754.301-8 | Salar de Maricunga SpA | Chile | CLP | 100,00 | - | 100,00 | - |

For the purposes of these consolidated financial statements, subsidiaries, associates, acquisitions and disposals and joint ventures are defined as follows:

- **Subsidiaries -** A subsidiary is an entity over which the Corporation has control. Control is exercised if, and only if, the following conditions are met: the Corporation has i) power to direct the relevant activities of the subsidiaries unilaterally; ii) exposure or rights to variable returns from these entities; and iii) the ability to use its power to influence the amount of these returns.

The Corporation reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The unaudited interim consolidated financial statements include all assets, liabilities, revenues, expenses and cash flows of Codelco and its subsidiaries, after eliminating all inter-company balances and transactions.

Non-controlling interests in equity and in the comprehensive income of the consolidated subsidiaries are presented, respectively, under the line items "Total Equity: Non-controlling interests" in the interim consolidated statement of financial position and "Net income attributable to non-controlling interests" and "Comprehensive income attributable to non-controlling interests" in the interim consolidated statement of comprehensive income.

- **Associates -** An associate is an entity over which Codelco has significant influence, Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

  Codelco's interest ownership in associates is recognized in the unaudited interim consolidated financial statements under the equity method. Under this method, the initial investment is recognized at cost and adjusted thereafter to recognize changes in Codelco's share of the comprehensive income of the associate, less any impairment losses or other changes to the net assets of the associate.

  Appropriate adjustments to the Codelco's share of the associate's profit or loss after acquisition are made in order to account for depreciation of the depreciable assets based on their fair values at the acquisition date.

- **Acquisitions and Disposals -** The results of businesses acquired are incorporated in the unaudited interim consolidated financial statements from the date when control is obtained; the results of businesses sold during the period are included into the unaudited interim consolidated financial statements up to the effective date of disposal. Gains or losses on disposal is the difference between the sale proceeds (net of expenses) and the carrying amount of the net assets attributable to the ownership interest that has been sold.

  If control is lost over a subsidiary, the retained ownership interest in the investment will be recognized at its fair value.

  At the acquisition date of an investment in a subsidiary, any excess of Codelco's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

- **Joint Ventures -** The entities that qualify as joint ventures in which joint control exists are accounted for using the equity method.

**e) Foreign currency transactions -** Transactions in currencies other than the Corporation's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise and are included in line item "Foreign exchange differences" in the consolidated statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies have been translated into U.S. dollars at the closing exchange rates.

At the end of each reporting period, monetary assets and liabilities denominated in Unidades de Fomento (UF or inflation index-linked units of account) are translated into U.S. dollars at the closing exchange rates at that date (09/30/2017: US$41,79; 12/31/2016: US$39,36). Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date of the transactions.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is other than the presentation currency of Codelco, are translated as follows:

- Assets and liabilities are translated using the prevailing exchange rate on the closing date of the financial statements.

- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period.

- All resulting exchange differences are recognized in other comprehensive income and accumulated in equity under the heading "Reserve of exchange difference on translation".

The exchange rates used in each reporting period were as follows:

| | Closing exchange rates | |
|---|---|---|
| | 09/30/2017 | 12/31/2016 |
| US$ / CLP | 0.00157 | 0.00149 |
| US$ / GBP | 1.33923 | 1.23396 |
| US$ / BRL | 0.31614 | 0.30744 |
| US$ / EUR | 1.18036 | 1.05396 |

**f) Offsetting balances and transactions:** In general, assets and liabilities, income and expenses, are not offset in the financial statements, unless required or permitted by an IFRS or when offsetting reflects the substance of the transaction.

Income or expenses arising from transactions which, for contractual or legal reasons, consider the possibility of offsetting and which the Corporation intends to liquidate for their net value or realize the assets and settle the liabilities simultaneously, are stated net in the statement of comprehensive income.

**g) Property, plant and equipment and depreciation –** Items of property, plant and equipment are initially recognized at cost. Subsequent to initial recognition, they are measured at cost, less any accumulated depreciation and any accumulated impairment losses.

Extension, modernization or improvement costs that represent an increase in productivity, capacity or efficiency, or an increase in the useful life of the assets are capitalized as increasing the cost of the corresponding assets.

Furthermore, assets acquired under finance lease contracts are included in property, plant and equipment.

Starting fiscal year 2014, the assets included in property, plant and equipment are depreciated, as a general rule, using the units of production method, when the activity performed by the asset is directly attributable to the mine production process. All other assets included in property, plant and equipment are depreciated using the straight-line method.

The assets included in property, plant and equipment and certain intangibles (software) are depreciated over their economic useful lives, as described below:

| Class of asset | Useful Life |
|---|---|
| Land | Not depreciated |
| Land on mine site | Units of production |
| Buildings | Straight-line over 20-50 years |
| Buildings in underground mine levels | Units of production level |
| Vehicles | Straight-line over 3-7 years |
| Plant and equipment | Units of production |
| Smelters | Straight-line |
| Refineries | Units of production |
| Mining rights | Units of production |
| Support equipment | Units of production |
| Intangibles - Software | Straight-line over 8 years |
| Open pit and underground mine development | Units of production |

Leased assets are depreciated over the lease term or their estimated useful life, whichever is shorter.

Estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and any change in estimates is recognized prospectively.

Additionally, depreciation method and estimated useful lives of assets, especially plants, facilities and infrastructure are likely to be revised at the beginning of each year and according to changes in the structure of reserves of the Corporation and productive long-term plans updated as of that date.

This review may be made at any time if the conditions of ore reserves change significantly as a result of new known information, confirmed and officially released by the Corporation.

Gains or losses on the sale of disposal of an asset is calculated as the difference between the net disposal proceeds received and the carrying amount of the asset, and are included in profit or loss when the asset is derecognized.

Construction in progress includes the amounts invested in the construction of property, plant and equipment and in mining development projects. Construction in progress is transferred to assets in operation once the testing period has ended and when they are ready for use, at that point depreciation begins to be recognized.

Borrowing costs that are directly attributable to the acquisition or construction of assets that require a substantial period of time before they are ready for use or sale are capitalized as part of the cost of the corresponding items of property, plant and equipment.

The ore deposits owned by the Corporation are recorded in the accounting records at US$1.

Notwithstanding the above, reserves and resources acquired as part of business combinations, where the economic value of the mining properties differs from the carrying amount are recognized at their fair value less any accumulated impairment losses, and less the amounts from use and/or consumption of such reserves.

h) **Intangible assets -** The Corporation initially recognizes these assets at acquisition cost. Subsequent to initial recognition intangible assets are amortized in a systematic way over their economic useful life, except for those assets with indefinite useful life, which are not amortized. Intangible assets are tested for impairment at least annually, and whenever there is an indication that these assets may be impaired. At the end of each reporting period, these assets are measured at their cost less any accumulated amortization (when applicable) and any accumulated impairment losses.

The main intangible assets are described as follows:

***Research and Technological Development and Innovation Expenditures***

Development expenses for technology and innovation projects are recognized as intangible assets at cost and are considered to have an indefinite useful life.

Research expenses for technology and innovation projects are recognized in profit or loss when incurred.

i) **Impairment of property, plant and equipment and intangible assets –** The carrying amounts of property, plant and equipment and intangible assets with finite useful life are reviewed to determine whether there is an indication that those assets have suffered an impairment loss, If any such indication exists, the Corporation estimates the asset's recoverable amount to determine the extent of the impairment loss.

For assets with indefinite useful lives, their recoverable amounts are annually estimated at the end of each reporting period.

When an asset does not generate cash flows that are independent from other assets, Codelco determines the recoverable amount of the CGU to which the asset belongs.

The Corporation has been defined each of its divisions as a cash generating unit.

Recoverable amount of an asset is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. On the other hand, the fair value less cost of disposal is usually determined for operational assets considering the Life of Mine ("LOM"), based on a model of discounted cash flows, while the assets not included in LOM as resources and potential resources to exploit are measured by using a market model of multiples for comparable transactions.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, an impairment loss is recognized immediately in profit or loss, reducing the carrying amount to its recoverable amount. When an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years.

The estimates of future cash flow for a CGU are based on future production forecasts, future prices of basic products and future production costs. Under IAS 36 *Impairment of Assets,* there are a certain restrictions for future cash flows estimates related to future restructurings and future cost efficiencies. When calculating value in use, it is also necessary to base the calculations on the spot exchange rate at the date of calculation.

j) **Expenditures for exploration and evaluation of mineral resources, mine development and mining operations -** The Corporation has defined an accounting policy for each of these expenditures.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are recognized in profit or loss when incurred.

Exploration and evaluations costs such as: drillings of deposits, including expenses necessary to locate new mineralized areas and engineering studies to determine their potential for commercial exploitation are recognized in profit or loss, normally at the pre-feasibility stage.

Pre-operating and mine development expenses (normally after feasibility engineering is reached) incurred during the execution of a project and until its start-up are capitalized and amortized in relation to the future production of the mine. These costs include stripping of waste material, constructing the mine's infrastructure and other works carried out prior to the production phase.

Finally, costs for delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recognized in property, plant and equipment and are recognized in profit or loss during the period in which the benefits are obtained.

**k)** **Stripping costs -** Costs incurred in removing mine waste materials (overburden) in open pits that are in production, that provide access to mineral deposits, are recognized in property, plant and equipment, when the following criteria set out in IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* are met:

- It is probable that the future economic benefits associated with the stripping activity will flow to the entity.
- It is possible to identify the components of an ore body for which access has been improved as a result of the stripping activity.
- The costs relating to that stripping activity can be measured reliably.

The amounts recognized in property, plant and equipment are depreciated according to the units of production extracted from the ore body related to the specific stripping activity which generated this amount.

**l)** **Income taxes and deferred taxes -** Codelco and its Chilean subsidiaries recognize income taxes based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of D.L. 2.398, as well as, the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries recognize income taxes according to the tax regulations in each country. In addition, Codelco's taxable income in each period is subject to the tax regime established in Article 26 of D.L. No. 1.350, which states that tax payments will be made on March, June, September and December of each year, based on a provisional tax return.

Deferred taxes on temporary differences and other events that generate difference between the accounting and tax bases of assets and liabilities are recognized in accordance with IAS 12 *Income taxes*.

Deferred taxes are also recognized for undistributed profits of subsidiaries, associates and joint ventures, originated by withholding taxes on remittances of dividends paid out by such companies to the Corporation.

**m)** **Inventories -** Inventories are measured at cost, which does not exceed its net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale (i,e,, marketing, sales and distribution expenses). Costs of inventories are determined according to the following methods:

**- Finished products and products in process:** These inventories are measured at their average production cost determined using the absorption costing method, including labor, depreciation, amortization and indirect costs of each period, Inventories of products in process are classified in current and non-current inventories, according to the normal cycle of operation.

**- Materials in warehouse:** These inventories are measured at their acquisition cost. The Corporation estimates an allowance for obsolescence considering the turnover rate of slow-moving materials in the warehouse.

**- Materials in transit:** These inventories are measured at cost incurred until the end of reporting period. Any difference as a result of an estimate of net realizable value of the inventories lower than its carrying amount is recognized in profit or loss.

**n) Dividends –** In accordance with Article 6 of D.L. 1.350, the Corporation has a mandatory obligation to distribute its net income as presented in the financial statements. The payment obligation is recognized on an accrual basis.

**o) Employee benefits -** Codelco recognizes a provision for employee benefits when there is a present obligation (legal or constructive) as a result of services rendered by its employees**.**

The employment contracts stipulate, subject to compliance with certain conditions, the payment of an employee termination indemnity when an employment contract ends. In general, this corresponds to one monthly salary per year of service and considers the components of the final remunerations which are contractually defined as the basis for the indemnity. This employee benefit has been classified as a defined benefit plan.

Codelco has also agreed to post-employment medical care benefits for certain employees, which are paid based on a fixed percentage applied to the monthly taxable salary of employees covered by this agreement. This employee benefit has been classified as a defined benefit plan.

These plans continue to be unfunded as of September 30, 2017.

The employee termination indemnity and the post-employment medical plan obligations are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. The defined benefit plan obligations recognized in the statement of financial position represent the present value of the accrued obligations. Actuarial gains and losses are recognized immediately in other comprehensive income and will not be reclassified to profit or loss.

The Corporation's management uses assumptions to determine the best estimate of these benefits. The assumptions include an annual discount rate, expected increases in salaries and turnover rate, among other factors.

In accordance with its operating optimization programs to reduce costs and increase labor productivity by incorporating new current technologies and/or better management practices, the Corporation has established employee retirement programs by amending certain employment contracts or collective union agreements to include benefits encouraging employees to early retire. Accordingly, these arrangements are accounted for as termination benefits and required accruals are established based on the accrued obligation at current value, In case of employee retirement programs which involve multi-year periods, the accrued obligations are updated using a discount rate determined based on financial instruments denominated in the same currency and similar maturities that will be used to pay the obligations.

**p) Provisions for decommissioning and site restoration costs -** The Corporation is obliged to incur in decommissioning and site restoration costs when environmental disturbance is caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and cost estimates are annually reviewed.

A provision is recognized for decommissioning and site restoration costs. The amount of the provision is the present value of the expenditures expected to be required to settle the obligation. The provision is initially recognized with a corresponding increase in the carrying amount of the related assets.

The provision for decommissioning and site restoration costs is accreted over time to reflect the unwinding of the discount with the accretion expense included in finance costs in the statement of income. The carrying amount of the related asset is depreciated over its useful life.

Changes in the measurement of the decommissioning and site restoration provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to, or deducted from, the cost of the related assets in the period when changes occurred. The amount deducted from the cost of the related assets would not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in profit or loss.

If the adjustment results in an addition to the cost of an asset, the Corporation considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the Corporation test the asset for impairment by estimating its recoverable amount, and recognizes any impairment loss, if any.

**q) Leases -** Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases.

Operating lease costs are recognized as an expense on a straight-line basis over the lease term. Assets held under finance leases are initially recognized as assets at the inception of the lease at either their fair value or their present value of the minimum lease payments (discounted at the interest rate implicit in the lease), whichever is lower. Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Lease obligations are included in other current or non-current liabilities, as appropriate.

In accordance with IFRIC 4 *Determining whether an Arrangement contains a Lease*, an arrangement is, or contains a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and if the arrangement conveys the right to use the asset, even if that right is not explicitly specified.

All “take-or-pay” contracts and any other service and supply contracts that meet the conditions in IFRIC 4, are reviewed to determine whether they contain a lease.

**r)** **Revenue recognition -** Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, according to the shipment or delivery of the goods, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their settlement date. Notwithstanding the foregoing, there are certain sale contracts for which the significant risks and rewards of ownership have been transferred upon reception of the product at the buyer’s destination point, and therefore recognizing revenue at the moment of the transfer.

Sales contracts include a provisional price at the shipment date. The final price is generally based on the London Metals Exchange ("LME") price, Revenue from sales of copper is measured using estimates of the future spread of metal prices on the LME and/or the spot price at the date of shipment, with subsequent adjustments made upon final pricing recognized as revenue. The terms of sales contracts with customers contain provisional pricing arrangements whereby the selling price for metal concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the “quotation period”). Consequently, the final price is set at the dates indicated in the contracts. Adjustments to provisional sale prices occur based on movements in quoted market prices on the LME up to the date of final pricing. The period between provisional invoicing and final pricing is typically between one and nine months. Changes in fair value over the quotation period and until final pricing are estimated by reference to forward market prices for applicable metals.

Sales in the Chilean market are recognized in conformity with the regulations that govern domestic sales as indicated in Articles 7, 8 and 9 of Law No, 16,624, modified by Article 15 of Decree Law No. 1.349 of 1976, on the determination of sales prices for the internal market.

As indicated in the note related to hedging policies in the market of metal derivatives, the Corporation enters into operations in the market of metal derivatives. Gains and losses from these contracts are recognized as revenues.

Additionally, the Corporation recognizes revenue for rendering services, which are mainly related to the processing of minerals bought from third parties. Revenue from rendering of services is recognized when the amounts can be measured reliably and when the services have been provided.

The provisional pricing sales contain an embedded derivative instrument which represents the forward contract for which the provisional pricing sale is subsequently adjusted.

**s) Derivative contracts -** Codelco uses derivative financial instruments to reduce the risk of fluctuations in sales prices of its products and of exchange rates.

Derivative are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the item "Cash flow hedge reserve". The gain or loss relating to the ineffective portion is immediately recognized in profit or loss, and included in the “Finance cost” or “Finance income” lines items. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

A hedge relationship is considered highly effective when changes in fair value or in cash flows of the underlying item directly attributable to the hedged risk are offset by changes in fair value or cash flows of the hedging instrument, with an effectiveness ranging from 80% to 125%. Changes in fair value are recognized in profit or loss when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

The total fair value of hedging derivatives is classified as “non-current financial asset or liability”, if the remaining maturity of the hedged item is greater than 12 months, and as “current financial asset or liability”, if the remaining maturity of the hedged item is less than 12 months.

The derivative contracts held by the Corporation have been entered into to apply the risk hedging policies and are accounted for as indicated below:

- ***Hedging policies for exchange rate risk:*** The Corporation enters into exchange rate derivatives to hedge exchange rate variations between the U,S, dollar and the currencies of transactions the Corporation undertakes. In accordance with the policies established by the Board of Directors, these hedge transactions are only entered into when there are recognized assets or liabilities, forecast of highly probable transactions or firm commitments. The Corporation does not enter into derivative transactions for non-hedging purposes.

Changes in fair value are recognized in profit or loss when the hedging instrument expires or is sold, terminated, or exercised.

- ***Hedging policies for metal market prices risk:*** In accordance with the policies established by the Board of Directors, the Corporation entered into derivative contracts to reduce the inherent risks in the fluctuations of metal prices.

  The hedging policies seek to cover expected cash flows from the sale of products by fixing the sale prices for a portion of future production, while to the extent necessary adjusting physical contracts to its standard commercial policies. When the sales agreements are fulfilled and the derivative contracts are settled, the results from sales and derivative transactions are offset.

  Changes in fair value are recognized in profit or loss when the hedging instrument expires or is sold, terminated, or exercised. Gains or losses are recognized as revenue from products.

  Hedging transactions carried out by the Corporation in the metal derivatives market are not undertaken for speculative purposes.

- ***Embedded derivatives:*** The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and if the host contract is not recorded at fair value, the procedure determines whether the characteristics and risks of the embedded derivative are not closely related to the host contract, in which case it is required to be recognized separately.

  The procedure consists of an initial classification based on the characteristics of each contract that allows for distinguishing among those in which might exist an embedded derivative. In that case, the contract is subject to a more in-depth analysis. If as a result of this assessment it is determined that the contract has an embedded derivative that must be recognized separately, it is measured at fair value and subsequent changes in its fair value are recognized in profit or loss.

**t) Financial information by segment –** The Corporation has defined its Divisions as its operating segments in accordance with the requirements of IFRS 8, *Operating Segments*. The mining deposits in operation, where the Corporation conducts its extractive and processing activities are managed by the following Divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina and El Teniente, In addition, the smelting and refining activities are managed at the Ventanas Division. All these Divisions have a separate operational management, which report to the Chief Executive Officer, through the North and South Central Vice-Presidency Operations, respectively. Income and expenses of the Head Office are allocated to the defined operating segments.

**u) Presentation of Financial Statements -** The Corporation presents (i) its statements of financial position classified as "current and non-current", (ii) its profit or loss and other comprehensive income in two statements and the classification of expenses within profit or loss by function, and (iii) its statement of cash flows using the direct method.

**v) Current and non-current financial assets -** The Corporation determines the classification of its financial assets at the time of initial recognition. The classification depends on the nature and purpose of the financial assets.

The Corporation's financial assets are classified into the following categories:

- ***Financial assets at fair value through profit or loss*****:** This category includes those financial assets held for trading or for the purpose of selling them in the near term. Their initial and subsequent recognition is at fair value with any gains and losses arising on remeasurement recognized in profit or loss. Fair value is measured using market observable inputs.

- ***Loans and receivables*****:** This category includes those financial assets with fixed or determinable payments that are not quoted in an active market. Their initial recognition is at fair value, which includes transaction costs that are directly attributable to the acquisition or issue of these financial assets. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest rate method, less any impairment.

  An impairment loss of financial assets measured at amortized cost has occurred when there is objective evidence that the Corporation will not be able to recover all amounts in accordance with the original terms.

  The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate, and it is recognized as an expense in the consolidated statement of comprehensive income.

  For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would had been had the impairment loss not been recognized.

  Finally, trade receivables are not considered recoverable when have occurred events such as the dissolution of a company, lack of guarantees to execute or legal pronouncement.

**w) Financial liabilities -** Financial liabilities are initially recognized at fair value net of transaction costs. Subsequent to their initial recognition, the financial liabilities are measured at amortized cost, using the effective interest rate method.

The Corporation does not hold any financial liabilities held for trading.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.
Trade and other current payables are financial liabilities that do not explicitly accrue interest and are recognized at their nominal value, which approximates its fair value.

Financial liabilities are derecognized when the liabilities are paid or expire.

**x) Allowance for doubtful accounts –** The Corporation recognizes an allowance for doubtful accounts after six months have passed from the pre-judicial notification, initiating a judicial collection, Write-offs of uncollected receivables will be recorded once the Corporation has exhausted all means of collection and in the following cases:

a. debtor is declared in bankrupt,
b. absence of debtor’s assets and/or
c. the cost of the legal proceedings are higher than the amount of debt

Renegotiations are assessed based on the experience and the background of each debtor.

**y) Cash and cash equivalents and Statement of Cash Flows prepared using the direct method -** The statement of cash flows reflects changes in cash and cash equivalents that took place during the period, determined with the direct method.

For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

- **Cash flows:** inflows and outflows of cash or cash equivalents, which are defined as highly liquid investments maturing in less than three months with a low risk of changes in value.

- **Operating activities** are the principal revenue-producing activities of the Corporation and other activities that are not investing or financing activities.

- **Investing activities** are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

- **Financing activities** are activities that result in changes in the size and composition of net equity and borrowings of the Corporation.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Bank overdrafts are classified as external resources in current liabilities.

z) **Law No. 13.196 –** Law No. 13.196 requires the payment of a 10% special export tax on receivables of the sales proceeds that Codelco receives and transfers to Chile from the export of copper and related by-products produced by Codelco. The Chilean Central Bank deducts 10% of the amounts that Codelco transferred to its Chilean bank account. The amount recognized for this concept is presented in the statement of income within line item other expenses.

aa) **Cost of sales -** Cost of sales is determined according to the absorption costing method, including the direct and indirect costs, depreciation, amortization and any other expenses directly attributable to the production process.

ab) **Environment -** The Corporation adheres to the principles of sustainable development, which foster the economic development while safekeeping the environment and the health and safety of its collaborators. The Corporation recognizes that these principles are central for the well-being of its collaborators, care for the environment and success in its operations.

ac) **Classification of current and non-current balances -** In the consolidated statement of financial position, the balances are classified according to their maturities, that is, as current for those with a maturity equal to or less than twelve months and as non-current for those with a greater maturity. Where there are obligations whose maturity is less than twelve months, but whose long-term refinancing is insured upon a decision by the Corporation, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

## 3. New accounting pronouncements

a) The following amendments to IFRS have been adopted in these financial statements:

| Amendments to IFRS | Date of mandatory application | Summary |
|---|---|---|
| Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses | Annual periods beginning on or after January 1, 2017 | The purpose of the amendments to IAS 12 “Income Taxes” is to provide requirements on recognition of deferred tax assets for unrealized losses, and clarify how to account for deferred tax assets related to debt instruments measured at fair value. |
| Amendment to IAS 7: Disclosure Initiative | Annual periods beginning on or after January 1, 2017 | The amendments to IAS 7 “Statement of Cash Flows” are part of the IASB’s initiative aimed at improving presentation and disclosure of information in the financial statements. The amendments add additional disclosure requirements relating to financing activities in the statement of cash flows. |
| Annual Improvements to IFRS (Cycles 2014-2016) – Amendments to IFRS 12 | Annual periods beginning on or after January 1, 2017 | Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity’s interests listed in paragraph 5 that are classified as held for sale, |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| | | |
|---|---|---|
| | | as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. |

The application of these amendments to IFRS beginning on January 1, 2017, has not had a significant effect in the amounts reported in these unaudited interim consolidated financial statements of the Corporation, however could affect the accounting for future transactions or agreements. Apart from the additional disclosure in Section III, Note 1, the application of the amendments to IAS 7 has had no impact on the interim consolidated financial statements of the Corporation and its subsidiaries,

b) The following new IFRS, amendments and improvements had been issued by the IASB, but their application was not yet mandatory:

| New IFRS | Date of mandatory application | Summary |
|---|---|---|
| IFRS 9 - Financial Instruments | Annual periods beginning on or after January 1, 2018 | Financial assets must be entirely classified on the basis of the business model of the entity for financial asset management and the characteristics of contractual cash flows of financial assets. Financial assets under this standard are measured either at amortized cost or fair value. Only financial assets classified as measured at amortized cost must be tested for impairment. |
| IFRS 15 - Revenue From Contracts with Customers | Annual periods beginning on or after January 1, 2018 | Provides a new model for revenue recognition, which stresses the concept of the transfer to the customer “control” of assets sold instead of the concept of transferring “risk” alluded to in IAS 18. In addition it requires more detail in disclosures and refers to more detailed sales contracts with multiple elements. |
| IFRS 16 - Leases | Annual periods beginning on or after January 1, 2019 | Requires lessees to recognize assets and liabilities for all rights and obligations originated by leases unless the lease term is 12 months or less or the underlying asset has a low value. Additionally, the Standard establishes new requirements of information to disclose related to the risk exposure on the part of lessors. |
| IFRS 17, Insurance Contracts | Annual periods beginning on or after January 1, 2021 | Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discreational participating features and supersedes IFRS 4 *Insurance contracts.* |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Amendments to IFRS | Date of mandatory application | Summary |
|---|---|---|
| Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets | Date to be determined by IASB. | Recognizes the profits or losses of sales of assets between an investor and an associate or a joint venture, which are recognized for the total when the transaction involves assets, which constitute business, will be partial (even if the assets are allocated to a subsidiary). |
| Amends IFRS 15 Revenue from Contracts with Customers | Annual periods beginning on or after January 1, 2018 | Clarifies three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. |
| Amendment to IFRS 2: Classification and Measurement of Share-based Payment Transactions | Annual periods beginning on or after January 1, 2018 | Presents modifications related to the classification and valuation of share-based payment transactions. |
| Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” (Amendments to IFRS 4) | Annual periods beginning on or after January 1, 2018 | Provides instructions for issues related to insurance contracts which will be affected when it first applies IFRS 9 – Financial Instruments. |
| Amendments to IAS 40: Transfers of investment property | Annual periods beginning on or after January 1, 2018 | Clarifies the requirements to the treatment of investment property transfers. |
| Annual Improvements to IFRS (Cycles 2014-2016) – Amendments to IFRS 1 and IAS 28 | Annual periods beginning on or after January 1, 2018 | Amendments to IFRS 1: Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose,<br><br>Amendments to IAS 28: Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. |

| New Interpretations | Date of mandatory application | Summary |
|---|---|---|
| IFRIC 22: Foreign Currency Transactions and Advance Consideration | Annual periods beginning on or after January 1, 2018 | This interpretation addresses the exchange rate to be used in foreign currency transactions when the consideration is paid or received before recognizing related revenues, expenses or assets. |
| IFRIC 23: Uncertainty over Income Tax Treatments | Annual periods beginning on or after January 1, 2019 | The Interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. |

Management is currently assessing the impact of applying IFRS 9, IFRS 15, IFRS 16 and IFRIC 22, however, it is not practicable to provide a reasonable estimate of the effects that these IFRSs will have until Management finalizes a detail review.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

c) **Reclassifications**

The following reclassification has been made to the Corporation's consolidated financial statements as of December 31, 2016:

| Reclasifications ThUS$ | 12/31/2016 ThUS$ | Reclassifications | 12/31/2016 New Items |
|---|---|---|---|
| **Current assets** | | | |
| Current tax assets | 12,009 | (5,486) | 6,523 |
| **Non Current Assets** | | | |
| Deferred tax assets | - | 23,975 | 23,975 |
| Other non-financial assets currents | 233,886 | (233,886) | - |
| Current tax assets not currents | - | 233,886 | 233,886 |
| **Current Liabilities** | | | |
| Current Tax Liabilities | 15,068 | 5,486 | 9,582 |
| **Non Current Liabilities** | | | |
| Deferred tax liabilities | 3,143,939 | (23,975) | 3,167,914 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

# III. EXPLANATORY NOTES

## 1. Cash and cash equivalents

The detail of cash and cash equivalents as of September 30, 2017 and December 31, 2016, is as follows:

| Item | 09/30/2017 | 12/31/2016 |
|---|---|---|
| | ThUS$ | ThUS$ |
| Cash on hand | 7,286 | 6,740 |
| Bank balances | 98,129 | 44,025 |
| Time deposits | 690,721 | 501,278 |
| Mutual Founds - Money Market | 2,886 | 1,497 |
| Rescale agreements | 273,104 | 23,186 |
| **Total cash and cash equivalents** | **1,072,126** | **576,726** |

Interest on time deposits recognized on an accrual basis using the contractual interest rate of each of these instruments.

The Corporation does not hold any significant amounts of cash and cash equivalents that have a restriction on use.

The following table sets forth the reconciliation of financial liabilities arising from financing activities:

| Liabilities forfinancing activities | Initial Balance at 01/01/2017 | Flows of cash | | | Changes that do not represent cash flow | | | | Final Balance at 09/30/2017 |
|---|---|---|---|---|---|---|---|---|---|
| | | From | Used | Total | Financial Cost (1) | Difference of Change | Adjustment Reasonable | Reclassification of balances | |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Loans with financial institutions | 3,154,741 | 300,000 | (391,453) | **(91,453)** | 61,645 | 1,496 | - | - | 3,126,429 |
| Bond Obligations | 11,758,820 | 2,750,000 | (2,885,803) | **(135,803)** | 420,236 | 108,091 | - | - | 12,151,344 |
| Obligations for coverage | 171,061 | 15,737 | - | **15,737** | 11,734 | (75,838) | (5,100) | (23,257) | 94,337 |
| Dividens | - | - | (169,863) | **(169,863)** | - | - | - | - | - |
| Financial assets for hedge derivatives | (63,781) | 4,486 | - | **4,486** | 3,740 | (41,065) | (35,824) | 23,257 | (109,187) |
| Capital contribution | - | 475,000 | - | **475,000** | - | - | - | - | - |
| Finance costs | - | - | (135,117) | **(135,117)** | - | - | - | - | - |
| **Total liabilities from financing activities** | **15,020,841** | **3,545,223** | **(3,582,236)** | **(37,013)** | **497,355** | **(7,316)** | **(40,924)** | **-** | **15,262,923** |

(1) Financial costs are presented before interest capitalization which as of September 30, 2017 were ThUS $ 154,385.-

## 2. Trade on and other receivables

a) Accruals for open sales invoices

As mentioned in the Summary of Significant Accounting Policies Section, the Corporation adjusts its revenues and trade receivable balances, based on future copper prices through the recognition of an accrual for open sales invoices.

When future price of copper is lower than the provisional invoicing price, the accrual is presented in the statement of financial position as follows:

- For those customers that have due balances with the Corporation the accrual is presented as a deduction of line item trade and other current receivables.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

- For those customers that do not have due balances with the Corporation the accrual presented in line item trade and other current payables.

When future copper price is higher than the provisional invoicing price, the accrual is added to the line item trade and other current receivables.

As of September 30, 2017 and December 31, 2016, trade and other current receivables include an accrual for open invoices of ThUS$94,497 and ThUS$95,971, respectively.

b) Trade and other receivables

The following table sets forth trade and other receivables balances, with their corresponding allowances for doubtful accounts:

| Items | Current | | Non-Current | |
|---|---|---|---|---|
| | **09/30/2017** | **12/31/2016** | **09/30/2017** | **12/31/2016** |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Trade receivables (1) | 1,487,616 | 1,549,882 | 2,199 | 524 |
| Allowance for doubtful accounts (3) | (23,272) | (2,238) | - | - |
| **Subtotal trade receivables, net** | **1,464,344** | **1,547,644** | **2,199** | **524** |
| Other receivables (2) | 725,736 | 713,884 | 83,815 | 94,792 |
| Allowance for doubtful accounts (3) | (8,024) | (6,797) | - | - |
| **Subtotal other receivables, net** | **717,712** | **707,087** | **83,815** | **94,792** |
| **Total** | **2,182,056** | **2,254,731** | **86,014** | **95,316** |

(1) Trade receivables correspond to the sales of copper and its by-products.

(2) Other receivables mainly consist of the following items:

- Accounts receivable related to short-term loans and mortgage loans granted to employees.
- Reimbursements from insurance companies.
- Settlements to the Chilean Central Bank under Law 13.196.
- Advance payments to suppliers and contractors, which are deducted from the corresponding payment statements.
- Accounts receivable for tolling services (Ventanas' Smelter).
- VAT credit and other refundable taxes of ThUS$168,491 and ThUS$141,885 as of September 30, 2017 and December 31, 2016, respectively.

(3) The Corporation recognizes an allowance for doubtful accounts based on the experience and analysis of Management regarding the characteristics and aging of the trade receivables portfolio and the information from legal advisors.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The reconciliation of changes in the allowance for doubtful accounts in the period ended September 30, 2017 and in the year ended December 31, 2016, were as follows:

| Items | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| **Opening balance** | **9,035** | **8,501** |
| Increases | 22,434 | 1,497 |
| Write-offs/applications | (173) | (963) |
| **Total movements** | **22,261** | **534** |
| **Closing balance** | **31,296** | **9,035** |

As of September 30, 2017 and December 31, 2016, the balance of past due but not impaired trade receivables, is as follows:

| Maturity | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Less than 90 days | 13,709 | 13,232 |
| Between 90 days and 1 year | 2,402 | 1,505 |
| More than 1 year | 14,925 | 14,551 |
| **Total trade receivables past-due but not impaired** | **31,036** | **29,288** |

## 3. Balance and transactions with related parties

a) Transactions with related persons

In accordance with Law on New Corporate Governance, the members of Codelco's Board entered are, in terms of transactions with related persons, subject to the provisions of Title XVI of Law on Corporations, which set the requirements regarding transactions with related parties in publicly traded companies and their subsidiaries.

Notwithstanding the foregoing, pursuant to the provisions of the final paragraph of Article 147 b) of Title XVI, which contains exceptions to the approval process for transactions with related parties, the Corporation has established a general customary policy (which was informed through a significant event notice to the SVS), that defines customary transactions as those carried out with its related parties in the normal course of business, which contributes to the social interest and are necessary to the normal development of Codelco's activities.

Likewise, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions between related persons and companies with Codelco's employees. Codelco's Corporate Policy No.18 ("CCP No. 18"), the latest version currently in force, was approved by the Chief Executive Officer and the Board of Directors.

Accordingly, Codelco without the authorization required in CCP No. 18 and of the Board of Directors, when required by Law or by the Corporation by-laws, shall not enter into any contracts or agreements involving one or more Directors, its Chief Executive Officer, the members of Divisions Managing Committees, Vice-presidents, Legal Counsel, General Auditor, Divisions Chief Executive Officers, Advisors of Senior Management, employees who must make recommendations and/or have the authority to award tenders, assignments of purchases and/or contracting goods and services, and employees in management positions (up to fourth hierarchical level in the organization), including their spouses, children and other relatives up to second degree of relation, with a direct interest, represented by third parties or on behalf of another person, Likewise, CCP No. 18 requires administrators of Corporation's contracts to declare all related persons, and disqualify himself/herself if any related persons are involved within the field of his/her job responsibilities.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

This prohibition also includes the companies in which such administrators are involved through ownership or management, either directly or through representation of other natural persons or legal entities, as well as those individuals who also have ownership or management in those companies.

The Board of Directors has been informed and approved certain transactions as defined in CCP No. 18. The most significant transactions with related persons and the amounts involved are detailed in the following table:

| Entity | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 01/01/2017 09/30/2017 Amount ThUS$ | 01/01/2016 09/30/2016 Amount ThUS$ | 07/01/2017 09/30/2017 Amount ThUS$ | 07/01/2016 09/30/2016 Amount ThUS$ |
|---|---|---|---|---|---|---|---|---|
| Ecometales Limited agencia en Chile. | 59.087.530-9 | Chile | Afiliate | Services | 462 | - | - | - |
| Fundación Orquesta Sinfónica Infantil de los Andes. | 65.018.784-9 | Chile | Founder | Services | 247 | - | - | - |
| Fundación de Salud El Teniente. | 70.905.700-6 | Chile | Afiliate | Services | 13 | - | - | - |
| Consultor Jannet Troncoso Carvajal E.I.R.L. | 76.174.237-K | Chile | Employee´s relative | Services | 74 | - | 42 | - |
| Prestaciones de Servicios de la Salud Intersalud Ltda. | 77.270.020-2 | Chile | Afiliate | Services | - | 5.739 | - | 5.739 |
| Anglo American Sur S.A. | 77.762.940-9 | Chile | Associate | Services | 3 | 1 | - | 1 |
| Hatch Ingenieros y Consultores Ltda. | 78.784.480-4 | Chile | Employee´s relative | Services | - | 46.339 | - | 7.441 |
| Institución de Salud Previsional Chuquicamata Ltda. | 79.566.720-2 | Chile | Afiliate | Services | 15.000 | 1.133 | 15.000 | 1.133 |
| Clinica San Lorenzo Ltda. | 88.497.100-4 | Chile | Afiliate | Services | - | 1.849 | - | - |
| Sociedad Contractual Minera El Abra. | 96.701.340-4 | Chile | Associate | Supplies | 134 | - | - | - |
| Clínica Río Blanco S.A. | 99.573.600-4 | Chile | Afiliate | Services | - | 2.569 | - | 63 |
| B.Bosch S.A. | 84.716.400-K | Chile | Employee´s relative | Supplies | 60 | - | 14 | - |
| Finning Chile S.A. | 91.489.000-4 | Chile | Employee´s relative | Supplies | - | 5.134 | - | - |
| Fundación Sewell | 65.493.830-K | Chile | Founder | Services | 421 | 5 | - | - |
| Arcadis Chile S.A. | 89.371.200-3 | Chile | Employee´s relative | Services | - | 2.182 | - | 648 |
| Inoxa S.A. | 99.513.620-1 | Chile | Employee´s relative | Services | 14 | - | - | - |
| Sonda S.A. | 83.628.100-4 | Chile | Employee´s relative | Services | 1.443 | - | - | - |
| Xtreme Mining Ltda. | 96.953.700-1 | Chile | Employee´s relative | Supplies | - | 5 | - | - |
| SGS Chile Limitada, Sociedad de Control | 80.914.400-3 | Chile | Employee´s relative | Services | - | 2.251 | - | - |
| Maestranza Acosta y Cía. Ltda. | 76.813.840-0 | Chile | Employee´s relative | Supplies | - | 22 | - | - |
| Komatsu Chile S.A. | 96.843.130-7 | Chile | Employee´s relative | Supplies | 1.224 | 145.386 | 342 | 143.820 |
| SGS Minerals Ltda. | 96.671.880-3 | Chile | Employee´s relative | Services | - | 255 | - | - |
| R&Q Ingeniería S.A. | 84.865.000-5 | Chile | Employee´s relative | Services | - | 4.551 | - | - |
| Ayagon S.A. | 88.845.100-5 | Chile | Employee´s relative | Supplies | - | 2 | - | 2 |
| Nueva Ancor Tecmin S.A. | 76.411.929-0 | Chile | Employee´s relative | Supplies | 83 | 17 | - | 17 |
| Sodimac S.A. | 96.792.430-K | Chile | Employee´s relative | Supplies | 2.132 | 41 | 11 | 41 |
| Industrial y Comercial Artimatemb Ltda. | 76.108.720-7 | Chile | Employee´s relative | Services | 40 | 4 | - | 4 |
| Kaefer Buildteck SpA | 76.105.206-3 | Chile | Employee´s relative | Services | 97 | - | - | - |
| Teléfonica Chile S.A. | 90.635.000-9 | Chile | Employee´s relative | Services | 99 | - | - | - |
| Industrial Support Company Ltda | 90.635.000-9 | Chile | Employee´s relative | Services | 218 | - | - | - |
| Sourcing SpA | 76.355.804-5 | Chile | Employee´s relative | Services | 1.259 | - | 1.259 | - |
| Distribuidora Cummins Chile S.A. | 96.843.140-4 | Chile | Employee´s relative | Services | 302 | - | 302 | - |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Key Management of the Corporation

In accordance with the policy established by the Board of Directors and its related regulation, those transactions with the Directors, its Chief Executive Officer, Vice Presidents, Corporate Auditor, the members of the Divisional Management Committees and Divisional General Managers shall be approved by the Board of Directors.

During the nine and three month, periods ended September 30, 2017 and 2016, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

| Name | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 01/01/2017 09/30/2017 Amount ThUS$ | 01/01/2016 09/30/2016 Amount ThUS$ | 07/01/2017 09/30/2017 Amount ThUS$ | 07/01/2016 09/30/2016 Amount ThUS$ |
|---|---|---|---|---|---|---|---|---|
| Blas Tomic Errázuriz | 5.390.891-8 | Chile | Director | Directors´s fees | 88 | 85 | 30 | 29 |
| Dante Contreras Guajardo | 9.976.475-9 | Chile | Director | Directors´s fees | 70 | 68 | 23 | 23 |
| Gerardo Jofré Miranda | 5.672.444-3 | Chile | Director | Directors´s fees | 38 | 68 | - | 23 |
| Ghassan Dayoub Psele | 14.695.762-5 | Chile | Director | Directors´s fees | 47 | - | 24 | - |
| Ghassan Dayoub Psele | 14.695.762-5 | Chile | Director | Payroll | 35 | - | 18 | - |
| Isidoro Palma Penco | 4.754.025-9 | Chile | Director | Directors´s fees | 70 | 68 | 23 | 23 |
| Juan Morales Jaramillo | 5.078.923-3 | Chile | Director | Directors´s fees | 70 | 68 | 23 | 23 |
| Laura Albornoz Pollmann | 10.338.467-2 | Chile | Director | Directors´s fees | 70 | 68 | 23 | 23 |
| Oscar Landerretche Moreno | 8.366.611-0 | Chile | Chairman of the Board | Directors´s fees | 106 | 102 | 36 | 34 |
| Paul Schiodtz Obilinovich | 7.170.719-9 | Chile | Director | Directors´s fees | 39 | - | 24 | - |
| Raimundo Espinoza Concha | 6.512.182-4 | Chile | Director | Directors´s fees | 70 | 68 | 23 | 23 |
| Raimundo Espinoza Concha | 6.512.182-4 | Chile | Director | Payroll | 42 | 34 | 23 | 16 |

The Ministry of Finance through Supreme Decree No. 36 (“SD No, 36”) dated January 28, 2016, established the compensation for the Corporation’s Directors, In accordance with the current austerity measures, the compensation will not be updated for a period of two years as from March 1, 2016, The compensation to Board of Directors members, is as follows:

a. The Directors of Codelco will receive a fixed monthly compensation of Ch$3,835,860 (three million eight hundred and thirty five thousand, eight hundred and sixty Chilean pesos) for meeting attendance. The payment of the monthly compensation is dependent on meetings attended.

b. The Chairman of the Board will receive a fixed monthly compensation of Ch$7,671,720 (seven million six hundred and seventy one thousand, seven hundred and twenty Chilean pesos).

c. Each member of the Directors’ Committee, whether the one referred to in Article 50 bis) of Law No. 18.046 or another established by the Corporation by-laws, will receive a fixed additional monthly compensation of Ch$1,278,619 for meeting attendance, regardless of the number of committees of which they are members. In addition, the Chairman of the Directors’ Committee will receive a fixed monthly compensation of Ch$2,557,240 for meeting attendance.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

d. The compensation established in DS No. 36 are effective for a period of two years, as from March 1, 2016, and will be updated on January 1, 2017, in accordance with the same provisions that govern the general salary adjustments of officials of the Public Sector. The compensation for 2017 was increased by 3,2%.

On the other hand, the short-term benefits of key management of the Corporation paid during the nine month periods ended September 30, 2017 and 2016, were ThUS$8,831 and ThUS$6,904, respectively.
The methodology to determine the remuneration of key management was approved by the Board of Directors at a meeting held on January 29, 2003.

During the nine month periods ended September 30, 2017 and 2016, severance indemnities were paid to key management of the Corporation for ThUS$463 and ThUS$436, respectively.

There were no payments to key management for other non-current benefits during the nine month periods ended September 30, 2017 and 2016.

There are no share based payment plans granted to Directors or key management personnel of the Corporation.

c) Transactions with companies in which Codelco has ownership interest

The Corporation undertakes commercial and financial transactions that are necessary for its activities with its subsidiaries, associates and joint ventures ("related parties"). The financial transactions correspond mainly to loans granted (mercantile current accounts).

Commercial transactions with related companies mainly consist of purchases/sales of products or rendering of services carried out under market conditions and prices, which do not bear any interest or indexation.

As of the date of these financial statements, the Corporation has not recognized any allowance for doubtful accounts with respect to receivable balances from its related companies.

The detail of accounts receivable and payable between the Corporation and its related parties as of September 30, 2017 and December 31, 2016, is as follows:

Accounts receivable from related companies:

| Taxpayer number | Name | Country | Nature of the relationship | Indexation currency | Current | | Non-current | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 09/30/2017 | 12/31/2016 | 09/30/2017 | 12/31/2016 |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| 77.762.940-9 | Anglo American Sur S.A. | Chile | Associate | USD | 32,758 | 13,286 | - | - |
| 76.255.054-7 | Planta Recuperadora de Metales SpA | Chile | Associate | USD | - | - | 22,249 | 21,489 |
| 96.701.340-4 | Sociedad Contractual Minera El Abra | Chile | Associate | USD | 486 | 383 | - | - |
| 96.801.450-1 | Agua de la Falda S.A. | Chile | Associate | USD | - | - | 224 | 224 |
| **Totals** | | | | | **33,244** | **13,669** | **22,473** | **21,713** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

Accounts payable to related companies:

| Taxpayer number | Name | Country | Nature of the relationship | Indexation currency | Current | | Non-current | |
|---|---|---|---|---|---|---|---|---|
| | | | | | 09/30/2017 | 12/31/2016 | 09/30/2017 | 12/31/2016 |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| 77.762.940-9 | Anglo American Sur S.A. | Chile | Associate | USD | 126,372 | 74,101 | - | - |
| 96.701.340-4 | Sociedad Contractual Minera El Abra | Chile | Associate | USD | 766 | 21,822 | - | - |
| Foreign | Deutsche Geissdraht GmbH | Alemania | Associate | EURO | 8,600 | 7,971 | - | - |
| **Totals** | | | | | **135,738** | **103,894** | **-** | **-** |

The following table sets forth the transactions carried out between the Corporation and its related companies and their corresponding effects in profit or loss for the nine and three month periods ended September 30, 2017 and 2016:

| Taxpayer number | Entity | Nature of the transaction | Country | Index. Currency | 01/01/2017 09/30/2017 | | 01/01/2016 09/30/2016 | | 07/01/2017 09/30/2017 | | 07/01/2016 09/30/2016 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Effects on net income (charges) / credits | Amount | Effects on net income (charges) / credits | Amount | Effects on net income (charges) / credits | Amount | Effects on net income (charges) / credits |
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Foreign | Copper Partners Investment Co. Ltd. | Sales of goods | Bermudas | USD | - | - | 14,597 | 14,597 | - | - | - | - |
| Foreign | Copper Partners Investment Co. Ltd. | Dividends received | Bermudas | USD | - | - | 14,430 | - | - | - | - | - |
| 77.762.940-9 | Anglo American Sur S.A. | Dividends receivable | Chile | USD | 174,054 | - | - | - | 147,503 | - | - | - |
| 77.762.940-9 | Anglo American Sur S.A. | Purchase of goods | Chile | USD | 515,726 | (515,726) | 332,648 | (332,648) | 239,607 | (239,607) | 109,787 | (109,787) |
| 96.701.340-4 | SCM El Abra | Dividends received | Chile | USD | 39,200 | - | 34,300 | - | - | - | 24,500 | - |
| 96.701.340-4 | SCM El Abra | Purchase of goods | Chile | USD | 151,588 | (151,588) | 181,880 | (181,880) | 42,854 | (42,854) | 55,613 | (55,613) |
| 96.701.340-4 | SCM El Abra | Sales of goods | Chile | USD | 7,510 | 7,510 | 12,821 | 12,821 | 2,108 | 2,108 | 4,891 | 4,891 |
| 96.701.340-4 | SCM El Abra | Other sales | Chile | USD | 1,120 | 1,120 | 1,120 | 1,120 | 374 | 374 | 374 | 374 |
| 96.701.340-4 | SCM El Abra | Purchase of services | Chile | USD | 229 | (229) | 235 | (235) | - | - | 12 | (12) |
| 96.701.340-4 | SCM El Abra | Commissions received | Chile | USD | 62 | 62 | 96 | 96 | 16 | 16 | 29 | 29 |
| 96.701.340-4 | SCM El Abra | Other purchases | Chile | USD | 992 | (992) | 1,479 | (1,479) | 219 | (219) | 663 | (663) |
| 96.801.450-1 | Agua de la Falda S.A. | Sales of services | Chile | CLP | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 |
| Foreign | Deutsche Geissdraht GmbH | Dividends received | Alemania | EURO | 1,119 | - | 779 | - | 29 | - | 451 | - |
| 76.063.022-5 | Inca de Oro S.A. | Capital contribution | Chile | USD | 60 | - | (207) | - | 60 | - | (125) | - |
| 76.028.880-2 | Minera Purén SCM | Dividends received | Chile | USD | 178 | - | - | - | - | - | - | - |
| 76.255.054-7 | Planta Recuperadora de Metales | Loan | Chile | USD | 19,931 | - | 11,874 | - | 6,294 | - | 5,924 | - |

d) Additional information

The current account receivable from Planta Recuperadora de Metales SpA corresponds to the loan agreement granted to build its plant, which was signed on July 7, 2014.

The purchase/sales of products transactions with Anglo American Sur S.A., are regular business activity transactions to buy/sell copper and other products. On the other hand, there are certain transactions related to the contract entered into with the subsidiary Inversiones Mineras Nueva Acrux SpA (whose non-controlling shareholder is Mitsui) and Anglo American Sur S,A,, under which the latter agreed to sell a portion of its annual copper output to said subsidiary.

Transactions with Copper Partners Investment Company Ltd, are carried out under the conditions described in Note 30. b) to these financial statements.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 4. Inventories

The detail of inventories as of September 30, 2017 and December 31, 2016, is as follows:

| Items | Current | | Non-current | |
|---|---|---|---|---|
| | 09/30/2017 | 12/31/2016 | 09/30/2017 | 12/31/2016 |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Finished products | 505,009 | 335,431 | - | - |
| **Subtotal finished products, net** | **505,009** | **335,431** | **-** | **-** |
| Products in process | 1,151,102 | 1,055,864 | 437,392 | 337,411 |
| **Subtotal products in process, net** | **1,151,102** | **1,055,864** | **437,392** | **337,411** |
| Material in warehouse and other | 473,632 | 499,905 | - | - |
| Obsolescence allowance adjustment | (99,974) | (90,930) | - | - |
| **Subtotal material in warehouse and other, net** | **373,658** | **408,975** | **-** | **-** |
| **Total Inventories** | **2,029,769** | **1,800,270** | **437,392** | **337,411** |

Inventories of finished goods recognized as cost of sales for the nine month periods ended September 30, 2017 and 2016 were ThUS$7,173,581 and ThUS$7,015,253, respectively.

For the period ended September 30, 2017, the Corporation has not reclassified strategic inventories to Property, Plant and Equipment.

The reconciliation of changes in the allowance for obsolescence is detailed below:

| Changes in Allowance for Obsolescence | ThUS$ |
|---|---|
| **Opening Balance 1/1/2017** | **(90,930)** |
| Period provision | (9,044) |
| **Closing Balance 09/30/2017** | **(99,974)** |

For the period ended September 30, 2017, Codelco recognized write-offs of inventories for ThUS$4,126. There were no write-offs of inventories for the period ended September 30, 2016.

The amount of write-down of inventories recognized as an expense for the nine month periods ended September 30, 2017 and 2016 were ThUS$30,929 and ThUS$35,018, respectively.

The amount of reversal of write-down inventories for the period ended September 30, 2017 was ThUS$13,958. There were no reversals for the period ended September 30, 2016.

As of September 30, 2017 and December 31, 2016, there are no unrealized gains or losses recognized on the intercompany sales of inventories of finished products.

As of September 30, 2017 and December 31, 2016, there are no inventories pledged as security for liabilities.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 5. Income taxes and deferred taxes

a) Current tax expense

The following table sets forth the components of income tax expense/(benefit) recognized in the statement of comprehensive income for the six month periods ended September 30, 2017 and 2016:

| Items | 09/30/2017 ThUS$ | 09/30/2016 ThUS$ |
|---|---|---|
| Current income tax | (29,454) | - |
| Effect of Deferred Taxes | (565,332) | 310,905 |
| Other | 5,535 | (2,677) |
| **Total Income Taxes** | **(589,251)** | **308,228** |

b) Deferred tax assets and liabilities:

The detail of deferred tax assets and liabilities as of September 30, 2017 and December 31, 2016, is as follows:

| Deferred tax assets | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Provisions | 1,380,944 | 1,352,823 |
| Financial leasing | 19,900 | 21,997 |
| Customers advance | 9 | - |
| Tax loss carryforward | 1,436,622 | 1,808,782 |
| Other | 9,443 | - |
| **Total deferred tax assets** | **2,846,918** | **3,183,602** |

| Deferred tax liabilities | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Tax on mining activity | 168,587 | 145,168 |
| Property, plant and equipment variations | 1,084,784 | 1,015,951 |
| Post-employment benefit obligations | 26,031 | 26,536 |
| Accelerated depreciation for tax purposes | 5,107,220 | 4,999,085 |
| Investment in Anglo American Sur S.A. | - | 11,638 |
| Fair value of mining properties acquired | 108,518 | 108,518 |
| Hedging derivatives – future contracts | 3,834 | 482 |
| Undistributed profits of subsidiaries | 38,250 | 20,163 |
| Other | 3,470 | |
| **Total deferred tax liabilities** | **6,540,694** | **6,327,541** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The following tables sets forth the deferred taxes as presented in the statement of financial position:

| Deferred taxes | 09/30/2017<br>MUS$ | 12/31/2016<br>MUS$ |
|---|---|---|
| Non-current assets | 32,096 | 23,975 |
| Non-current liabilities | 3,725,872 | 3,167,914 |
| **Net** | **3,693,776** | **3,143,939** |

The effects of deferred taxes on the components of other comprehensive income are as follows:

| Deferred taxes on components of other comprehensive income | 09/30/2017<br>ThUS$ | 09/30/2016<br>ThUS$ |
|---|---|---|
| Cash flow hedge | 1,492 | 943 |
| Defined Benefit Plans | 7,719 | 18,272 |
| **Total deferred taxes on components of other comprehensive income** | **9,211** | **19,215** |

The following table sets forth the reconciliation of the effective tax rate:

| Reconciliation of tax rate | 09/30/2017 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Taxable Base | | | Tax rate | | | |
| | 25.0%<br>ThUS$ | 40.0%<br>ThUS$ | 5%<br>ThUS$ | 25.0%<br>ThUS$ | Adic. 40%<br>ThUS$ | 5%<br>ThUS$ | Total<br>ThUS$ |
| Profit (loss) before taxes | 868,119 | 868,119 | 868,119 | (217,030) | (347,248) | (43,406) | (607,684) |
| Profit (loss) before taxes of subsidiaries | 36,573 | 36,573 | 36,573 | (9,143) | (14,629) | (1,828) | (25,600) |
| Consolidated profit (loss) before taxes | 904,692 | 904,692 | 904,692 | (226,173) | (361,877) | (45,234) | (633,284) |
| **Permanent differences:** | | | | | | | |
| First category income tax (25% ) | (103,479) | | | 25,870 | | | 25,870 |
| Specific tax for state-owned entities Art. 2 D.L. 2,398 (40% ) | | (38,115) | | | 15,246 | | 15,246 |
| Specific tax on mining activities | | | 178,361 | | | (8,918) | (8,918) |
| Tax effect of non-usable tax losse | | | | | | | 11,835 |
| **TOTAL TAX EXPENSE** | | | | **(200,303)** | **(346,631)** | **(54,152)** | **(589,251)** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Reconciliation of tax rate | 09/30/2016 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Taxable Base | | | Tax rate | | | |
| | 24.0% | 40.0% | 5% | 24.0% | Adic. 40% | 5% | Total |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Profit (loss) before taxes | (608,211) | (608,211) | (608,211) | 145,971 | 243,284 | | 389,255 |
| Profit (loss) before taxes of subsidiaries | (13,646) | (13,646) | (13,646) | 3,275 | 5,459 | | 8,734 |
| Consolidated profit (loss) before taxes | (621,857) | (621,857) | (621,857) | 149,246 | 248,743 | - | 397,989 |
| **Permanent differences:** | | | | | | | |
| First category income tax (25% ) | 84,705 | | | (20,329) | | | (20,329) |
| Specific tax for state-owned entities Art. 2 D.L. 2,398 (40% ) | | 101,361 | | | (40,544) | | (40,544) |
| Specific tax on mining activities | | | | | | | |
| **TOTAL TAX EXPENSE** | | | | **128,917** | **208,199** | | **337,116** |
| Tax effect of changes in income tax rate | | | | | | | 14,456 |
| Amortiztion fair value Anglo American Sur S.A. | | | | | | | 1,828 |
| Specific tax on mining activities | | | | | | | (45,172) |
| **TOTAL TAX EXPENSE** | | | | | | | **308,228** |

Pursuant to Article 2 of the Decree Law 2.398, Codelco is subject to an additional tax rate of 40% to net earnings plus the dividends received in accordance with the law.

**Tax Reform in Chile**

On September 29, 2014, Law No. 20.780 entitled "Tax Reform which modifies the Income Tax System, and which introduces various adjustments on the Tax System", was enacted.

The principal changes, among others, was the creation of two optional tax systems: (i) The Attributed Income System established a progressive increase in the first category income tax rate to 21%, 22.5%, 24% and 25% for fiscal years 2014, 2015, 2016 and 2017, respectively; and (ii) the Partially Integrated System, established a progressive increase in the first category income to 21%, 22.5%, 24%, 25.5% and 27% for fiscal years 2014, 2015, 2016, 2017 and 2018, respectively.

Notwithstanding the above, the Corporation has applied the General Taxation Regime, with progressive first category income tax rates of 21%, 22.5%, 24% and 25% for fiscal years 2014, 2015, 2016 and 2017 onwards, respectively. The Corporation, as a state-owned company, did not have the option to apply the tax regimes stated in the Tax Reform. Meanwhile, the subsidiaries and associates applied the partially integrated tax system by default.

In relation to the specific tax on mining activities the tax rate applicable is a 5% under Law No. 20.496.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 6. Current and non current tax assets and liabilities

The detail of current tax assets and liabilities as of September 30, 2017 and December 31, 2016, is as follows:

| Current Tax Assets | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Recoverable Taxes | - | 255,528 |
| Transfer to Non Current Assets | - | (255,528) |
| Taxes to be recovered | 5,128 | 6,523 |
| **Total Current Tax Assets** | **5,128** | **6,523** |

| Current Tax Liabilities | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Provision Tax | 20,844 | 9,582 |
| **Total Current Tax Liabilities** | **20,844** | **9,582** |

| Items | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| **Non-Current Tax Assets** | 233,772 | 233,886 |
| **Total Non-Current Tax Assets** | **233,772** | **233,886** |

Current tax balances are presented net of monthly provisional tax payments.
Non-current recoverable taxes corresponds to the accumulated positive differences in favor of Codelco from prior periods tax returns. The Corporation has a tax loss carryforward of ThUS$2,503,356, therefore, the recoverable taxes are not expected to be refunded or used in the current period.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 7. Property, Plant and Equipment

a) The items of property, plant and equipment as of September 30, 2017 and December 31, 2016, are as follows:

| Property, Plant and Equipment, gross | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Construction in progress | 6,524,888 | 6,266,471 |
| Land | 155,930 | 151,239 |
| Buildings | 5,330,019 | 5,141,194 |
| Plant and equipment | 15,022,820 | 14,295,916 |
| Fixtures and fittings | 54,428 | 50,687 |
| Motor vehicles | 2,021,387 | 1,977,631 |
| Land improvements | 5,096,867 | 4,914,797 |
| Mining operations | 6,623,322 | 5,823,625 |
| Mine development | 4,101,499 | 3,980,114 |
| Other assets | 1,338,778 | 1,368,649 |
| **Total Property, Plant and Equipment, gross** | **46,269,938** | **43,970,323** |

| Property, Plant and Equipment, accumulated depreciation | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Land | 7.660 | 6.824 |
| Buildings | 2.842.500 | 2.734.011 |
| Plant and equipment | 9.330.780 | 8.893.258 |
| Fixtures and fittings | 39.765 | 37.537 |
| Motor vehicles | 1.256.891 | 1.170.564 |
| Land improvements | 2.979.340 | 2.824.931 |
| Mining operations | 3.980.504 | 3.285.416 |
| Mine development | 654.309 | 572.408 |
| Other assets | 492.532 | 468.113 |
| **Total Property, Plant and Equipment, accumulated depreciation** | **21.584.281** | **19.993.062** |

| Property, Plant and Equipment, net | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Construction in progress | 6,524,888 | 6,266,471 |
| Land | 148,270 | 144,415 |
| Buildings | 2,487,519 | 2,407,183 |
| Plant and equipment | 5,692,040 | 5,402,658 |
| Fixtures and fittings | 14,663 | 13,150 |
| Motor vehicles | 764,496 | 807,067 |
| Land improvements | 2,117,527 | 2,089,866 |
| Mining operations | 2,642,818 | 2,538,209 |
| Mine development | 3,447,190 | 3,407,706 |
| Other assets | 846,246 | 900,536 |
| **Total Property, Plant and Equipment, net** | **24,685,657** | **23,977,261** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Movement of Property, plant and equipment:

| Movements ThUS$ | Construction in progress | Land | Buildings | Plant and equipment | Fixed installations and accessories | Motor vehicles | Ground improvements | Mining operations | Development of mines | Other assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Conciliation of changes in properties, plant and equipment** | | | | | | | | | | | |
| Properties, plant and equipment at the beginning of the period. Opening Balance 01/01/2017 | 6,266,471 | 144,415 | 2,407,183 | 5,402,658 | 13,150 | 807,067 | 2,089,866 | 2,538,209 | 3,407,706 | 900,536 | 23,977,261 |
| **Changes in property, plant and equipment** | | | | | | | | | | | - |
| Increases other than those from business, property, plant and equipment combinations | 1,910,379 | - | 930 | 29,972 | 3 | 1,341 | 8,123 | 331,877 | 1,379 | 14,728 | 2,298,732 |
| Depreciation, property, plant and equipment | - | (836) | (119,679) | (464,995) | (2,234) | (88,151) | (156,013) | (600,813) | (56,960) | (47,756) | (1,537,437) |
| Impairment losses recognized in profit or loss for the period | - | - | - | - | - | - | - | - | - | - | - |
| **Increases (decreases) in transfers and other changes, properties, plant and equipment** | | | | | | | | | | | |
| Increases (decreases) by transfers from constructions in process, properties, plant and equipment | (1,007,440) | - | 112,572 | 528,260 | 3,344 | 41,807 | 128,802 | 54,903 | 130,806 | 6,946 | - |
| Increases (decreases) by other changes, properties, plant and equipment | (620,006) | 4,691 | 88,872 | 200,223 | 400 | 2,461 | 46,894 | 318,642 | (35,741) | (28,121) | (21,685) |
| **Increase (decrease) by transfers and other changes, properties, plant and equipment** | **(1,627,446)** | **4,691** | **201,444** | **728,483** | **3,744** | **44,268** | **175,696** | **373,545** | **95,065** | **(21,175)** | **(21,685)** |
| **Dispositions and withdrawals of service, property, plant and equipment** | | | | | | | | | | | |
| Retirements, property, plant and equipment | (24,516) | - | (2,359) | (4,078) | - | (29) | (145) | - | - | (87) | (31,214) |
| **Dispositions and withdrawals of service, property, plant and equipment** | **(24,516)** | **-** | **(2,359)** | **(4,078)** | **-** | **(29)** | **(145)** | **-** | **-** | **(87)** | **(31,214)** |
| **Increase (decrease) in properties, plant and equipment** | **258,417** | **3,855** | **80,336** | **289,382** | **1,513** | **(42,571)** | **27,661** | **104,609** | **39,484** | **(54,290)** | **708,396** |
| **Properties, plant and equipment at the end of the period. Closing balance 09/30/2017** | **6,524,888** | **148,270** | **2,487,519** | **5,692,040** | **14,663** | **764,496** | **2,117,527** | **2,642,818** | **3,447,190** | **846,246** | **24,685,657** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Movements ThUS$ | Construction in progress | Land | Buildings | Plant and equipment | Fixed installations and accessories | Motor vehicles | Ground improvements | Mining operations | Development of mines | Other assets | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Conciliation of changes in properties, plant and equipment** | | | | | | | | | | | |
| Properties, plant and equipment at the beginning of the period. Opening Balance 01/01/2016 | 4,890,617 | 133,133 | 2,368,259 | 5,484,686 | 17,549 | 886,847 | 2,052,818 | 2,610,250 | 3,204,310 | 979,842 | 22,628,311 |
| **Changes in property, plant and equipment** | | | | | | | | | | | |
| Increases other than those from business, property, plant and equipment combinations | 2,613,389 | - | 1,167 | 50,282 | 94 | 3,415 | 1,244 | 358,759 | 4,280 | 32,679 | 3,065,309 |
| Depreciation, property, plant and equipment | - | (6,824) | (165,079) | (552,804) | (2,451) | (120,513) | (197,960) | (739,075) | (67,022) | (82,014) | (1,933,742) |
| Impairment losses recognized in profit or loss for the period | - | - | - | - | - | - | - | - | - | - | - |
| **Increases (decreases) in transfers and other changes, properties, plant and equipment** | | | | | | | | | | | |
| Increases (decreases) by transfers from constructions in process, properties, plant and equipment | (1,424,507) | 17,603 | 258,561 | 548,873 | 675 | 38,898 | 263,637 | 51,634 | 244,594 | 32 | - |
| Increases (decreases) by other changes, properties, plant and equipment | 209,532 | 503 | (50,202) | (91,987) | (2,491) | 1,548 | (24,651) | 271,636 | 21,544 | (29,995) | 305,437 |
| **Increase (decrease) by transfers and other changes, properties, plant and equipment** | **(1,214,975)** | **18,106** | **208,359** | **456,886** | **(1,816)** | **40,446** | **238,986** | **323,270** | **266,138** | **(29,963)** | **305,437** |
| **Dispositions and withdrawals of service, property, plant and equipment** | | | | | | | | | | | |
| Retirements, property, plant and equipment | (22,560) | - | (5,523) | (36,392) | (226) | (3,128) | (5,222) | (14,995) | - | (8) | (88,054) |
| **Dispositions and withdrawals of service, property, plant and equipment** | **(22,560)** | **-** | **(5,523)** | **(36,392)** | **(226)** | **(3,128)** | **(5,222)** | **(14,995)** | **-** | **(8)** | **(88,054)** |
| **Increase (decrease) in properties, plant and equipment** | **1,375,854** | **11,282** | **38,924** | **(82,028)** | **(4,399)** | **(79,780)** | **37,048** | **(72,041)** | **203,396** | **(79,306)** | **1,348,950** |
| **Properties, plant and equipment at the end of the period. Closing balance 12/31/2016** | **6,266,471** | **144,415** | **2,407,183** | **5,402,658** | **13,150** | **807,067** | **2,089,866** | **2,538,209** | **3,407,706** | **900,536** | **23,977,261** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

c) The balance of construction in progress, is directly associated with the operating activities of the Corporation, and relates to the acquisition of equipment and projects in construction.

d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are subject, and any claims that could arise from their activities during the period, these policies provide adequate coverage of the potential risks.

e) Borrowing costs capitalized for the period ended September 30, 2017 and 2016 were ThUS$154,385 and ThUS$109,274, respectively. The annual capitalization average rate for the period ended September 30, 2017 and 2016 was 3.99% and 3.85%, respectively.

f) Expenditures on exploration and drilling of deposits recognized in profit or loss and the cash outflows disbursed for the same concepts are presented in the following table:

| **Expenditure on exploration and drilling reservoirs** | **01/01/2017 09/30/2017** ThUS$ | **01/01/2016 09/30/2016** ThUS$ |
|---|---|---|
| Recognized in profit /(loss) | 30.351 | 18.114 |
| Cash outflows disbursed | 25.748 | 24.190 |

g) The detail of "Other assets" under "Property, plant and equipment" is as follows:

| **Other assets, net** | **09/30/2017** ThUS$ | **12/31/2016** ThUS$ |
|---|---|---|
| Leased assets | 93.751 | 98.695 |
| Mining properties from the purchase of Anglo American Sur S,A, shares | 402.000 | 402.000 |
| Maintenances and other major repairs | 249.348 | 285.144 |
| Other assets – Calama Plan | 94.792 | 108.327 |
| Other | 6.355 | 6.370 |
| **Total other assets, net** | **846.246** | **900.536** |

h) The Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment, except for leased assets whose legal title corresponds to the lessor.

i) Codelco has not pledged any items of property, plant and equipment as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

j) As of September 30, 2017 and December 31, 2016, there were no impairment indicators for items of property, plant and equipment. Consequently, the Corporation has not recognized any impairment losses.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 8. Investments accounted for using the equity method

The following table sets forth the carrying amount and the share of profit (loss) of the investments accounted for using the equity method:

| Item | Equity value | | Accrued income | | Accrued income | |
|---|---|---|---|---|---|---|
| | 09/30/2017 | 12/31/2016 | 01/01/2017 09/30/2017 | 01/01/2016 06/30/2016 | 07/01/2017 06/30/2017 | 07/01/2016 06/30/2016 |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Associates accounted for at the Net Asset Value | 3,680,252 | 3,753,974 | 140,023 | (54,051) | 21,365 | (25,132) |
| **Total** | 3,680,252 | 3,753,974 | 140,023 | (54,051) | 21,365 | (25,132) |

### a) Associates

**Agua de la Falda S.A.**

As of September 30, 2017, Codelco holds a 42.26% ownership interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The corporate purpose of this company is to exploit deposits of gold and other minerals, in the third region of Chile.

**Sociedad Contractual Minera El Abra**

Sociedad Contractual Minera El Abra was incorporated in 1994, As of September 30, 2017, Codelco holds a 49% ownership interest, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

The company business activities involve the extraction, production and selling copper cathodes.

**Sociedad Contractual Minera Purén**

As of September 30, 2017, Codelco holds a 35% ownership interest, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's corporate purpose is to explore, identify, survey, investigate, develop and exploit mining deposits in order to extract, produce and process minerals.

**Sociedad GNL Mejillones S.A.**

As of September 30, 2017, Codelco holds a 37% ownership interest, with the remaining 63% owned by Suez Energy Andino S.A. These current shareholdings were established on November 5, 2010, when the Corporation did not participate in the capital increase agreed to at Shareholders' meeting of such company. Prior to the capital increase, the Corporation and Suez Energy Andino S.A. held a 50% ownership interest each.

The corporate purpose of this company is the production, storage, marketing, transportation and distribution of all types of fuel, and the acquisition, construction, maintenance and operation of infrastructure facilities and construction projects necessary for transport, reception, processing and storage both in Chile and abroad, by itself or in partnership with third parties.

**Inca de Oro S.A.**

On June 1, 2009, Codelco's Board of Directors authorized the incorporation of a new company aimed to develop studies allowing the continuity of the Inca de Oro Project, which is a wholly-owned subsidiary of Codelco.

On February 15, 2011, the business association of Codelco and Minera PanAust IDO Ltda. in respect to the Inca de Oro deposit was approved. As a result Minera PanAust IDO Ltda holds 66% ownership interest and the remaining 34% is held by Codelco. Prior to the association, Codelco owned 100% of the company. This transaction resulted in a gain after taxes of ThUS$33,668 recognized in the year ended December 31, 2011.

At the Extraordinary meeting of the shareholders held on December 30, 2014, it was agreed to a capital increase of ThUS$102,010, reducing Codelco's ownership interest to 33.19%.

As of December 31, 2015, the Corporation reduced the carrying amounts of mining property and exploration and evaluation expenditures as a result of an impairment loss recognized.

As of September 30, 2017, Codelco holds a 33.19% ownership interest in this company.

**Planta Recuperadora de Metales SpA**

On December 3, 2012, Planta Recuperadora Metales SpA was incorporated by Codelco, which held a 100% ownership interest of this company.

On July 7, 2014, Codelco reduced its ownership interest in Planta Recuperadora de Metales SpA to 51%, with the remaining 49% ownership interest held by LS-Nikko Copper Inc.

On October 14, 2015, Codelco reduced its ownership interest to 34% interest, with LS-Nikko Copper Inc, holding the remaining 66%.

As of September 30, 2017, LS-Nikko Copper Inc, is the controlling shareholder of this company based on the control elements set out in the shareholders' agreement.

The principal business activity of the company is the processing of intermediate products of the refining and processing of copper and other metals aiming to recover the copper, other metals and other sub products, their transformation in commercial products and the selling and distribution of all class of goods or inputs derived from such process.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

**Deutsche Giessdraht GmbH**

As of September 30, 2017, Codelco through its subsidiary Codelco Kupferhandel GmbH holds a 40% ownership interest, with the remaining 60% owned by Aurubis.

The company produces wire rods in its Emmerich, Germany facility.

**Anglo American Sur S.A.**

As September 30, 2017, the controlling shareholder of Anglo American Sur S.A. is Inversiones Anglo American Sur S.A. holding a 50.06% ownership interest, while the 49.94% non-controlling interest is held by Inversiones Mineras Acrux SpA., which in turn is a subsidiary controlled by Codelco with a 67.8% ownership interest. Consequently, Codelco exercises significant influence in Anglo American Sur S.A. through its indirect ownership interest of 29.5%.

The principal activities of the Company are the exploration, extraction, exploitation, production, processing and trading of minerals, concentrates, precipitates, copper bars and all metallic and non-metallic minerals, all fossil substances and liquid and gaseous hydrocarbons. This includes the exploration, exploitation and use of all natural energy sources capable of industrial use and the products or by-products obtained, as well as any other related, connected or complementary activities on which the shareholders agree.

The following table sets forth the carrying amount and share in profit (loss) of investments in associates:

| Associates | Taxpayer Numbers | Funct. Cuurenc. | Equity Interest | | Equity Method | | Accrued Net Income | | Accrued result | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | 09/30/2017 | 12/31/2016 | 09/30/2017 | 12/31/2016 | 01/01/2017 09/30/2017 | 01/01/2016 09/30/2016 | 01/01/2017 09/30/2017 | 01/01/2016 09/30/2016 |
| | | | % | % | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Deutsche Geissdraht GmbH | Foreign | EURO | 40.0% | 40.0% | 3,721 | 3,594 | 817 | 1,277 | 329 | 778 |
| Agua de la Falda S.A. | 96.801.450-1 | USD | 42.0% | 43.3% | 4,933 | 5,064 | (432) | (217) | (149) | (86) |
| Sociedad Contractual Minera El Abra | 96.701.340-4 | USD | 49.0% | 49.0% | 599,097 | 628,977 | 9,329 | 8,514 | 3,521 | (1,442) |
| Minera Purén SCM | 76.028.880-2 | USD | 35.0% | 35.0% | 9,882 | 10,091 | (31) | (49) | (3) | (28) |
| Sociedad GNL Mejillones S.A. | 76.775.710-7 | USD | 37.0% | 37.0% | 74,370 | 70,485 | 3,865 | 1,862 | 1,405 | 1,000 |
| Inca de Oro S.A. | 73.063.022-5 | USD | 33.2% | 33.2% | 12,916 | 12,937 | (86) | (10,039) | (63) | (10,039) |
| Anglo American Sur S.A. | 77.762.940-9 | USD | 29.5% | 29.5% | 2,965,304 | 3,011,836 | 127,522 | (54,928) | 16,886 | (15,045) |
| Planta Recuperadora de Metales SpA | 76.255.054-7 | USD | 34.0% | 34.0% | 10,029 | 10,990 | (961) | (471) | (561) | (270) |
| **TOTAL** | | | | | **3,680,252** | **3,753,974** | **140,023** | **(54,051)** | **21,365** | **(25,132)** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The following tables set forth the detail of assets and liabilities as of September 30, 2017 and December 31 2016 and the main movements in the carrying amount and profit (loss) for the periods ended September 30, 2017 and 2016 of investments in associates accounted for using the equity method:

| **Assets and Liabilities** | **09/30/2017** ThUS$ | **12/31/2016** ThUS$ |
|---|---|---|
| Current Assets | 1,438,334 | 1,711,809 |
| Non-current Assets | 5,916,650 | 5,835,998 |
| Current Liabilities | 591,310 | 527,116 |
| Non-current Liabilities | 1,648,743 | 1,538,710 |

| **Net Income** | **01/01/2017 09/30/2017** ThUS$ | **01/01/2016 09/30/2016** ThUS$ | **07/01/2017 09/30/2017** ThUS$ | **07/01/2016 09/30/2016** ThUS$ |
|---|---|---|---|---|
| Revenue | 1,944,885 | 1,572,640 | 763,461 | 479,979 |
| Cost of sales | (1,642,489) | (1,709,027) | (688,154) | (523,089) |
| Profit (loss) for the period | 302,396 | (136,387) | 75,307 | (43,110) |

| **Movements of Investment in Associates** | **01/01/2017 09/30/2017** ThUS$ | **01/01/2016 09/30/2016** ThUS$ |
|---|---|---|
| Opening balances | **3.753.974** | **3.977.786** |
| Contributions | - | 5.028 |
| Dividends | (214.551) | (35.079) |
| Result of the period | 87.277 | (54.051) |
| Foreign exchange differences | 429 | (166) |
| Reverse Deterioration Anglo American Sur S.A. | 52.746 | - |
| Other comprehensive results | 20 | - |
| Other | 357 | 14.894 |
| **Final balance** | **3.680.252** | **3.908.412** |

The following tables provide details of asset and liabilities of the main associates as of September 30, 2017 and December 31, 2016, and their profit (loss) for the periods ended September 30, 2017 and 2016.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

**Anglo American Sur S.A.**

| Assets and liabilities | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Current Assets | 940,841 | 1,187,986 |
| Non-current Assets | 4,244,821 | 4,121,970 |
| Current Liabilities | 478,101 | 378,584 |
| Non-current Liabilities | 1,124,618 | 1,035,354 |

| Net Income | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Revenue | 1,525,735 | 1,158,580 | 629,321 | 350,605 |
| Cost of sales | (1,248,795) | (1,315,760) | (562,948) | (393,166) |
| Profit (loss) for the period | 276,940 | (157,180) | 66,373 | (42,561) |

**Sociedad Contractual Minera El Abra**

| Assets and liabilities | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Current Assets | 435,121 | 451,765 |
| Non-current Assets | 1,118,796 | 1,151,562 |
| Current Liabilities | 60,536 | 48,497 |
| Non-current Liabilities | 270,734 | 271,203 |

| Net Income | 01/01/2017 06/30/2017 ThUS$ | 01/01/2016 06/30/2016 ThUS$ | 04/01/2017 06/30/2017 ThUS$ | 04/01/2016 06/30/2016 ThUS$ |
|---|---|---|---|---|
| Revenue | 330,533 | 371,015 | 108,574 | 113,532 |
| Cost of sales | (311,514) | (352,876) | (101,409) | (115,712) |
| Profit (loss) for the period | 19,019 | 18,139 | 7,165 | (2,180) |

## b) Additional information on unrealized profits (losses)

The Corporation has recognized unrealized profits (losses) for purchases and sales transactions of products, mining properties, property, plant and equipment and ownership rights with its associates and joint ventures. The most significant transactions giving rise to unrealized profits include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

Codelco enters into transactions for the purchase and sale of copper with Sociedad Contractual Minera El Abra, As of September 30, 2017 and December 31, 2016, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.

Codelco enters into transactions for the purchase and sale of copper with Anglo American Sur S,A, As of September 30, 2017 and December 31, 2016, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.

For the period ended September 30, 2017, the Corporation has recognized unrealized profits of ThUS$3,920 (ThUS$3,920 as of December 31, 2016) for the service transaction related to the use of the LNG terminal of the associate Contractual Minera El Abra.

**c) Investments in associates acquired through business combinations**

On August 24, 2012, Codelco recognized the acquisition of ownership interest in Anglo American Sur S,A, by applying the acquisition method, which resulted in the initial recognition of the cost of the investment for ThUS$6,490,000 that corresponded to the proportionate share (29,5%) of the net fair value of the identifiable assets and liabilities acquired.

In determining the share of the fair value of the identifiable assets and liabilities acquired, the Corporation considered the resources and mineral reserves that could be measured reliably and the assessment of intangibles and all other considerations about contingent assets and liabilities.

The allocation of the purchase price at fair value between the identifiable assets and liabilities was prepared by management using its best estimate and taking into account all relevant and available information at the acquisition date of Anglo American Sur S.A.

The acquisition did not result in obtaining control of the acquired company.

The Corporation used a discounted cash flows model to estimate cash flow projections, based on the life of mine. These projections were based on estimated production and future prices of minerals, operating costs and capital costs, among other estimates made at the date of acquisition. Additionally, proven and probable resources to explore were not included in the mine plan, therefore, they were valued separately using a market model. Such resources are included in item "Mineral Resources".

As part of this process and by applying the valuation criteria indicated above, the fair value of the net assets of Anglo American Sur S.A. was US$22,646 million, therefore the proportionate share acquired by Inversiones Mineras Becrux SpA (29.5%) was equivalent to US$6,681 million at the acquisition date.

**d) Additional information on impairment of investments accounted for using the equity method**

As of December 31, 2015, the Corporation identified indicators of impairment in the operating units of Anglo American Sur S.A. Consequently, and with the purpose of making the corresponding adjustments to the investment in this associate, the Corporation estimated its recoverable amount.

In determining the recoverable amount, the Corporation applied the methodology of fair value less costs of disposal. The recoverable amount of the operating units was determined based on the life of mine by using a discounted cash flow model whose main assumptions included ore reserves declared by the associate, copper price, supply costs, foreign exchange rates, discount rate and market information for the long-term assets valuation. The discount rate used was annual rate of 8% after taxes.

Furthermore, the proven reserves not included in the LOM, as well as the probable reserves to explore, have been valued using a multiples market approach for comparable transactions, Such methodology is consistent with the methodologies used at the acquisition date, which is described in letter d) above.

The recoverable amount as estimated was less than the carrying amount of the identified assets of the associate, therefore, the Corporation recognized an impairment loss of ThUS$2,439,495, which was included within the line item "Share of profit or loss of associates and joint ventures accounted for using the equity method" in the consolidated statements of comprehensive income for the year ended December 31, 2015. The impairment loss was mainly attributable to the drop in copper prices during the year 2015.

Subsequent to recognition of the impairment, there has been no indicators requiring the recognition of further impairment losses on the recoverable amount of the investment held in Anglo American Sur S.A.

As of December 31, 2016, the parent company of Anglo American Sur S.A. reviewed the discounted cash flow model of its cash generating units (CGU), determining an impairment loss for the *El Soldado* CGU of US$ 200 million due to the uncertainty related to obtaining the required approval of its operational plan from the National Mining and Geology Service ("SERNAGEOMIN" in its Spanish acronym), which raises questions about the generation of future economic benefits to support the value of the assets related to such CGU.

Consequently, and with the purpose of making the corresponding adjustments to the recognition its investment in the associate, the Corporation estimated its recoverable amount by considering the fair value of the identified net assets of the associate *El Soldado*.

The recoverable amount as estimated was less than the carrying amount of the identified assets of the associate, therefore, the Corporation recognized an impairment loss of ThUS$78,811 over the identified assets related to El Soldado operations, which was included within the line item "Share of profit or loss of associates and joint ventures accounted for using the equity method" in the statement of comprehensive income for the year ended December 31, 2016.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

On April 27, 2017, the SERNAGEOMIN approved the updated mine plan for El Soldado, based on this resolution Anglo American Sur S.A. has resumed the operations of the mine. Consequently, the company recognized a reversal of an impairment loss for US$ 193 million.

As of June 30, 2017, Codelco made a corresponding adjustment to the identified assets at the acquisition date of the investment associated with El Soldado operations by recognizing a reversal of an impairment loss of ThUS$52,746, which is presented in the line item "Share of profit or loss of associates and joint ventures accounted for using the equity method".

**e) Share of profit or loss for the period**

The share in profit or loss of the associate Anglo American Sur S.A. recognized for the period ended September 30, 2017 was a gain of ThUS$81,715. In addition, the Corporation has made appropriate adjustments to its share of profit or loss in the associate for depreciation of the depreciable assets based on the fair values at the acquisition date, which resulted in a deduction of ThUS$6,921 for the period ended September 30, 2017 recognized within line item "Share of profit or loss of associates and joint ventures accounted using the equity method" in the consolidated statements of comprehensive income.

## 9. Intangible assets other than goodwill

As of September 30, 2017 and December 31, 2016, the intangible assets other than goodwill are described as follows:

a) This item is composed of the following:

| Item | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Intangible assets with finite useful lives, net | 17,931 | 14,314 |
| Intangible assets with indefinite useful lives | 183,228 | 182,583 |
| **Total** | **201,159** | **196,897** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Carrying amount and accumulated amortization:

| | 09/30/2017 | | |
|---|---|---|---|
| Item | **Gross**<br>ThUS$ | **Accumulated Amortization**<br>ThUS$ | **Net**<br>ThUS$ |
| Trademarks, patents and licenses | 28 | - | 28 |
| Water rights | 7,958 | - | 7,958 |
| Software | 5,467 | (3,670) | 1,797 |
| Technological development and innovation | 175,270 | - | 175,270 |
| Other | 17,073 | (967) | 16,106 |
| Total | **205,796** | **(4,637)** | **201,159** |

| | 12/31/2016 | | |
|---|---|---|---|
| Item | **Gross**<br>ThUS$ | **Accumulated Amortization**<br>ThUS$ | **Net**<br>ThUS$ |
| Trademarks, patents and licenses | 28 | - | 28 |
| Water rights | 7,959 | - | 7,959 |
| Software | 2,984 | (1,079) | 1,905 |
| Technological development and innovation | 174,624 | - | 174,624 |
| Other | 12,874 | (493) | 12,381 |
| Total | **198,469** | **(1,572)** | **196,897** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

c) Reconciliation of the carrying amount at beginning and end of the period:

| Movements | Trademarks, patents and licenses | Water rights | Software | Technological development and innovation | Other | Total |
|---|---|---|---|---|---|---|
| **Reconciliation of changes in intangible assets other than goodwill** | | | | | | |
| Intangible assets other than goodwill. Opening balance (01/01/2017) | **28** | **7,959** | **1,905** | **174,624** | **12,381** | **196,897** |
| **Changes in intangible assets other than goodwill** | | | | | | |
| Increases other than those arising from business combinations, intangible assets other than goodwill | - | - | 116 | 646 | 119 | 881 |
| Amortization, intangible assets other than goodwill | - | - | (347) | - | (738) | (1,085) |
| **Increases (decreases) in transfers and other changes, intangible assets other than goodwill** | | | | | | |
| Increases (decreases) in transfers and other changes, intangible assets other than goodwill | - | - | - | - | 4,396 | 4,396 |
| Increases (decreases) due to other changes, intangible assets other than goodwill | - | (1) | 123 | - | (52) | 70 |
| **Increase (decrease) in transfers and other changes, intangible assets other than goodwill** | **-** | **(1)** | **123** | **-** | **4,344** | **4,466** |
| **Provisions and withdrawals of service, intangible assets other than goodwill** | | | | | | |
| Service retirements / retirements, intangible assets other than goodwill | - | - | - | - | - | - |
| **Provisions and withdrawals of service, intangible assets other than goodwill** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Increase (decrease) in intangible assets other than goodwill** | **-** | **(1)** | **(108)** | **646** | **3,725** | **4,262** |
| **Intangible assets other than goodwill. Final Balance 09/30/2017** | **28** | **7,958** | **1,797** | **175,270** | **16,106** | **201,159** |

| Movements | Trademarks, patents and licenses | Water rights | Software | Technological development and innovation | Other | Total |
|---|---|---|---|---|---|---|
| **Reconciliation of changes in intangible assets other than goodwill** | | | | | | |
| Intangible assets other than goodwill. Opening balance (01/01/2016) | **28** | **7,959** | **1,293** | **164,424** | **12,378** | **186,082** |
| **Changes in intangible assets other than goodwill** | | | | | | |
| Increases other than those arising from business combinations, intangible assets other than goodwill | - | - | 212 | 10,200 | 1,061 | 11,473 |
| Amortization, intangible assets other than goodwill | - | - | (358) | - | (352) | (710) |
| **Increases (decreases) in transfers and other changes, intangible assets other than goodwill** | | | | | | |
| Increase (decrease) in transfers and other changes, intangible assets other than goodwill | - | - | 515 | - | (515) | - |
| Increases (decreases) due to other changes, intangible assets other than goodwill | - | - | 243 | - | (191) | 52 |
| **Increase (decrease) in transfers and other changes, intangible assets other than goodwill** | **-** | **-** | **758** | **-** | **(706)** | **52** |
| **Provisions and withdrawals of service, intangible assets other than goodwill** | | | | | | - |
| **Increase (decrease) in intangible assets other than goodwill** | **-** | **-** | **612** | **10,200** | **3** | **10,815** |
| **Intangible assets other than goodwill. Final Balance 06/30/2016** | **28** | **7,959** | **1,905** | **174,624** | **12,381** | **196,897** |

d) Additional Information

The Corporation has significant intangible assets for ThUS$175,270 and ThUS$174,624, as of September 30, 2017 and December 31, 2016, respectively, related to the “Continuous Mining” Project.

Continuous Mining is a project of the Corporation aim to develop an internal technological breakthrough associated with the exploitation of underground mines, the main characteristics of the project are: (1) reduction in the exposure of workers to mineral extraction areas; (2) increasing the pace of mineral extraction; and (3) simultaneous mineral extraction from different sections.

This project began in 2005, when the first conceptual tests were made, and in 2007 and 2008 it was applied as pilot level and from 2009 were made the basic and detail engineering and the construction phase for industrial validation at the West sector of third panel of Andina Division, which is expected to be carried out through 2018, It is expected that its subsequent implementation will be at Chuquicamata Underground and of the new mining projects of Codelco.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

As of September 30, 2017 and December 31, 2016, there are no fully amortized intangible assets that are still in use.

For the periods ended September 30, 2017 and 2016, research and technological development and innovation expenses were ThUS$647 and ThUS$7,473, respectively. On the other hand, research disbursements were ThUS$17,950 and ThUS$10,002 for the periods ended September 30, 2017 and 2016, respectively.

## 10. Subsidiaries

The following tables set forth a detail of assets, liabilities and profit (loss) of the Corporation's subsidiaries, prior to consolidation adjustments:

| Assets and liabilities | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Current assets | 666,143 | 483,773 |
| Non Current Assets | 3,759,336 | 3,805,109 |
| Current Liabilities | 392,803 | 377,574 |
| Non Current Liabilities | 1,350,948 | 1,298,938 |

| Profit (loss) | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|---|---|
| Ordinary Income | 1,580,831 | 1,212,432 | 540,758 | 423,518 |
| Ordinary Expenses | (1,513,569) | (1,305,075) | (546,696) | (454,453) |
| Profit (loss) of period | 67,262 | (92,643) | (5,938) | (30,935) |

## 11. Other non-current non-financial assets

Other non-current non-financial assets as of September 30, 2017 and December 31, 2016, are as follows:

| Other non-current non-financial assets | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Advance payment (Law No.13,196) (1) | 6,757 | 8,099 |
| Other | 5,370 | 6,218 |
| **Total** | **12,127** | **14,317** |

(1) Corresponds to the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 12. Current and non-current financial assets

Current and non-current financial assets included in the statement of financial position are as follows:

| | 09/30/2017 | | | | |
|---|---|---|---|---|---|
| **Classification in the statement of financial position** | At fair value though profit and loss | Loans and receivables | Derivatives for hedging | | **Total financial assets** |
| | | | Hedging derivatives | Cross currency swap | |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | **ThUS$** |
| Cash and cash equivalents | 2,886 | 1,069,240 | - | - | **1,072,126** |
| Trade and other current receivables | 94,497 | 2,087,559 | - | - | **2,182,056** |
| Non – current receivables | - | 86,014 | - | - | **86,014** |
| Current receivables from related parties | - | 33,244 | - | - | **33,244** |
| Non – current receivables from related parties | - | 22,473 | - | - | **22,473** |
| Other current financial assets | - | 1,351 | 214 | - | **1,565** |
| Other non - current financial assets | - | 10,986 | - | 109,187 | **120,173** |
| **TOTAL** | **97,383** | **3,310,867** | **214** | **109,187** | **3,517,651** |

| | 12/31/2016 | | | | |
|---|---|---|---|---|---|
| **Classification in the statement of financial position** | At fair value though profit and loss | Loans and receivables | Derivatives for hedging | | **Total financial assets** |
| | | | Hedging derivatives | Cross currency swap | |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | **ThUS$** |
| Cash and cash equivalents | 1,497 | 575,229 | - | - | **576,726** |
| Trade and other current receivables | 95,971 | 2,158,760 | - | - | **2,254,731** |
| Non – current receivables | - | 95,316 | - | - | **95,316** |
| Current receivables from related parties | - | 13,669 | - | - | **13,669** |
| Non – current receivables from related parties | - | 21,713 | - | - | **21,713** |
| Other current financial assets | - | 2,391 | 7,470 | - | **9,861** |
| Other non - current financial assets | - | 6,550 | 254 | 63,781 | **70,585** |
| **TOTAL** | **97,468** | **2,873,628** | **7,724** | **63,781** | **3,042,601** |

- **Financial assets at fair value through profit or loss:** This category mainly includes receivables from provisional invoicing sales.

- **Loans and receivables:** It corresponds to financial assets with fixed or determinable payments that are not quoted in an active market.

  The effects on profit or loss recognized for these assets are mainly from financial income and exchange differences from balances denominated in currencies other than the functional currency.

  No material impairments were recognized in trade and other receivables.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

- **Hedging derivatives:** Correspond to the receivable balance for changes in fair value of derivative contracts to hedge existing transactions and which affect profit or loss when the transactions are settled. The detail of derivative hedging transactions are included in Note 29.

  As of September 30, 2017 and December 31, 2016, there were no reclassifications between the different categories of financial instruments.

## 13. Interest-bearing borrowings

Current and non-current interest-bearing borrowings consists of loans from financial institutions, bond issue obligations and finance leases, which are measured at amortized cost using the effective interest rate method.

The following tables set forth other current/non-current financial liabilities as of September 30, 2017 and December 31, 2016:

| | 09/30/2017 | | | | | |
|---|---|---|---|---|---|---|
| | Current | | | Non-current | | |
| **Items** | Loans and other payables ThUS$ | Hedging derivatives ThUS$ | Total ThUS$ | Loans and other payables ThUS$ | Hedging derivatives ThUS$ | Total ThUS$ |
| Loans from financial institutions | 735,225 | - | 735,225 | 2,391,204 | - | 2,391,204 |
| Bonds issued | 119,632 | - | 119,632 | 12,031,712 | - | 12,031,712 |
| Financial Lease | 27,238 | - | 27,238 | 93,802 | - | 93,802 |
| Hedging derivatives | - | 5,827 | 5,827 | - | 94,164 | 94,164 |
| Other financial liabilities | 1,221 | - | 1,221 | 70,056 | - | 70,056 |
| **Total** | **883,316** | **5,827** | **889,143** | **14,586,774** | **94,164** | **14,680,938** |

| | 12/31/2016 | | | | | |
|---|---|---|---|---|---|---|
| | Current | | | Non-current | | |
| **Items** | Loans and other payables ThUS$ | Hedging derivatives ThUS$ | Total ThUS$ | Loans and other payables ThUS$ | Hedging derivatives ThUS$ | Total ThUS$ |
| Loans from financial institutions | 166,294 | - | 166,294 | 2,988,447 | - | 2,988,447 |
| Bonds issued | 150,563 | - | 150,563 | 11,608,257 | - | 11,608,257 |
| Financial Lease | 23,683 | - | 23,683 | 100,808 | - | 100,808 |
| Hedging derivatives | - | 10,155 | 10,155 | - | 161,619 | 161,619 |
| Other financial liabilities | 1,915 | - | 1,915 | 72,338 | - | 72,338 |
| **Total** | **342,455** | **10,155** | **352,610** | **14,769,850** | **161,619** | **14,931,469** |

- **Loans from financial institutions:**

  The loans obtained by the Corporation aim to finance production operations oriented towards the foreign market,

  On August 23, 2012, the subsidiary Inversiones Gacrux SpA (Gacrux) signed a credit agreement with Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co, Ltd, ("Mitsui")) for approximately US$1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, will automatically become a loan with a 7,5 years maturity from the date of disbursement, and an annual rate Libor + 2.5%. This loan has no guarantees ("non-recourse") to be given by Codelco.

The proceeds from the loan were used by Codelco's indirect subsidiary Inversiones Mineras Becrux SpA to acquire 24.5% of the shares of Anglo American Sur S,A,, including other acquisition-related expenses.

On October 31, 2012, the credit agreement was amended, the new terms established an annual fixed interest rate of 3.25% and a 20-year maturity, to be paid in 40 semi-annual installments of principal and interest, and maintaining the "non-recourse" condition. Under previous agreements, Mitsui is entitled to an additional interest equivalent to one-third of the savings obtained by Gacrux under the renegotiated credit as compared to the conditions from the credit agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to acquire from Gacrux an additional 15.25% of the shares of Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US$998 million. These funds were fully allocated to a portion of Gacrux's debt under the Credit Agreement.

On November 26, 2012, Mitsui exercised the call option and acquired the additional ownership interest in Acrux. The proceeds received were used by Codelco to partially pre-pay the debt with Mitsui.

On November 26, 2016, Codelco signed a credit agreement with Oriente Copper Netherlands BV renegotiating the payment of principal at the end of the contract. The terms established an annual interest rate of Libor +2.5% with a 5 year maturity to be payable in one installment at maturity with semi-annual interest payment.

On May 26, 2017, Codelco signed a credit agreement with Oriente Copper Netherlands BV renegotiating the semi-annual payment. The terms established an annual interest rate of Libor +2.5% with a 5 year maturity to be payable in one installment at maturity with semi-annual interest payment. As of September 30, 2017, the outstanding balance of the credit agreements is ThUS$736,457.

- ***Bond issued:***

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF 6,900,000 of a single series labeled "Series B", which consists of 6,900 bonds for UF 1,000 each. These bonds are payable in a single installment on April 1, 2025, at an annual interest rate of 4% and semi-annual interest payments.

On September 21, 2005, the Corporation issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds are payable in a single installment on September 21, 2035, at an annual interest rate of 5.6250% and semi-annual interest payments.

On October 19, 2006, the Corporation issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$500,000. These bonds are payable in a single installment on October 24, 2036, at an annual interest rate of 6.15% and semi-annual interest payments.

On January 20, 2009, the Corporation issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$600,000. These bonds are payable in a single installment on January 15, 2019, at an annual interest rate of 7.5% and semi-annual interest payments. On August 3, 2017, capital was amortized for an amount of ThUS $ 333,155.

On November 4, 2010, the Corporation issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$1,000,000. These bonds are payable in a single installment on November 4, 2020, at an annual interest rate of 3.75% and semi-annual interest payments. On August 3, 2017, capital was amortized for an amount of ThUS $ 414,763.

On November 3, 2011, the Corporation issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$1,150,000. These bonds are payable in a single installment on November 4, 2021, at an annual interest rate of 3.875% and semi-annual interest payments. On August 3, 2017, capital was amortized for an amount of ThUS $ 665,226.

On July 17, 2012, the Company issued and placed bonds in the U,S, market under Rule 144-A and Regulation S, for a nominal amount of ThUS$2,000,000. These bonds are payable in two installments (i) ThUS$1,250,000 at an annual interest rate of 3%, On August 22, 2017, capital was amortized for an amount of ThUS $ 412,514, and maturity on July 17, 2022, and (ii) ThUS$750,000 at an annual interest rate of 4,25% and maturity on July 17, 2042, and each have annual interest payments.

On August 13, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$750,000, payable in a single installment on August 13, 2023, at an annual interest rate of 4.5% and semi-annual interest payments. On August 22, 2017, capital was amortized for an amount of ThUS $ 162,502.

On October 18, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$950,000, payable in a single installment on October 18, 2043, at an annual interest rate of 5.625% and semi-annual interest payments.

On July 9, 2014, the Corporation issued and placed bonds in the international financial markets, under Rule 144-A and Regulation S, for a nominal amount of EUR$600,000,000, payable in a single installment on July 9, 2024, at an annual interest rate of 2.25% and semi-annual interest payments.

On November 4, 2014, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$980,000, payable in a single installment on November 4, 2044, at an annual interest rate of 4.875% and semi-annual interest payments.

On September 16, 2015, the Corporation issued and placed bonds in the U,S, market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$2,000,000, payable in a single installment on September 16, 2025, at an annual interest rate of 4.5% and semi-annual interest payments. On August 22, 2017, capital was amortized for an amount of ThUS $ 378,655.

On August 24, 2016, the Corporation issued and placed bonds in the local market for a nominal amount of UF10,000,000 of single series labeled "Series C", which consists of 20,000 bonds for UF500 each. These bonds are payable in a single installment on August 24, 2026, at an annual interest rate of 2.5% and semi-annual interest payments.

On August 1, 2017, the Corporation issued and placed bonds on the North American market, under standard 144-A and Regulation S, for a total, nominal, amount of ThUS$2,750,000. ThUS$ 1,500,000, with an annual coupon rate of interest of 3.625% and six-monthly interest payments, will mature on August 1, 2027, while ThUS$ 1,250,000, with an annual coupon of 4.5% and six-monthly interest payments, will mature on August 1, 2047.

The above bond issue by the Corporation did not consider any increase in the net debt. These operations allowed the maturity profile of Codelco's debt to be optimized, and, to that end, on July 25, 2017, the Corporation made an offer in New York to purchase its bonds issued in US dollars maturing from 2019 to 2025. As a result of these transactions involving the US$ 2,750 million, in nominal terms, 86% of the funds from the new issue (US$ 2,355 of US$ 2,750 million) were used to refinance the old debt. The published average rate of the refinanced funds decreased from 4.36% to 4.02%.

The effect recognized in profit and loss associated with this refinancing was a charge of US$ 42 million after tax.

As of September 30, 2017 and December 31, 2016, the Corporation is not required to comply with any financial covenant related to borrowings from financial institutions and bond obligations.

- ***Financial debt commissions and expenses:***

  Transactions costs incurred in obtaining financial resources are deducted from the loan proceeds and are amortized using the effective interest rate.

- **Finance leases:**

  Finance lease contracts mainly corresponds to buildings and machinery.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

As of September 30, 2017, the details of loans from financial institutions and bond obligations are as follows:

| 09/30/2017 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Taxpayer ID Number** | **Country** | **Loans with financial entities** | **Institución** | **Maturity** | **Interest Rate** | **Currency** | **Principal Amount** | **Type of amortization** | **Payment of Interest** | **Nominal Interest Rate** | **Tasa efectiva** | **Current balance ThUS$** | **Non-current balance ThUS$** |
| Foreign | EE.UU | Bilateral Credit | Bank of Tokyo Mitsubishi Ltd. | 09/30/2021 | Floating | US$ | 250,000,000 | Maturity | Quarterly | 2.05% | 2.11% | 1,055 | 249,477 |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 11/03/2021 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.93% | 2.09% | 933 | 298,416 |
| Foreign | EE.UU | Bilateral Credit | Mizuho Corporate Bank Ltd | 09/16/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.94% | 2.19% | 299,565 | - |
| Foreign | Cayman Island | Bilateral Credit | Scotiabank & Trust (Cayman) Ltd | 04/13/2022 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.95% | 2.15% | 1,286 | 297,912 |
| Foreign | EE.UU | Bilateral Credit | Bank of Tokyo Mitsubishi Ltd. | 07/19/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.93% | 2.05% | 300,971 | - |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 07/17/2022 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.96% | 2.04% | 1,112 | 299,247 |
| Foreign | EE.UU | Bilateral Credit | Mizuho Corporate Bank Ltd | 06/05/2019 | Floating | US$ | 95,000,000 | Maturity | Quarterly | 1.94% | 2.14% | 112 | 94,651 |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 06/16/2019 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.92% | 1.99% | 1,315 | 299,469 |
| Foreign | Japan | Bilateral Credit | Bank of Tokyo-Mitsubishi Ltd | 05/24/2019 | Floating | US$ | 96,000,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 1.97% | 2.37% | 24,339 | 23,845 |
| Foreign | Japan | Bilateral Credit | Japan Bank International Cooperation | 05/24/2022 | Floating | US$ | 224,000,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 1.87% | 2.05% | 33,072 | 127,422 |
| Foreign | Holland | Bilateral Credit | Oriente Copper Netherlands B.V | 11/26/2032 | Fixed | US$ | 874,959,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 3.25% | 5.37% | 43,885 | 657,203 |
| Foreign | Holland | Bilateral Credit | Oriente Copper Netherlands B.V | 11/26/2021 | Fixed | US$ | 23,946,863 | At maturity with semi-annual interest payments | Semi-annual | 3.79% | 4.02% | - | 27,020 |
| Foreign | Holland | Bilateral Credit | Oriente Copper Netherlands B.V | 05/26/2022 | Fixed | US$ | 16,395,765 | At maturity with semi-annual interest payments | Semi-annual | 3.92% | 3.98% | - | 16,298 |
| Foreign | Germany | Credit Line | HSBC Trinkaus & | | Floating | Euro | | | | 1.24% | 1.24% | 19,799 | - |
| Foreign | Germany | Credit Line | Deutsche Bank | | Floating | Euro | | | | 1.22% | 1.22% | 6,871 | - |
| | | | Other institutions | | | | | | | | | 910 | 244 |
| **TOTAL** | | | | | | | | | | | | **735,225** | **2,391,204** |

| Taxpayer ID Number | Country | Maturity | Interest Rate | Currency | Principal Amount | Type of amortization | Payment of interest | Nominal Interest Rate | Effective Interest Rate | Current balance ThUS$ | Non-current balance ThUS$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 144-A REG.S | Luxembourg | 01/15/2019 | Fixed | US$ | 600.000.000 | At Maturity | Semi-annual | 7,50% | 7,79% | 3.617 | 265.928 |
| 144-A REG.S | Luxembourg | 11/04/2020 | Fixed | US$ | 1.000.000.000 | At Maturity | Semi-annual | 3,75% | 3,98% | 9.144 | 581.449 |
| 144-A REG.S | Luxembourg | 11/04/2021 | Fixed | US$ | 1.150.000.000 | At Maturity | Semi-annual | 3,88% | 4,06% | 7.827 | 481.412 |
| 144-A REG.S | Luxembourg | 07/17/2022 | Fixed | US$ | 1.250.000.000 | At Maturity | Semi-annual | 3,00% | 3,17% | 5.234 | 831.168 |
| 144-A REG.S | Luxembourg | 08/13/2023 | Fixed | US$ | 750.000.000 | At Maturity | Semi-annual | 4,50% | 4,74% | 3.448 | 580.147 |
| 144-A REG.S | Luxembourg | 07/09/2024 | Fixed | EUR | 600.000.000 | At Maturity | Annual | 2,25% | 2,48% | 3.618 | 699.139 |
| BCODE-B | Chile | 04/01/2025 | Fixed | U.F. | 6.900.000 | At Maturity | Semi-annual | 4,00% | 3,24% | 0 | 301.046 |
| 144-A REG.S | Luxembourg | 09/16/2025 | Fixed | US$ | 2.000.000.000 | At Maturity | Semi-annual | 4,50% | 4,78% | 2.822 | 1.593.150 |
| BCODE-C | Chile | 08/24/2026 | Fixed | U.F. | 10.000.000 | At Maturity | Semi-annual | 2,50% | 2,48% | 1.046 | 440.546 |
| 144-A REG.S | Luxembourg | 08/01/2027 | Fixed | US$ | 1.500.000.000 | Vencimiento | Semestral | 3,63% | 3,92% | 8.964 | 1.437.762 |
| 144-A REG.S | Luxembourg | 09/21/2035 | Fixed | US$ | 500.000.000 | At Maturity | Semi-annual | 5,63% | 5,78% | 777 | 491.459 |
| 144-A REG.S | Luxembourg | 10/24/2036 | Fixed | US$ | 500.000.000 | At Maturity | Semi-annual | 6,15% | 6,22% | 13.611 | 496.297 |
| 144-A REG.S | Luxembourg | 07/17/2042 | Fixed | US$ | 750.000.000 | At Maturity | Semi-annual | 4,25% | 4,41% | 6.669 | 732.557 |
| 144-A REG.S | Luxembourg | 10/18/2043 | Fixed | US$ | 950.000.000 | At Maturity | Semi-annual | 5,63% | 5,76% | 24.236 | 932.884 |
| 144-A REG.S | Luxembourg | 11/04/2044 | Fixed | US$ | 980.000.000 | At Maturity | Semi-annual | 4,88% | 5,01% | 19.344 | 960.780 |
| 144-A REG.S | Luxembourg | 08/01/2047 | Fixed | US$ | 1.250.000.000 | At Maturity | Annual | 4,50% | 4,86% | 9.275 | 1.205.988 |
| | | | | **TOTAL** | | | | | | **119.632** | **12.031.712** |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

As of December 31, 2016, the details of loans from financial institutions and bond obligations are as follows:

| 12/31/2016 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Taxpayer ID Number** | **Country** | **Loans with financial entities** | **Institución** | **Maturity** | **Interest Rate** | **Currency** | **Principal Amount** | **Type of amortization** | **Payment of Interest** | **Nominal Interest Rate** | **Tasa efectiva** | **Current balance ThUS$** | **Non-current balance ThUS$** |
| Foreign | EE.UU | Bilateral Credit | Bank of Tokyo Mitsubishi Ltd. | 09/30/2021 | Floating | US$ | 250,000,000 | Maturity | Quarterly | 1.63% | 1.70% | 884 | 249,373 |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 11/03/2021 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.50% | 1.66% | 730 | 298,130 |
| Foreign | EE.UU | Bilateral Credit | Mizuho Corporate Bank Ltd | 09/16/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.58% | 1.83% | 211 | 298,900 |
| Foreign | EE.UU | Bilateral Credit | Bank of America N.A. | 10/11/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.53% | 1.75% | 1,006 | 298,905 |
| Foreign | EE.UU | Bilateral Credit | Bank of Tokyo Mitsubishi Ltd. | 07/19/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.51% | 1.62% | 979 | 299,657 |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 07/17/2018 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.51% | 1.60% | 854 | 299,529 |
| Foreign | EE.UU | Bilateral Credit | Mizuho Corporate Bank Ltd | 06/05/2019 | Floating | US$ | 95,000,000 | Maturity | Quarterly | 1.57% | 1.81% | 95 | 94,496 |
| Foreign | EE.UU | Bilateral Credit | Export Dev Canada | 06/16/2019 | Floating | US$ | 300,000,000 | Maturity | Quarterly | 1.50% | 1.58% | 1,010 | 299,287 |
| Foreign | Japan | Bilateral Credit | Bank of Tokyo-Mitsubishi Ltd | 05/24/2019 | Floating | US$ | 96,000,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 1.83% | 2.23% | 24,110 | 35,695 |
| Foreign | Japan | Bilateral Credit | Japan Bank International Cooperation | 05/24/2022 | Floating | US$ | 224,000,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 1.73% | 1.91% | 32,304 | 143,227 |
| Foreign | Holland | Bilateral Credit | Oriente Copper Netherlands B.V | 11/26/2032 | Fixed | US$ | 874,959,000 | Half-yearly capital contributions from 2015 to the present. | Semi-annual | 3.25% | 5.37% | 67,754 | 643,142 |
| Foreign | Holland | Bilateral Credit | Oriente Copper Netherlands B.V | 11/26/2021 | Fixed | US$ | 23,946,863 | At maturity with semi-annual interest payments | Semi-annual | 3.79% | 4.02% | 915 | 27,629 |
| Foreign | Germany | Credit Line | HSBC Trinkaus & | | Floating | Euro | | | | 1.24% | 1.24% | 30,097 | - |
| Foreign | Germany | Credit Line | Deutsche Bank | | Floating | Euro | | | | 1.22% | 1.22% | 3,723 | - |
| | | | Other institutions | | | | | | | | | 1,622 | 477 |
| | | | | | **TOTAL** | | | | | | | **166,294** | **2,988,447** |

| Taxpayer ID Number | Country | Maturity | Interest Rate | Currency | Principal Amount | Type of amortization | Payment of interest | Nominal Interest Rate | Effective Interest Rate | Current balance ThUS$ | Non-current balance ThUS$ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 144-A REG.S | Luxembourg | 15/01/2019 | Fixed | US$ | 600,000,000 | Maturity | Semi-annual | 7.50% | 7.79% | 20,788 | 596,805 |
| 144-A REG.S | Luxembourg | 04/11/2020 | Fixed | US$ | 1,000,000,000 | Maturity | Semi-annual | 3.75% | 3.98% | 5,905 | 991,758 |
| 144-A REG.S | Luxembourg | 04/11/2021 | Fixed | US$ | 1,150,000,000 | Maturity | Semi-annual | 3.88% | 4.07% | 7,386 | 1,140,413 |
| 144-A REG.S | Luxembourg | 17/07/2022 | Fixed | US$ | 1,250,000,000 | Maturity | Semi-annual | 3.00% | 3.17% | 17,221 | 1,239,279 |
| 144-A REG.S | Luxembourg | 13/08/2023 | Fixed | US$ | 750,000,000 | Maturity | Semi-annual | 4.50% | 4.75% | 12,840 | 739,645 |
| 144-A REG.S | Luxembourg | 09/07/2024 | Fixed | Euro | 600,000,000 | Maturity | Annual | 2.25% | 2.48% | 6,729 | 622,361 |
| BCODE-B | Chile | 01/04/2025 | Fixed | U.F. | 6,900,000 | Maturity | Semi-annual | 4.00% | 3.24% | 2,773 | 286,431 |
| 144-A REG.S | Luxembourg | 16/09/2025 | Fixed | US$ | 2,000,000,000 | Maturity | Semi-annual | 4.50% | 4.78% | 26,353 | 1,961,203 |
| BCODE-C | Chile | 24/08/2026 | Fixed | U.F. | 10,000,000 | Maturity | Semi-annual | 2.50% | 2.48% | 3,474 | 417,595 |
| 144-A REG.S | Luxembourg | 21/09/2035 | Fixed | US$ | 500,000,000 | Maturity | Semi-annual | 5.60% | 5.78% | 7,925 | 491,260 |
| 144-A REG.S | Luxembourg | 24/10/2036 | Fixed | US$ | 500,000,000 | Maturity | Semi-annual | 6.20% | 6.22% | 5,998 | 496,222 |
| 144-A REG.S | Luxembourg | 17/07/2042 | Fixed | US$ | 750,000,000 | Maturity | Semi-annual | 4.25% | 4.41% | 14,638 | 732,251 |
| 144-A REG.S | Luxembourg | 18/10/2043 | Fixed | US$ | 950,000,000 | Maturity | Semi-annual | 5.63% | 5.76% | 11,010 | 932,674 |
| 144-A REG.S | Luxembourg | 04/11/2044 | Fixed | US$ | 980,000,000 | Maturity | Semi-annual | 4.88% | 5.01% | 7,523 | 960,360 |
| | | | | **TOTAL** | | | | | | **150,563** | **11,608,257** |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The undiscounted amounts that the Corporation will have to disburse to settle the obligations with financial institutions, are as follows:

| 09/30/2017 | | | | | Current | | | Non-current | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Creditor Name | Currency | Effective Interest Rate | Nominal Interest Rate | Payments of Interest | Less than 90 days | Less than 90 days | Current total | 1 to 3 years | 3 to 5 years | More than 5 years | Non-current total |
| Bank of Tokyo Mitsubishi Ltd. | US$ | 2.11% | 2.05% | Quarterly | 1,312 | 3,893 | 5,205 | 10,425 | 256,261 | - | 266,686 |
| Export Dev Canada | US$ | 2.09% | 1.93% | Quarterly | 1,480 | 4,392 | 5,872 | 11,760 | 307,352 | - | 319,112 |
| Mizuho Corporate Bank Ltd. | US$ | 2.19% | 1.94% | Quarterly | 1,471 | 304,446 | 305,917 | - | - | - | - |
| Scotiabank & Trust (Cayman) Ltd | US$ | 2.15% | 1.95% | Quarterly | 1,498 | 4,395 | 5,893 | 11,981 | 310,370 | - | 322,351 |
| Bank of Tokyo Mitsubishi Ltd. | US$ | 2.05% | 1.93% | Quarterly | 1,479 | 304,404 | 305,883 | - | - | - | - |
| Export Dev Canada | US$ | 2.04% | 1.96% | Quarterly | 1,505 | 4,465 | 5,970 | 11,955 | 311,808 | - | 323,763 |
| Mizuho Corporate Bank Ltd | US$ | 2.14% | 1.94% | Quarterly | 465 | 1,401 | 1,866 | 96,370 | - | - | 96,370 |
| Export Dev Canada | US$ | 1.99% | 1.92% | Quarterly | 2,950 | 2,902 | 5,852 | 305,500 | - | - | 305,500 |
| Bank of Tokyo-Mitsubishi Ltd. | US$ | 2.37% | 1.97% | Semi-annual | - | 24,840 | 24,840 | 24,360 | - | - | 24,360 |
| Japan Bank International Cooperation | US$ | 2.05% | 1.87% | Semi-annual | - | 34,882 | 34,882 | 67,949 | 65,519 | - | 133,468 |
| BONO 144-A REG. 2019 | US$ | 7.78% | 7.50% | Semi-annual | - | 20,013 | 20,013 | 276,852 | - | - | 276,852 |
| BONO 144-A REG. 2020 | US$ | 3.97% | 3.75% | Semi-annual | 10,973 | 10,973 | 21,946 | 43,893 | 596,210 | - | 640,103 |
| BONO 144-A REG. 2021 | US$ | 4.06% | 3.88% | Semi-annual | 9,392 | 9,392 | 18,784 | 37,570 | 512,951 | - | 550,521 |
| BONO 144-A REG. 2022 | US$ | 3.17% | 3.00% | Semi-annual | - | 25,125 | 25,125 | 50,249 | 887,735 | - | 937,984 |
| BONO 144-A REG. 2023 | US$ | 4.75% | 4.50% | Semi-annual | - | 26,437 | 26,437 | 52,875 | 52,875 | 613,935 | 719,685 |
| BONO 144-A REG. 2025 | US$ | 4.77% | 4.50% | Semi-annual | - | 72,961 | 72,961 | 145,922 | 145,922 | 1,876,718 | 2,168,562 |
| BONO 144-A REG. 2027 | US$ | 3.92% | 3.63% | Semi-annual | - | 54,375 | 54,375 | 108,750 | 108,750 | 1,771,875 | 1,989,375 |
| BONO 144-A REG. 2035 | US$ | 5.78% | 5.63% | Semi-annual | - | 28,125 | 28,125 | 56,250 | 42,188 | 879,688 | 978,126 |
| BONO 144-A REG. 2036 | US$ | 6.22% | 6.15% | Semi-annual | 15,426 | 15,375 | 30,801 | 61,500 | 61,500 | 945,875 | 1,068,875 |
| BONO 144-A REG. 2042 | US$ | 4.41% | 4.25% | Semi-annual | - | 31,875 | 31,875 | 63,750 | 63,750 | 1,387,500 | 1,515,000 |
| BONO 144-A REG. 2043 | US$ | 5.76% | 5.63% | Semi-annual | 26,719 | 26,719 | 53,438 | 106,875 | 106,875 | 2,098,906 | 2,312,656 |
| BONO 144-A REG. 2044 | US$ | 5.01% | 4.88% | Semi-annual | 23,888 | 23,888 | 47,776 | 95,550 | 95,550 | 2,054,938 | 2,246,038 |
| BONO 144-A REG. 2047 | US$ | 4.86% | 4.50% | Semi-annual | - | 56,250 | 56,250 | 112,500 | 112,500 | 2,656,250 | 2,881,250 |
| Oriente Copper Netherlands B.V. | US$ | 5.37% | 3.25% | Semi-annual | 37,707 | 37,166 | 74,873 | 145,474 | 139,656 | 638,653 | 923,783 |
| Oriente Copper Netherlands B.V. | US$ | 4.02% | 3.79% | Semi-annual | - | 456 | 456 | 1,842 | 25,330 | - | 27,172 |
| Oriente Copper Netherlands B.V. | US$ | 3.92% | 3.98% | Semi-annual | - | 323 | 323 | 1,304 | 17,698 | - | 19,002 |
| | | | | **Total ThUS$** | **136,265** | **1,129,473** | **1,265,738** | **1,901,456** | **4,220,800** | **14,924,338** | **21,046,594** |
| BONO BCODE-B 2025 | U.F. | 3.24% | 4.00% | Semi-annual | 138,000 | 276,000 | 414,000 | 414,000 | 552,000 | 7,728,000 | 8,694,000 |
| BONO BCODE-C 2026 | U.F. | 2.48% | 2.50% | Semi-annual | 124,228 | 248,457 | 372,685 | 496,913 | 496,913 | 11,118,055 | 12,111,882 |
| | | | | Total U.F. | 262,228 | 524,457 | 786,685 | 910,913 | 1,048,913 | 18,846,055 | 20,805,882 |
| | | | | **Subtotal ThUS$** | **10,016** | **20,031** | **30,047** | **34,791** | **40,062** | **719,808** | **794,661** |
| BONO 144-A REG. 2024 | EUR | 2.48% | 2.25% | Annual | - | - | - | 40,500,000 | 27,000,000 | 627,000,000 | 694,500,000 |
| | | | | Total EUR | - | - | - | 40,500,000 | 27,000,000 | 627,000,000 | 694,500,000 |
| | | | | **Subtotal ThUS$** | **-** | **-** | **-** | **43,695** | **29,130** | **676,464** | **749,289** |
| | | | | **Total ThUS$** | **146,281** | **1,149,504** | **1,295,785** | **1,979,943** | **4,289,992** | **16,320,610** | **22,590,545** |

Nominal and effective interest rates presented above correspond to annual rates.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| 12/31/2016 | | | | | Current | | | Non-current | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Debtor's Name | Currency | Effective interest rate | Nominal Rate | Payments of Interest | Less than 90 days | More than 90 days | Current total | 1 to 3 years | 3 to 5 years | More than 5 years | Non-current total |
| Bank of Tokyo Mitsubishi Ltd. | US$ | 1.70% | 1.63% | Quarterly | 2,062 | 2,073 | 4,135 | 8,269 | 258,122 | - | 266,391 |
| Export Dev Canada | US$ | 1.66% | 1.50% | Quarterly | 1,151 | 3,415 | 4,566 | 9,131 | 309,143 | - | 318,274 |
| Mizuho Corporate Bank Ltd. | US$ | 1.83% | 1.58% | Quarterly | 1,188 | 3,629 | 4,817 | 303,629 | - | - | 303,629 |
| Bank of America N.A. | US$ | 1.75% | 1.53% | Quarterly | 1,011 | 3,475 | 4,486 | 305,792 | - | - | 305,792 |
| Bank of Tokyo Mitsubishi Ltd. | US$ | 1.62% | 1.51% | Quarterly | - | 3,426 | 3,426 | 304,644 | - | - | 304,644 |
| Export Dev Canada | US$ | 1.60% | 1.51% | Quarterly | 1,155 | 3,428 | 4,583 | 303,327 | - | - | 303,327 |
| Mizuho Corporate Bank Ltd | US$ | 1.81% | 1.57% | Quarterly | 373 | 1,140 | 1,513 | 97,255 | - | - | 97,255 |
| Export Dev Canada | US$ | 1.58% | 1.50% | Quarterly | 2,244 | 3,428 | 5,672 | 306,533 | - | - | 306,533 |
| Bank of Tokyo-Mitsubishi Ltd. | US$ | 2.23% | 1.83% | Semi-annual | - | 25,001 | 25,001 | 36,666 | - | - | 36,666 |
| Japan Bank International Cooperation | US$ | 1.91% | 1.73% | Semi-annual | - | 34,937 | 34,937 | 68,207 | 65,966 | 16,139 | 150,312 |
| BOND 144-A REG. 2019 | US$ | 7.79% | 7.50% | Semi-annual | 22,500 | 22,500 | 45,000 | 667,500 | - | - | 667,500 |
| BOND 144-A REG. 2020 | US$ | 3.98% | 3.75% | Semi-annual | - | 37,500 | 37,500 | 75,000 | 1,037,500 | - | 1,112,500 |
| BOND 144-A REG. 2021 | US$ | 4.07% | 3.88% | Semi-annual | - | 44,563 | 44,563 | 89,125 | 1,239,125 | - | 1,328,250 |
| BOND 144-A REG. 2022 | US$ | 3.17% | 3.00% | Semi-annual | 18,750 | 18,750 | 37,500 | 75,000 | 75,000 | 1,287,500 | 1,437,500 |
| BOND 144-A REG. 2023 | US$ | 4.75% | 4.50% | Semi-annual | 16,875 | 16,875 | 33,750 | 67,500 | 67,500 | 817,500 | 952,500 |
| BOND 144-A REG. 2025 | US$ | 4.78% | 4.50% | Semi-annual | 45,000 | 90,000 | 135,000 | 180,000 | 180,000 | 2,360,000 | 2,720,000 |
| BOND 144-A REG. 2035 | US$ | 5.78% | 5.63% | Semi-annual | 14,063 | 14,063 | 28,126 | 56,250 | 56,250 | 893,750 | 1,006,250 |
| BOND 144-A REG. 2036 | US$ | 6.22% | 6.15% | Semi-annual | - | 30,750 | 30,750 | 61,500 | 61,500 | 961,250 | 1,084,250 |
| BOND 144-A REG. 2042 | US$ | 4.41% | 4.25% | Semi-annual | 15,938 | 15,938 | 31,876 | 63,750 | 63,750 | 1,419,375 | 1,546,875 |
| BOND 144-A REG. 2043 | US$ | 5.76% | 5.63% | Semi-annual | - | 53,438 | 53,438 | 106,875 | 106,875 | 2,125,625 | 2,339,375 |
| BOND 144-A REG. 2044 | US$ | 5.01% | 4.88% | Semi-annual | - | 47,775 | 47,775 | 95,550 | 95,550 | 2,078,825 | 2,269,925 |
| Oriente Copper Netherlands B.V. | US$ | 5.37% | 3.25% | Semi-annual | - | 75,588 | 75,588 | 146,852 | 141,137 | 672,960 | 960,949 |
| Oriente Copper Netherlands B.V. | US$ | 4.02% | 3.79% | Semi-annual | - | 915 | 915 | 1,840 | 25,789 | - | 27,629 |
| | | | | **Total ThUS$** | **142,310** | **552,607** | **694,917** | **3,430,195** | **3,783,207** | **12,632,924** | **19,846,326** |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| BONO BCODE-B 2025 | U.F. | 3.24% | 4.00% | Semi-annual | 138,000 | 138,000 | 276,000 | 552,000 | 552,000 | 7,866,000 | 8,970,000 |
| BONO BCODE-C 2026 | U.F. | 2.48% | 2.50% | Semi-annual | 124,228 | 124,228 | 248,457 | 496,913 | 496,913 | 11,242,284 | 12,236,111 |
| | | | | Total U.F. | 262,228 | 262,228 | 524,457 | 1,048,913 | 1,048,913 | 19,108,284 | 21,206,111 |
| | | | | **Subtotal ThUS$** | **10,320** | **10,320** | **20,641** | **41,282** | **41,282** | **752,035** | **834,598** |
| BONO 144-A REG. 2024 | EUR | 2.48% | 2.25% | Annual | - | 13,500,000 | 13,500,000 | 27,000,000 | 27,000,000 | 640,500,000 | 694,500,000 |
| | | | | Total EUR | - | 13,500,000 | 13,500,000 | 27,000,000 | 27,000,000 | 640,500,000 | 694,500,000 |
| | | | | **Subtotal ThUS$** | **-** | **14,229** | **14,229** | **28,457** | **28,457** | **675,067** | **731,981** |
| | | | | **Total ThUS$** | **152,630** | **577,156** | **729,786** | **3,499,934** | **3,852,946** | **14,060,025** | **21,412,905** |

Nominal and effective interest rates presented above correspond to annual rates.

The present value of future lease payments for financial lease obligations are detailed in the following table:

| Financial Leases | 09/30/2017 | | | 12/31/2016 | | |
|---|---|---|---|---|---|---|
| | Gross ThUS$ | Interest ThUS$ | Present Value ThUS$ | Gross ThUS$ | Interest ThUS$ | Present Value ThUS$ |
| Less than 90 days | 8,430 | (2,314) | 6,116 | 10,907 | (2,497) | 8,410 |
| Between 90 days and 1 year | 28,145 | (7,023) | 21,122 | 22,535 | (7,262) | 15,273 |
| Between 1 and 2 years | 27,007 | (7,316) | 19,691 | 32,335 | (10,047) | 22,288 |
| Between 2 and 3 years | 21,023 | (6,053) | 14,970 | 24,697 | (8,574) | 16,123 |
| Between 3 and 4 years | 12,303 | (4,201) | 8,102 | 32,388 | (9,458) | 22,930 |
| Between 4 and 5 years | 9,897 | (3,126) | 6,771 | 7,710 | (1,856) | 5,854 |
| More than 5 years | 57,252 | (12,984) | 44,268 | 42,706 | (9,093) | 33,613 |
| **Total** | 164,057 | (43,017) | 121,040 | 173,278 | (48,787) | 124,491 |

The total future lease payments for operating leases and rental expenses recognized in the statements of comprehensive income are summarized in the following tables:

| **Future lease payments for operating issues** | **09/30/2017** ThUS$ | **12/31/2016** ThUS$ |
|---|---|---|
| | MUS$ | MUS$ |
| Less than one year | 547.598 | 591.697 |
| Between one and five years | 479.253 | 440.030 |
| More than five years | 58.841 | 32.823 |
| **TOTAL** | 1.085.692 | 1.064.550 |

| **Rental fees recognized in the Statement of Comprehensive Income** | **09/30/2017** ThUS$ | **09/30/2016** ThUS$ |
|---|---|---|
| Rental expenses | 161.166 | 173.992 |

## 14. Fair Value of financial assets and liabilities

The carrying amount of financial assets is a reasonable approximation to their fair value, therefore, no additional disclosures are required in accordance with IFRS 7.

Regarding financial liabilities, the following table shows a comparison as of September 30, 2017 between the carrying amount and the fair value of financial liabilities other than those whose carrying amount is a reasonable approximation of fair value.

| **Financial liabilities** | **Accounting treatment for valuation** | **Carrying amount** MUS$ | **Fair value** MUS$ |
|---|---|---|---|
| Bond Obligations | Amortized cost | 12,151,344 | 13,141,364 |

## 15. Fair value hierarchy

The estimated fair value for the Corporation's portfolio of financial instruments is based on valuation techniques and observable inputs. Considering the hierarchy of the data used in these valuation techniques, the assets and liabilities measured at fair value can be classified into the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i,e, as prices) or indirectly (i,e, derived from prices).
- Level 3: Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents financial assets and liabilities measured at fair value as of September 30, 2017:

| Financial instruments measured at fair value | 09/30/2017 | | | |
|---|---|---|---|---|
| | Level 1 ThUS$ | Level 2 ThUS$ | Level 3 ThUS$ | Total ThUS$ |
| ***Financial Assets*** | | | | |
| Provisional price sales contracts | - | 94,497 | - | 94,497 |
| Cross Currency Swap | - | 109,187 | - | 109,187 |
| Mutual fund units | 2,269 | - | - | 2,269 |
| Metal futures contracts | 214 | - | - | 214 |
| ***Financial Liabilities*** | | | | |
| Metal futures contracts | 2,633 | 3,020 | - | 5,653 |
| Cross Currency Swap | 3,194 | 91,144 | | 94,338 |

There were no transfers between the different levels for the period ended September 30, 2017.

## 16. Trade and other payables

The detail of trade and other current payables as of September 30, 2017 and December 31, 2016, is as follows:

| Items | Currents | |
|---|---|---|
| | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
| Trade payables | 968,120 | 983,320 |
| Dividends payables | 103,469 | - |
| Payables to employees | 22,143 | 31,624 |
| Withholdings | 86,130 | 76,615 |
| Withholding taxes | 40,357 | 41,364 |
| Other payables | 64,124 | 75,203 |
| **Total** | **1,284,343** | **1,208,126** |

## 17. Other provisions

The detail of other current and non-current provisions as of September 30, 2017 and December 31, 2016, is as follows:

| **Other Provisions** | **Current** | | **Non-current** | |
|---|---|---|---|---|
| | **09/30/2017** ThUS$ | **12/31/2016** ThUS$ | **09/30/2017** ThUS$ | **12/31/2016** ThUS$ |
| Sales-related provisions (1) | 7,181 | 14,174 | - | - |
| Operating (2) | 96,903 | 102,270 | - | - |
| Law No. 13.196 | 86,516 | 99,014 | - | - |
| Other provisions | 8,297 | 74,076 | 17,912 | 17,176 |
| Onerous Contract (3) | 4,271 | 468 | 11,389 | 1,600 |
| Decommissioning and restoration (4) | - | - | 1,594,038 | 1,544,823 |
| Legal proceedings | - | - | 37,523 | 29,013 |
| Total | 203,168 | 290,002 | 1,660,862 | 1,592,612 |

(1) Corresponds to a sales-related accruals, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
(2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
(3) Corresponds to a provision recognized for an onerous contract with Copper Partners Investment Company Ltd, See Note 30,b).
(4) Corresponds to the provision for future decommissioning and site restoration costs primarily related to tailing dams. closures of mine operations and other mining assets. The amount of the provision is the present value of future expected cash flows discounted at a pre-tax rate of 2.01% for the obligations in Chilean currency and 1.38% for the obligations in U.S. dollar. Both, discount rates reflect the corresponding assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been made. The discount period varies between 11 and 82 years. The Corporation determines and recognizes the liability in accordance with the accounting policies mentioned in note II.1 letter d) and II.2 letter o) of the Accounting Policies.

Changes in Other provisions, were as follows:

| Changes | 01/01/2017 09/30/2017 | | | |
|---|---|---|---|---|
| | Other Provisions, non-current ThUS$ | Provision for mine closure ThUS$ | Contingencies ThUS$ | Total ThUS$ |
| Opening balance | 18,776 | 1,544,823 | 29,013 | 1,592,612 |
| Financial expenses | - | 18,472 | - | 18,472 |
| Payment of liabilities | - | - | (7,890) | (7,890) |
| Foreign currency translation | 66 | 30,566 | (4,560) | 26,072 |
| Onerous contract, transfer to current | 9,788 | - | - | 9,788 |
| Other increases (decreases) | 671 | 177 | 20,960 | 21,808 |
| Closing Balance | 29,301 | 1,594,038 | 37,523 | 1,660,862 |

## 18. Employee benefits

a. Provisions for post-employment benefits and other long term benefits

Provision for post-employment benefits mainly corresponds to employee severance indemnities and medical care plans. The provision for severance indemnities recognizes the contractual obligation that the Corporation has with its employees regardless of the reason for employee's departure. The provision for medical care plans recognizes the contractual obligation that the Corporations with its employees to cover their medical care costs.

Both long-term employee benefits are stated in the terms of employment contracts and collective bargaining agreements as agreed to by the Corporation and its employees.

These defined benefit liabilities are recognized in the statement of financial position, at the present value of the defined benefit obligation. The discount rate applied is determined by reference to the market yields of government bonds in the same currency and estimated term of the post-employment benefit obligations.

The defined benefit obligations are denominated in Chilean pesos, therefore the Corporation is exposed to foreign exchange rate risk.

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income and are not subsequently reclassified to profit or loss.

For the period ended September 30, 2017, there were no significant changes in post-employment benefits plans.

The following actuarial assumptions were used in the actuarial calculation of the defined benefit plans:

| Assumptions | 09/30/2017 | |
|---|---|---|
| | Retirement plan | Health plan |
| Annual Discount Rate | 4,24% | 4,66% |
| Voluntary Annual Turnover Rate for Retirement (Men) | 3,90% | 3,90% |
| Voluntary Annual Turnover Rate for Retirement (Women) | 4,30% | 4,30% |
| Salary Increase (real annual average) | 3,41% | 3,41% |
| Future Rate of Long-Term Inflation | 3,00% | 3,00% |
| Inflation Health Care | 5,05% | 5,05% |
| Mortality tables used for projections | CB14-RV14 | CB14-RV14 |
| Average duration of future cash flows (years) | 7,10 | 17,58 |
| Expected Retirement Age (Men) | 60 | 60 |
| Expected Retirement Age (Women) | 59 | 59 |

The discount rates correspond to the rates in the secondary market of government bonds issued in Chile. The annual inflation corresponds to the long-term expectation set by the Central Bank of Chile. The turnover rates were determined using the past three years of historical experience of the Corporation's employees departure behavior. The expected rate of salary increases has been estimated using the long-term behavior of historical salaries paid by the Corporation. The mortality tables used were those issued by the SVS, which are considered an appropriate representation of the Chilean market and given the lack of comparable statistical series to develop independent studies. The weighted average duration corresponds to weighted average maturity of estimated cash flows of the respective defined benefit plans.

b. The detail of current and non-current provisions for post-employment benefits as of September 30, 2017 and December 31, 2016, is as follows:

| Accrual for employee benefits | Current | | Non-current | |
|---|---|---|---|---|
| | 09/30/2017 | 12/31/2016 | 09/30/2017 | 12/31/2016 |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Employees' collective bargaining agreements | 134,454 | 205,931 | - | - |
| Employee termination benefit | 30,321 | 29,521 | 795,374 | 748,185 |
| Bonus | 45,500 | 20,237 | - | - |
| Vacation | 161,198 | 157,634 | - | - |
| Medical care programs (4) | 445 | 408 | 550,972 | 537,829 |
| Retirement plans (5) | 5,295 | 8,233 | 9,071 | 14,415 |
| Other | 16,026 | 17,621 | 8,927 | 8,442 |
| Total | 393,239 | 439,585 | 1,364,344 | 1,308,871 |

(1) Corresponds to a provision recognized for the obligations with health care institutions as agreed with current and former employees.
(2) Correspond to the provision recognized for early retirement benefits provided to employees.

The reconciliation of the present value of the post-employment benefit obligation, is as follows:

| Movements | 01/01/2017 09/30/2017 | | 01/01/2016 12/31/2016 | |
|---|---|---|---|---|
| | Retirement plan ThUS$ | Health plan ThUS$ | Retirement plan ThUS$ | Health plan ThUS$ |
| Opening balance | 777,706 | 538,237 | 738,013 | 457,989 |
| Service cost | 43,817 | 375 | 68,499 | 32,735 |
| Financial cost | 6,999 | 6,499 | 11,882 | 9,389 |
| Paid contributions | (50,402) | (23,363) | (92,335) | (44,704) |
| Actuarial (gains)/losses | 3,561 | 7,848 | 12,339 | 54,586 |
| Transfer from other benefits | - | - | - | 2,910 |
| Subtotal | 781,681 | 529,596 | 738,398 | 512,905 |
| Gains)/Losses on foreign exchange rate | 44,014 | 21,821 | 39,308 | 25,332 |
| Final Total | 825,695 | 551,417 | 777,706 | 538,237 |

As of September 30, 2017, the remeasurement of the termination indemnities plan resulted in an actuarial gain for experience adjustment of ThUS$3,561 recognized in other comprehensive income. Similarly, the remeasurement of the medical care plan resulted in the recognition of an actuarial gain for experience adjustment of ThUS$7,848.

The balance of the defined benefit liability as of September 30, 2017, comprises a short term portion of ThUS$30,321 and ThUS$445 for the termination indemnities plan and the medical care plan, respectively. The expected amount of the defined benefit liability projected at September 30, 2018, consists of ThUS$901,450 for the termination indemnities plan and ThUS$532,380 for the medical care plan. The expected monthly average future disbursements related to defined benefit plans are of ThUS$2,527 for termination indemnities and of ThUS$37 for medical care.

The following table sets forth the sensitivity analysis of the value of the actuarial liability, from an average scenario to a low or high scenario with unit percentage change, respectively, and the two separate effects of reduction or increase of the carrying amount of the liability:

| Severance Benefits for Years of Service | Low | Medium | High | Reduction | Increase |
|---|---|---|---|---|---|
| Financial effect on interest rates | 3.236% | 4.236% | 5.236% | 5.33% | -4.70% |
| Financial effect on the real increase in income | 2.912% | 3.412% | 3.912% | -0.76% | 0.80% |
| Demographic effect of job rotations | 3.440% | 3.940% | 4.440% | 1.45% | -1.49% |
| Demographic effect on mortality tables | -25.00% | CB14-RV14, Chile | 25.00% | -0.05% | 0.05% |
| Health Benefits and Other | Low | Medium | High | Reduction | Increase |
| Financial effect on interest rates | 3.658% | 4.658% | 5.658% | 16.07% | -12.46% |
| Financial effect on health inflation | 4.550% | 5.050% | 5.550% | -6.73% | 5.95% |
| Demographic effect, planned retirement age | 58 / 57 | 60 / 59 | 62 / 61 | 3.89% | -3.88% |
| Demographic effect on mortality tables | -25.00% | CB14-RV14, Chile | 25.00% | -0.85% | -0.31% |

c. Termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increase labor productivity, through the incorporation of modern technologies and/or best management practices, has established employee retirement programs by making corresponding modifications to employment contracts or collective bargaining agreements, with benefits encouraging early retirement. The early retirement plans are recognized as a liability and expense the Corporation can no longer withdraw the offer of those benefits.

As of September 30, 2017 and December 31, 2016, the termination benefits current balance was ThUS$5,295 and ThUS$8,233, respectively, while the non-current balance was ThUS$9,071 and ThUS$14,415, respectively. The non-current portion is associated with the provision related to the term of the collective bargaining process that Codelco's management negotiated during the month of December 2012 with the employee unions of the Chuquicamata Division. The non-current amounts recognized have been discounted using a discount rate equivalent to that used for calculating employee benefits provisions and whose outstanding balances are part of the balances as of September 30, 2017 and December 31, 2016.

d. Employee benefits expenses

The employee benefit expenses recognized for the periods ended September 30, 2017 and 2016, are as follows:

| Expenditure by Nature of Employee Benefits | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2016 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Benefits - Short term | 1,181,651 | 1,177,725 | 413,099 | 397,914 |
| Benefits - Post employment | 375 | 3,501 | 389 | 347 |
| Benefits - Termination | 16,899 | 22,888 | 423 | 14,609 |
| Benefits by years of service | 43,817 | 53,446 | 12,216 | 18,970 |
| **Total** | **1,242,742** | **1,257,560** | **426,127** | **431,840** |

## 19. Equity

The Corporation's total equity as of September 30, 2017 is ThUS$10,399,220 (ThUS$9,890,409 as of December 31, 2016 and ThUS$9,414,913 as of September 30, 2016).

In accordance with article 6 of Decree Law 1.350 of 1976, it is established that, before March 30 of each year, the Board must approve the Corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediately preceding year and aiming to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by decree from the Ministries of Mining and Treasury.

Net income shown in the balance sheets, after deducting the amounts referred to in the previous paragraph, shall belong to the State and becomes part of the Nation's general income.

Pursuant to the Exempt Decree No. 184 of June 27, 2014 of the Ministry of Finance, the Corporation was authorized to capitalize US$200 million of the net profit of the financial statements as of December 31, 2013. Those resources were charged to the profits of 2014.

On October 24, 2014, the President of the Republic of Chile signed Law No. 20.790. Such Law sets forth an extraordinary capital contribution of up to US$3 billion for the Corporation during the period of 2014-2018. The resources obtained from such capital contribution, together with the capitalization of the profits obtained during such period – up to US$800 million – generated in that period, will serve to boost the Investment Plan in mining projects, sustainability, mining development and renewal of equipment and industrial plants. At December 31, 2014, there were no capitalized resources under such statute.

Pursuant to the Exempt Finance Decree (Decree No. 197 of December 31, 2015 issued by the Ministry of Finance), the Corporation was authorized to capitalize US$225 million of the net profit registered in the financial statements as of December 31, 2014.

Those resources will be taken from the profits for year 2015 for their capitalization.

Pursuant to the ORD Finance Ministry Officio No. 1410 dated on May 27, 2016, it was established that the aforementioned Decree confirms the impossibility of capitalizing the aforementioned US$225 million, consequently the capitalization fund comprised of said amount was reversed.

On October 28, 2015, it was reported that after reviewing the Development Business Plan 2014-2018 for Codelco, it was decided to make a capital contribution of US$600 million that was made effective on December 2, 2015.

On December 1, 2016, it was informed that, pursuant to Article 1 of Law No. 20.790, it was decided to make an extraordinary capital contribution of US$500 million, which was made effective on December 28, 2016.

Both capital contributions were funded by the Public Treasury through the sale of financial assets.

On January 27, 2017, Law No. 20.989 on extraordinary capitalization was enacted. The Law authorizes the transferring of funds from application of the Copper Reserved Law to the Public Treasury, allowing an extraordinary capitalization to Codelco of up to US$950 million for year 2017 aiming to reduce Codelco's indebtedness in an amount equivalent to the difference between the funds transferred as required by the Reserved Law and cash flow surpluses obtained by the Corporation.

On March 13, 2017, through Decree No. 322 it was authorized an extraordinary capital contribution under Article 2 of Law No. 20.989, for a total amount of US$475 million. The capital contribution was made effective on April 13, 2017.

As of September 30, 2017, the dividends paid were ThUS$169,863, and there are provisions recognized for dividends payable for ThUS$103,469.
The unaudited interim consolidated statement of changes in equity discloses the changes in the Corporation's equity.

The movement and composition of other equity reserves is presented in the unaudited interim consolidated statement of changes in equity.

Reclassification adjustments from other comprehensive income to profit or loss resulted in a loss of ThUS$1,234 and ThUS$1,283 for the periods ended September 30, 2017 and 2016, respectively.

a) Other reserves

The detail of other reserves as of September 30, 2017 and December 31, 2016, is as follows:

| Other Reserves | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Foreign exchange differences on conversion reserves | (5,961) | (10,607) |
| Cash flow hedge reserves | 11,538 | 12,342 |
| Capitalization fund and reserves | 4,962,393 | 4,955,966 |
| Reserve of gains (losses) of defined benefit plans | (270,885) | (267,171) |
| Other reserves | 626,334 | 626,862 |
| **Total other reserves** | **5,323,419** | **5,317,392** |

b) Non-controlling interests

The detail of non-controlling interests, included in equity and profit or loss, as of and for each reporting period, is as follows:

| Subsidiaries | Non-controlling participation | | Net equity | | Gain (loss) | | | |
|---|---|---|---|---|---|---|---|---|
| | 09/30/2017<br>% | 12/31/2016<br>% | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
| Biosigma S.A. | - | 33.30% | - | - | - | (473) | - | (160) |
| Inversiones Gacrux SpA | 32.20% | 32.20% | 1,012,072 | 978,664 | 42,106 | (15,849) | 5,648 | (4,159) |
| Ecosea Farming S.A. | 8.68% | 14.97% | - | - | - | - | - | - |
| Others | - | - | 2 | 2 | 3 | (2) | (5) | (4) |
| **Total** | | | **1,012,074** | **978,666** | **42,109** | **(16,324)** | **5,643** | **(4,323)** |

For the period ended September 30, 2017, Inversiones Gacrux SpA did not distribute any dividends to non-controlling interests.

The percentage of non-controlling interest in Inversiones Mineras Acrux SpA generates a non-controlling interest in our subsidiary Inversiones Gacrux SpA, which presents the following figures relating to its statement of financial position, statement of comprehensive income and cash flows:

| Assets and liabilities | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
|---|---|---|
| Current Assets | 310,253 | 113,993 |
| Non-current assets | 2,969,305 | 3,014,897 |
| Current liabilities | 178,705 | 152,607 |
| Non-current liabilities | 709,868 | 670,771 |

| Results | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Revenues | 586,640 | 282,572 | 195,699 | 94,480 |
| Expenses | (496,650) | (367,530) | (189,900) | (118,231) |
| Profit (loss) of the period | 89,990 | (84,958) | 5,799 | (23,751) |

| Cash flow | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ |
|---|---|---|
| Net cash flow from operating activities | 210,150 | (922) |
| Net cash flow from investing activities | (533) | 1,741 |
| Net cash flow from financing activities | (44,301) | (40,836) |

## 20. Revenue

Revenues for the nine and three month periods ended September 30, 2017 and 2016, are as follows:

| Item | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Revenue from sales of own copper | 7,609,402 | 6,095,345 | 3,015,366 | 2,054,517 |
| Revenue from sales of third-party copper | 1,397,882 | 1,309,830 | 470,774 | 421,899 |
| Revenue from sales of molybdenum | 375,191 | 296,161 | 139,927 | 110,650 |
| Revenue from sales of other products | 370,684 | 402,312 | 136,365 | 111,223 |
| Loss in futures market | (1,521) | (126) | (444) | (800) |
| **Total** | **9,751,638** | **8,103,522** | **3,761,988** | **2,697,489** |

## 21. Expenses by nature

Expenses by nature for the nine and three month periods ended September 30, 2017 and 2016, are as follows:

| Item | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Short-term benefits to employees | 1,181,651 | 1,177,725 | 413,099 | 397,914 |
| Depreciation | 838,306 | 848,212 | 292,141 | 263,546 |
| Amortization | 703,112 | 665,975 | 245,063 | 222,343 |
| **Total** | **2,723,069** | **2,691,912** | **950,303** | **883,803** |

## 22. Impairment of Assets

As of September 30, 2017 and December 31, 2016, there were no impairment losses or reversals of impairment losses previously recognized. Consequently, there have been not adjustments to the carrying amount of the assets of the Corporation's CGUs.

## 23. Other income and expenses by function

Other income and expenses by function for the six and three month periods ended September 30, 2017 and 2016, are as follows:

a) Other income by function

| Item | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|---|---|
| Penalties to suppliers | 8,378 | 6,180 | 2,737 | 2,045 |
| Delegated Administration | 3,242 | 3,038 | 1,125 | 1,035 |
| Miscellaneous sales (net) | 19,297 | 11,494 | 5,196 | 6,361 |
| Insurances recoveries by incidents | 16,752 | 24,515 | - | - |
| Gain from intragroup transactions | - | 14,283 | - | - |
| Other income | 46,430 | 35,640 | 12,316 | 6,791 |
| **Totales** | **94,099** | **95,150** | **21,374** | **16,232** |

b) Other expenses by function

| Item | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|---|---|
| Law No. 13.196 | (746,200) | (603,540) | (279,567) | (204,046) |
| Research expenses | (61,417) | (44,159) | (12,591) | (21,413) |
| Bonus for the end of collective bargaining | (4,466) | (17,963) | (3,162) | (7,797) |
| Expenses plan | (16,899) | (4,951) | (423) | 3,328 |
| Write-off of investment projects | (24,952) | (19,987) | (24,405) | (3,486) |
| Write-off of property, plant & equipment | (6,163) | (4,703) | (198) | (4,646) |
| Medical care plan | (375) | (3,501) | (389) | (347) |
| Write-off inventories | (4,126) | - | (2,286) | - |
| Lost due to onerous contract | (14,777) | (20,380) | (14,777) | 1,123 |
| Write-off receivables | (17,611) | - | (17,611) | - |
| Extraordinary gratification | (3,291) | - | 21 | - |
| Other | (108,178) | (95,531) | (47,726) | (31,977) |
| **Totales** | **(1,008,455)** | **(814,715)** | **(403,114)** | **(269,261)** |

## 24. Finance costs

The detail of finance costs for the six and three month periods ended September 30, 2017 and 2016, is as follows:

| Item | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Bond interests | (265.658) | (297.990) | (91.609) | (110.500) |
| Bank loan interests | (60.835) | (55.322) | (24.012) | (21.290) |
| Exchange differences on severance indemnity provision | (8.832) | (7.271) | (3.002) | (2.485) |
| Exchange differences on other non-current provisions | (25.083) | (36.197) | (974) | (2.229) |
| Finance costs (Note 13) | (120.604) | - | (120.604) | - |
| Other | (32.949) | (29.295) | (11.720) | (9.860) |
| **Total** | **(513.961)** | **(426.075)** | **(251.921)** | **(146.364)** |

## 25. Operating segments

The Corporation has defined its Divisions as its operating segments in accordance with the requirements of IFRS 8, *Operating Segments*. The revenues and expenses of the Head Office are allocated among the defined operating segments.

The mining deposits in operation, where the Corporation conducts its extractive and processing activities are managed by the following Divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina and El Teniente. In addition, the smelting and refining activities are managed at the Ventanas Division. All these Divisions have a separate operational management, which report to the Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively.
The information on each Division and their corresponding mining deposits is as follows:

**Chuquicamata**
Types of mine sites: Open pit mines
Operating: since 1915
Location: Calama – Region II
Products: Electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

**Radomiro Tomic**
Types of mine sites: Open pit mines
Operating: since 1997,
Location: Calama – Region II
Products: Electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

**Ministro Hales**
Type of mine: Open pit mine
Operating: since 2014
Location: Calama – Region II
Products: Calcined copper, copper concentrates

**Gabriela Mistral**
Type of mine: Open pit mine
Operating: since 2008
Location: Calama – Region II
Products: Electrolytic (electro-obtained) cathodes

**Salvador**
Type of mine: Underground mine and open pit mine
Operating: since 1926
Location: Salvador – Region III
Products: Electro refined and electrolytic (electro-obtained) copper cathodes and copper concentrate

**Andina**
Type of mines: Underground and open pit mines
Operating: since 1970
Location: Los Andes – Region V
Product: Copper concentrate

**El Teniente**
Type of mine: Underground mine
Operating: since 1905
Location: Rancagua – Region VI
Products: Fire-refined copper and copper anodes

**a) Allocation of Head Office revenue and expenses**

Revenue and expenses controlled by the Head Office are allocated to the Divisions based on following criteria.

*Revenue and Cost of Sales of Head Office commercial transactions*

- Allocation to the operating segments is made in proportion to revenues of each Division.

*Other income, by function*

- Other income by function, associated and identified with each Division, is directly allocated.

- Recognition of realized profits and other income by function of subsidiaries are allocated in proportion to the revenues of each Division.
- The remaining other income is allocated in proportion to the aggregate of balances of “other income” and “finance income” of each Division.

*Distribution costs*

- Expenses associated and identified with each Division are directly allocated.
- Distribution costs of subsidiaries are allocated in proportion to the revenues each Division.

*Administrative Expenses*

- Administrative expenses associated and identified with each Division are directly allocated,
- Administrative expenses recorded in cost centers associated with the sales function and administrative expenses of subsidiaries are allocated in proportion to the revenues of each Division.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in proportion to inventory balances in warehouse in each Division.
- The remaining administrative expenses are allocated in proportion to operating cash outflows of each Division.

*Other Expenses, by function*

- Other expenses associated and identified with each Division are directly allocated.
- Expenses for pre-investment studies and other expenses by function of subsidiaries are allocated in proportion to the revenues of each Division.

*Other gains*

- Other gains associated and identified with each Division are directly allocated.
- Other gains of subsidiaries are allocated in proportion to the revenues of each Division.

*Finance Income*

- Finance income associated and identified with each Division are directly allocated.
- Finance income of subsidiaries is allocated in proportion to the revenues of each Division.
- The remaining finance income is allocated in relation to the operating cash outflows of each Division.

*Finance costs*

- Finance costs associated and identified with each Division are directly allocated.
- Finance costs of subsidiaries are allocated in proportion to the revenues of each Division.

*Share in profit (loss) of associates and joint ventures accounted for using the equity method*

- Share in profit or loss of associates and joint ventures identified for each Division is directly allocated.

*Foreign exchange differences*

- Foreign exchange differences identifiable with each Division are directly allocated.
- Foreign exchange difference of subsidiaries is allocated in proportion to the revenues of each Division.
- The remaining foreign exchange differences are allocated in relation to operating cash outflows of each Division.

*Contribution to the Chilean Treasury under Law No. 13.196*

- The amount of the contribution is allocated and accounted for in proportion to the invoiced and recorded amounts for copper and sub-product exports of each Division, that are subject to the surcharge.

*Income tax income (expenses)*

- Corporate income tax under D.L. 2.398 and specific mining tax are allocated based on the income before income taxes of each Division, considering for this purpose the income and expenses allocation criteria of the Head Office and subsidiaries mentioned above.

- Other tax expenses are allocated in proportion to the corporate income tax, specific mining tax and tax under D.L. 2.398 of each Division.

*Impairment losses*

- The impairment loss recognized as of December 31, 2016 for the investment in Anglo American Sur S. A. (see Note 8) has been allocated directly to Head Office expenses, and has not been allocated to any of the operating segments.

**b) Transactions between segments**

Transactions between segments mainly related to products processing services (or tolling services), are recognized as revenue for the segment rendering the tolling services and as the cost of sales for the segment that receives the service. Such recognition is made in the period in which these services are rendered, as well as its elimination in the consolidated corporate financial statements.

**c) Cash flows by segments**

The operating segments defined by the Corporation, has a cash management which refers mainly to operational activities that need to be covered periodically with funds constituted in each of these segments and whose amounts are not significant in relation to corporate balances of cash and cash equivalents.

Conversely, activities such as obtaining financing, investment and payment of relevant financial obligations are mainly based at the Head Office.

**d) Impairment**

As of September 30, 2017, there were no impairment losses or reversals of impairment losses previously recognized, Consequently, there have been not adjustments to the carrying amount of the assets of the Corporation's CGUs. As of September 30, 2017, the Corporation recognized a reversal of an impairment loss previously recognized in its investment Anglo American Sur (See Explanatory Notes,8).

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The following tables details the financial information organized by operating segments:

| From 01/01/2017 to 09/30/2017 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Segments** | **Chuquicamata** | **R. Tomic** | **Salvador** | **Andina** | **El Teniente** | **Ventanas** | **G. Mistral** | **M. Hales** | **Total Segments** | **Subsidiaries, associates and Head Office, net** | **Total Consolidated** |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Revenue from sales of own copper | 1,605,721 | 1,364,918 | 332,200 | 936,680 | 1,809,922 | 6,392 | 563,287 | 975,564 | 7,594,684 | 14,718 | 7,609,402 |
| Revenue from sales of third-party copper | (1,165) | - | (104) | - | - | 32,164 | - | 174,157 | 205,052 | 1,192,830 | 1,397,882 |
| Revenue from sales of molybdenum | 209,039 | 32,473 | 11,725 | 47,817 | 72,669 | - | - | - | 373,723 | 1,468 | 375,191 |
| Revenue from sales of other products | 84,829 | - | 34,580 | 5,565 | 53,051 | 145,333 | - | 47,326 | 370,684 | - | 370,684 |
| Revenue from futures market | (190) | (8) | 17 | (51) | 537 | (1,865) | 35 | 4 | (1,521) | - | (1,521) |
| Revenue between segments | 97,168 | - | 68,971 | 589 | 194 | 77,933 | - | - | 244,855 | (244,855) | - |
| **Revenue** | **1,995,402** | **1,397,383** | **447,389** | **990,600** | **1,936,373** | **259,957** | **563,322** | **1,197,051** | **8,787,477** | **964,161** | **9,751,638** |
| Cost of sales of own copper | (1,235,035) | (924,697) | (313,912) | (675,260) | (1,025,461) | (6,311) | (394,164) | (778,714) | (5,353,554) | (2,629) | (5,356,183) |
| Cost of sales of copper third-party copper | - | - | - | - | - | (32,819) | - | (174,219) | (207,038) | (1,205,560) | (1,412,598) |
| Cost of sales of molybdenum | (64,446) | (23,907) | (7,146) | (17,931) | (30,517) | - | - | - | (143,947) | (1,437) | (145,384) |
| Cost of sales of other products | (46,329) | - | (20,585) | (570) | (58,916) | (151,054) | - | (8,477) | (285,931) | - | (285,931) |
| Cost of sales between segments | (242,193) | 64,862 | (41,035) | 9,477 | 5,713 | (92,209) | - | 50,530 | (244,855) | 244,855 | - |
| **Cost of sales** | **(1,588,003)** | **(883,742)** | **(382,678)** | **(684,284)** | **(1,109,181)** | **(282,393)** | **(394,164)** | **(910,880)** | **(6,235,325)** | **(964,771)** | **(7,200,096)** |
| **Gross profit** | **407,399** | **513,641** | **64,711** | **306,316** | **827,192** | **(22,436)** | **169,158** | **286,171** | **2,552,152** | **(610)** | **2,551,542** |
| Other income, by function | 6,999 | 2,362 | 14,908 | 12,584 | 22,798 | 877 | 3,439 | 5,214 | 69,181 | 24,918 | 94,099 |
| Distribution costs | (1,103) | (52) | (400) | (167) | (330) | (392) | - | (597) | (3,041) | (4,289) | (7,330) |
| Administrative expenses | (37,259) | (17,148) | (11,470) | (18,125) | (50,919) | (6,518) | (19,463) | (15,042) | (175,944) | (128,998) | (304,942) |
| Other expenses, by function | (71,677) | (13,446) | (22,800) | (23,959) | (21,005) | (2,821) | (5,198) | (3,053) | (163,959) | (98,296) | (262,255) |
| Law No. 13.196 | (169,105) | (136,658) | (36,097) | (90,323) | (163,996) | (11,573) | (55,450) | (82,998) | (746,200) | - | (746,200) |
| Other gains (losses) | - | - | - | - | - | - | - | - | - | 27,426 | 27,426 |
| Finance income | 895 | 349 | 316 | 190 | 2,073 | 269 | 372 | 224 | 4,688 | 16,849 | 21,537 |
| Finance costs | (92,978) | (42,258) | (13,128) | (89,939) | (172,225) | (8,209) | (9,726) | (44,501) | (472,964) | (40,997) | (513,961) |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | 372 | - | 281 | (298) | 525 | - | - | - | 880 | 139,143 | 140,023 |
| Exchange differences | (26,829) | (24,741) | (6,723) | (11,240) | (34,152) | (7,084) | (5,905) | (3,836) | (120,510) | 25,263 | (95,247) |
| **Profit (loss) before taxes** | **16,714** | **282,049** | **(10,402)** | **85,039** | **409,961** | **(57,887)** | **77,227** | **141,582** | **944,283** | **(39,591)** | **904,692** |
| Income tax expenses | **(21,306)** | **(192,814)** | **6,801** | **(63,004)** | **(281,475)** | **37,912** | **(51,176)** | **(102,442)** | **(667,504)** | **78,253** | **(589,251)** |
| **Profit (loss)** | **(4,592)** | **89,235** | **(3,601)** | **22,035** | **128,486** | **(19,975)** | **26,051** | **39,140** | **276,779** | **38,662** | **315,441** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| From 01/01/2016 to 09/30/2016 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Segments** | **Chuquicamata** | **R. Tomic** | **Salvador** | **Andina** | **El Teniente** | **Ventanas** | **G. Mistral** | **M. Hales** | **Total Segments** | **Subsidiaries, associates and Head Office, net** | **Total Consolidated** |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Revenue from sales of own copper | 1.197.859 | 1.097.731 | 334.184 | 591.803 | 1.623.009 | 96.099 | 409.331 | 719.806 | 6.069.822 | 25.523 | 6.095.345 |
| Revenue from sales of third-party copper | (13.688) | - | (124) | - | - | 43.158 | - | 268.352 | 297.698 | 1.012.132 | 1.309.830 |
| Revenue from sales of molybdenum | 159.553 | 13.801 | 7.613 | 53.673 | 60.926 | - | - | - | 295.566 | 595 | 296.161 |
| Revenue from sales of other products | 65.101 | - | 40.552 | 4.383 | 69.261 | 155.164 | - | 67.851 | 402.312 | - | 402.312 |
| Revenue from futures market | 1.685 | 1.187 | 372 | 171 | 1.442 | (5.485) | 352 | 150 | (126) | - | (126) |
| Revenue between segments | 146.224 | - | 63.023 | 592 | 141 | 73.825 | - | - | 283.805 | (283.805) | - |
| **Revenue** | **1.556.734** | **1.112.719** | **445.620** | **650.622** | **1.754.779** | **362.761** | **409.683** | **1.056.159** | **7.349.077** | **754.445** | **8.103.522** |
| Cost of sales of own copper | (1.036.731) | (884.522) | (366.476) | (686.229) | (1.077.597) | (94.062) | (367.623) | (765.630) | (5.278.870) | (39.235) | (5.318.105) |
| Cost of sales of copper third-party copper | 437 | - | - | - | - | (47.100) | - | (275.865) | (322.528) | (1.014.711) | (1.337.239) |
| Cost of sales of molybdenum | (60.724) | (18.465) | (6.322) | (19.399) | (26.189) | - | - | - | (131.099) | (2.114) | (133.213) |
| Cost of sales of other products | (27.731) | - | (22.586) | (33) | (55.168) | (148.163) | - | (2.423) | (256.104) | 2.671 | (253.433) |
| Cost of sales between segments | (242.876) | 36.189 | (40.759) | 3.979 | 10.267 | (75.817) | - | 25.212 | (283.805) | 283.805 | - |
| **Cost of sales** | **(1.367.625)** | **(866.798)** | **(436.143)** | **(701.682)** | **(1.148.687)** | **(365.142)** | **(367.623)** | **(1.018.706)** | **(6.272.406)** | **(769.584)** | **(7.041.990)** |
| **Gross profit** | **189.109** | **245.921** | **9.477** | **(51.060)** | **606.092** | **(2.381)** | **42.060** | **37.453** | **1.076.671** | **(15.139)** | **1.061.532** |
| Other income, by function | 11.991 | (245) | 26.506 | 3.999 | 13.835 | 541 | 9.797 | 522 | 66.946 | 28.204 | 95.150 |
| Distribution costs | (2.027) | (37) | (439) | (254) | (269) | (628) | - | (864) | (4.518) | (4.246) | (8.764) |
| Administrative expenses | (32.400) | (13.589) | (9.575) | (15.730) | (38.993) | (5.274) | (19.275) | (16.099) | (150.935) | (106.302) | (257.237) |
| Other expenses, by function | (33.855) | (21.630) | (29.084) | (24.146) | (24.189) | (3.370) | (96) | (7.589) | (143.959) | (67.216) | (211.175) |
| Law No. 13.196 | (124.607) | (107.601) | (34.534) | (55.426) | (141.147) | (21.111) | (39.802) | (79.312) | (603.540) | - | (603.540) |
| Other gains (losses) | - | - | - | - | - | - | - | - | - | 21.602 | 21.602 |
| Finance income | 1.008 | 833 | 332 | 232 | 1.102 | 162 | (198) | 194 | 3.665 | 14.492 | 18.157 |
| Finance costs | (89.251) | (26.722) | (18.529) | (69.165) | (130.644) | (5.497) | (8.641) | (39.997) | (388.446) | (37.629) | (426.075) |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | 374 | - | 269 | (125) | (1.149) | - | - | - | (631) | (53.420) | (54.051) |
| Exchange differences | (83.446) | (33.311) | (22.073) | (16.814) | (57.594) | (5.097) | (9.263) | (25.067) | (252.665) | (4.791) | (257.456) |
| **Profit (loss) before taxes** | **(163.104)** | **43.619** | **(77.650)** | **(228.489)** | **227.044** | **(42.655)** | **(25.418)** | **(130.759)** | **(397.412)** | **(224.445)** | **(621.857)** |
| Income tax expenses | **98.488** | **(31.382)** | **34.957** | **141.476** | **(149.378)** | **26.274** | **15.351** | **76.512** | **212.298** | **95.930** | **308.228** |
| **Profit (loss)** | **(64.616)** | **12.237** | **(42.693)** | **(87.013)** | **77.666** | **(16.381)** | **(10.067)** | **(54.247)** | **(185.114)** | **(128.515)** | **(313.629)** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The assets and liabilities related to each operating segment, including the Corporation's head office as of September 30, 2017 and December 31, 2016, are detailed in the following tables:

| 09/30/2017 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category | Chuquicamata | Radomiro Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Subsidiaries, associates and Head Office, net | Total Consolidated |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Current assets | 1.184.666 | 649.156 | 225.843 | 263.356 | 735.845 | 96.104 | 243.784 | 306.496 | 1.657.058 | 5.362.308 |
| Non-current assets | 6.041.550 | 2.101.821 | 732.188 | 4.165.851 | 5.985.093 | 353.420 | 1.199.292 | 3.509.265 | 5.423.616 | 27.410.275 |
| Current liabilities | 497.253 | 139.131 | 103.416 | 166.181 | 332.932 | 88.399 | 87.249 | 83.696 | 1.490.853 | 2.989.110 |
| Non-current liabilities | 939.329 | 240.020 | 294.852 | 311.651 | 948.266 | 71.743 | 128.185 | 70.429 | 18.481.599 | 21.486.074 |

| 09/30/2016 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Category | Chuquicamata | Radomiro Tomic | Salvador | Andina | El Teniente | Ventanas | G. Mistral | M. Hales | Subsidiaries, associates and Head Office, net | Total Consolidated |
| | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Current assets | 953,971 | 605,154 | 229,135 | 292,710 | 746,672 | 135,869 | 217,749 | 437,085 | 1,072,073 | 4,690,418 |
| Non-current assets | 5,349,989 | 2,156,765 | 717,540 | 3,998,820 | 5,828,982 | 349,229 | 1,260,025 | 3,602,612 | 5,466,750 | 28,730,712 |
| Current liabilities | 567,733 | 112,502 | 122,596 | 170,520 | 414,811 | 58,474 | 81,686 | 107,128 | 827,003 | 2,462,453 |
| Non-current liabilities | 918,652 | 227,952 | 285,138 | 298,700 | 916,632 | 67,643 | 127,021 | 65,092 | 18,161,438 | 21,068,268 |

The revenue segregated per geographical areas are the following:

| Revenue per geographical areas | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|---|---|
| Total revenue from domestic customers | 384,468 | 547,035 | 53,535 | 131,902 |
| Total revenue from foreign customer | 9,367,170 | 7,556,487 | 3,708,453 | 2,565,587 |
| **Total** | **9,751,638** | **8,103,522** | **3,761,988** | **2,697,489** |

| Revenue per geographical areas | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ | 07/01/2017<br>09/30/2017<br>ThUS$ | 07/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|---|---|
| China | 2,053,593 | 2,123,055 | 770,048 | 597,465 |
| Rest of Asia | 1,442,981 | 1,327,382 | 525,807 | 459,164 |
| Europa | 3,044,148 | 2,552,858 | 1,163,953 | 1,019,790 |
| América | 2,361,434 | 1,464,017 | 1,179,014 | 474,476 |
| Otros | 849,482 | 636,210 | 123,166 | 146,594 |
| **Total** | **9,751,638** | **8,103,522** | **3,761,988** | **2,697,489** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Principal Customers | Country | 01/01/2017 09/30/2017 ThUS$ |
|---|---|---|
| Southwire Company | USA | 480,949 |
| Glencore International Ag. | Switzerland | 469,974 |
| Trafigura Pte. Ltd. | Singapore | 438,761 |
| Nexans France | France | 368,125 |
| Red Kite Master Fund Ltd. | USA | 330,785 |
| Wanxiang Resources (Singapore) | Singapore | 225,601 |
| Mrod Corp. | USA | 208,960 |
| Glencore Chile S.A. | Chile | 206,865 |
| Maike Metals International Ltd. | China | 191,273 |
| Concord Resources Limited | England | 166,874 |
| **Total** | | **3,088,168** |

## 26. Foreign exchange differences

The detail of foreign exchange differences for the nine and three month periods ended September 30, 2017 and 2016, is as follows:

| Gain (loss) from foreign exchange differences recognized in income | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ | 07/01/2017 09/30/2017 ThUS$ | 07/01/2016 09/30/2016 ThUS$ |
|---|---|---|---|---|
| Gain from foreign exchange differences | 42,840 | 78,620 | 22,049 | 19,334 |
| Loss from foreign exchange differences | (138,087) | (336,076) | (91,803) | (37,537) |
| **Total exchange difference, net** | **(95,247)** | **(257,456)** | **(69,754)** | **(18,203)** |

## 27. Statement of cash flows

The following table shows the items that comprise other collections and payments from operating activities in the Statement of Cash Flows:

| Other collections from operating activities | 01/01/2017 09/30/2017 ThUS$ | 01/01/2016 09/30/2016 ThUS$ |
|---|---|---|
| VAT Refund | 1,001,103 | 999,186 |
| Other | 319,327 | 119,376 |
| **Total** | **1,320,430** | **1,118,562** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Other payments from operating activities | 01/01/2017<br>09/30/2017<br>ThUS$ | 01/01/2016<br>09/30/2016<br>ThUS$ |
|---|---|---|
| Contribution to the Chilean Treasury (Law No. 13.196) | (755,306) | (706,808) |
| Finance hedge and sales | (5,147) | 24,554 |
| VAT and other similar taxes paid | (884,106) | (821,047) |
| **Total** | **(1,644,559)** | **(1,503,301)** |

As of September 30, 2017, as specified in the equity note, capitalizations of ThUS$475,000 have been received. These are presented in Other cash inflows corresponding to net cash flows from (used in) financing activities.

## 28. Financial risk management, objectives and policies

Codelco has committees within its organization to set out strategies allowing to reduce the financial risks to which it may be exposed.

The risks to which Codelco is exposed and a brief description of the management procedures that are carried out in each case, are described below:

a. Financial risks

- Exchange rate risk:

According to IFRS 7, exchange rate risk is understood to be the risk that arises from financial instruments that are denominated in foreign currencies, that is, a currency other than the Corporation's functional currency (US dollar).

Codelco's activities that generate this exposure correspond to funding in UF, accounts payable and receivable in Chilean pesos, other foreign currencies used in its business operations and obligations with employees.

The majority of transactions in currencies other than US$ are denominated in Chilean pesos. Also, there is another portion in Euro, which corresponds mainly to a long-term loan issued through the international market, which exchange rate risk is mitigated with hedging instruments.

Taking into consideration the financial assets and liabilities as of September 30, 2017 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the U,S, dollar (keeping the other variables constant), could affect profits before taxes by US$36 million in gains or losses, respectively. This result is obtained by identifying the main items (including assets and financial liabilities) denominated foreign currencies in order to measure the impact on profit or loss that a variation of +/- 10 Chilean pesos would have in terms of US$, with respect to the closing exchange rate at the end of the reporting period.

As of September 30, 2017, the balance of time deposits denominated in Chilean pesos was ThUS$255,217 (ThUS$11,624 as of December 31, 2016).

- Interest rate risk:

This risk arises from interest rate fluctuations in Codelco's investment and financing activities. This movement can affect future cash flows or the market value of fixed rate financial instruments.

These rate variations refer to U,S, dollar variations, mostly with respect to the LIBOR rate. To manage this risk, Codelco maintains an adequate combination of fixed and variable rate debt, which is complemented by the possibility of using interest-rate derivatives to meet the strategic guidelines defined by Codelco's Corporate Finance Department.

It is estimated that, on the basis of net debt balance as of September 30, 2017, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$18 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned to variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of September 30, 2017 amount to ThUS$12,895,750 and ThUS$2,382,023, respectively.

b. Market risks

- Commodity price risk:

As a result of its commercial operations and activities, the Corporation's income is mainly exposed to the volatility of copper prices and certain sub-products such as gold and silver.

Copper and molybdenum concentrate sale agreements and copper cathode sale agreements generally provide for provisional pricing of sales at the time of shipment, with final pricing based on the monthly average market price for specified future periods. The host contract is the sale of metals contained in the concentrate or cathode at the provisional invoice price, and the embedded derivative is the forward contract for which the provisional sale is subsequently adjusted. At the reporting date, the provisionally priced metal sales are marked-to-market, with adjustments (both gains and losses) being recorded in revenues in the consolidated statements of comprehensive income. Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of assets futures market.

As of September 30, 2017, if the future price of copper fluctuates by + / - 5% (with the other variables constant), the result would vary + / - US$164 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of September 30, 2017 (MTMF 550). For the estimate indicated, all of those physical sales contracts were valued according to the monthly average immediately following the close of the financial statements, and proceeds to be estimated regarding what the final settlement price will be if there is a difference of + / - 5% with respect to the future price known to date to this period.

In order to protect its cash flow and adjust it, where necessary, its sales contracts to its trade policy, the Corporation holds operations in futures markets. At the end of the reporting period, these contracts are adjusted to fair value, recording this effect, at the settlement date of the hedging transactions as part of net product sales.

Forward prices at the period-end are used for copper sales, while period-end average prices are used for molybdenum concentrate sales due to the absence of a derivative market.

As of September 30, 2017, a variation of U,S, ¢ 1 in the price per pound of copper, considering derivatives contracted by the Corporation, involves a change in income or payments for existing contracts (exposures) of US$3 million before taxes. This calculation is obtained from a simulation curves of future copper prices, which are used to assess the subscribed derivative instruments by the Corporation; estimations would vary the exposure of these instruments if there is an increase / U,S, ¢ 1 decrease in the price per pound of copper.

The Corporation has not entered into any hedging transactions with the specific purpose of hedging the price risk caused by fluctuations in prices of production inputs.

c. Liquidity risk

The Corporation ensures that it has sufficient resources, such as pre-approved credit lines (including refinancing), in order to meet short-term requirements, after considering the necessary working capital for its operations and any other commitments it has.

In this sense, Codelco Chile maintains resources at its disposal sufficient to meet its obligations, whether in cash, liquid financial instruments or credit facilities.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

In addition, the Finance Department constantly monitors the Corporation's cash flow projections based on short and long term projections and available financing alternatives. In addition, the Corporation estimates that it has enough room to increase the level of borrowing for the normal requirements of its operations and investments established in its development plan.

In this context, according to current existing commitments with creditors, the cash requirements to cover financial liabilities classified by maturity and presented in the statement of financial position are detailed as follows:

| Maturity of financial liabilities as of 09/30/2017 | Less than one year ThUS$ | Between one and five years ThUS$ | More than five years ThUS$ |
|---|---|---|---|
| Loans from financial institutions | 735,225 | 1,734,001 | 657,203 |
| Bonds | 119,632 | 2,159,957 | 9,871,755 |
| Finance leases | 27,238 | 49,534 | 44,268 |
| Derivatives | 5,827 | - | 94,164 |
| Other financial liabilities | 1,221 | 70,056 | - |
| **Total** | **889,143** | **4,013,548** | **10,667,390** |

d. Credit risk

This risk comprises the possibility that a third party does not fulfill its contractual obligations, thereby causing a loss for the Corporation.

Given the Corporation's sales policy, principally with cash and advance payments and bank letters of credit, the Uncollectability of client debt balances is minimal. This is complemented by the familiarity the Corporation has with its clients and the length of time it has operated with them. Therefore, the credit risk of these transactions is not significant.

The indications with respect to the payment conditions to the Corporation are detailed in every sales contract and the negotiation management is in charge of the Vice Presidency of Commercialization.

In general, the Corporation's other accounts receivable have a high credit quality according to the Corporation's evaluations, based on each debtor's solvency analysis and payment history.

The maximum exposure to credit risk as of September 30, 2017 is represented by the financial asset items presented in the Corporation's Statement of Financial Position.

The Corporation's accounts receivable do not include customers with balances that could be classified as a significant concentration of debt and would represent a material exposure for Codelco. This exposure is distributed among a large number of clients and other counterparties.
The client items include allowances, which are not significant, designed to cover possible insolvencies. These provisions are determined based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

In explanatory note 2, trade and other receivables presents past due balances that have not been impaired.

The Corporation estimates that unimpaired amounts overdue over 30 days are recoverable based on clients' historical payment behavior and their existing credit ratings.

As of September 30, 2017 and 2016, there are no receivable balances that have been renegotiated.

Codelco works with major banks, which have high national and international ratings, and continually assesses them; therefore, the risk that could affect the availability of the Corporation's funds and financial instruments is not significant.

Also, in some cases, to minimize credit risk, the Corporation has contracted credit insurance policies through which it transfers to third parties the commercial risk associated with some aspects of its business.

During the periods ended September 30, 2017 and 2016, no guarantees have been executed to ensure the collection of third party debt.

Personnel loans mainly related to mortgage loans, according to programs included in union agreements, which are paid for through payroll discounts.

## 29. Derivatives contracts

The Corporation has entered into transactions to hedge cash flows, to minimize the risk of foreign exchange rate variations and sales price variations, detailed as follows:

### a. Exchange rate hedges

The Corporation has taken measures to protect itself from exchange rate variations, whose negative exposure, net of taxes, amounts to ThUS$13,197.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

The following table summarizes the exposure of the financial hedges contracted by the Corporation:

September 30, 2017

| Hedge item | Bank | Type of derivative contract | Maturity | Currency | Amount | Financial obligation: hedging instrument | Exposure | Asset | Liability |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | ThUS$ | ThUS$ | ThUS$ | ThUS$ | ThUS$ |
| Bond UF Mat. 2025 | Credit Suisse (EE.UU) | Swap | 04/01/2025 | US$ | 288,326 | 208,519 | 85,929 | 352,971 | (267,042) |
| Bond EUR Mat. 2024 | Santander (Chile) | Swap | 07/09/2024 | US$ | 354,108 | 409,650 | (45,622) | 408,505 | (454,127) |
| Bond EUR Mat. 2024 | Deustche Bank (Inglaterra) | Swap | 07/09/2024 | US$ | 354,108 | 409,680 | (45,518) | 411,515 | (457,033) |
| Bond UF Mat. 2026 | Santander (Chile) | Swap | 08/24/2026 | US$ | 417,864 | 406,212 | 23,258 | 470,763 | (447,505) |
| **Total** | | | | | **1,414,406** | **1,434,061** | **18,047** | **1,643,755** | **(1,625,707)** |

As of September 30, 2017, the balance for cash deposit guarantees amount to ThUS$4.

The current methodology for valuing currency swaps uses the bootstrapping technique from the mid - swap rate to construct the curves (zero) in UF and US$ respectively, from market information.

## b. Cash flows hedging contracts and commercial policy adjustment

The Corporation enters into metals hedging activities. The results of such hedges are recorded at its maturity or when the instruments are sold. Such results increase or decrease the total sales revenue based on the market prices of the metals. As of September 30, 2017, these operations generated a gain of ThUS$5,081.

### b.1. Commercial flexibility operations of copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of September 30, 2017, the Corporation performed derivative market transactions of copper that represent 320,025 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of September 30, 2017, present a negative exposure of ThUS$5,654 and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions settled during the six month period ended September 30, 2017 resulted in a net negative effect on net income of ThUS$2,687, which is comprised of the amounts received for sales contracts for ThUS$344 and the values paid for purchases contracts for ThUS$3,031.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

### b.2. Commercial Transactions of Current Gold and Silver Contracts

As of September 30, 2017, the Corporation maintains derivative contracts for the sale of gold for MOZT 27.3 and silver for MOZT 358.1.

The contracts outstanding as of September 30, 2017 show a positive exposure of ThUS$214. The final result will only be known at the expiration of such operations, after offsetting between hedging and income from the sale of the goods.

The transactions settled during the nine month period ended September 30, 2017 resulted in a negative effect on net income of ThUS$2,394, which is comprised of the negative amounts received for sales contracts for ThUS$1,865 and the negative values paid for purchases contracts for ThUS$529. These hedging transactions mature in January 2018.

### b.3. Cash flow hedging operations backed by future production

The Corporation does not pose cash flow hedges backed by future production as of September 30, 2017.

The following tables set forth the maturities of metal hedging activities, as referred to in point b above:

| September 30, 2017 | | | Maturity date | | | | |
|---|---|---|---|---|---|---|---|
| ThUS$ | 2017 | 2018 | 2019 | 2020 | 2021 | Upcoming | Total |
| Flex Com Cobre (Asset) | (1.676) | (3.383) | (1.107) | - | - | - | (6.166) |
| Flex Com Cobre (Liability) | - | 512 | - | - | - | - | 512 |
| Flex Com Gold/Silver | 234 | (20) | - | - | - | - | 214 |
| Price setting | - | - | - | - | - | - | - |
| Metal options | - | - | - | - | - | - | - |
| Total | (1.442) | (2.891) | (1.107) | - | - | - | (5.440) |

| December 31, 2016 | | | Maturity date | | | | |
|---|---|---|---|---|---|---|---|
| ThUS$ | 2017 | 2018 | 2019 | 2020 | 2021 | Upcoming | Total |
| Flex Com Cobre (Asset) | 7,563 | 190 | - | - | - | - | 7,753 |
| Flex Com Cobre (Liability) | - | (576) | (54) | - | - | - | (630) |
| Flex Com Gold/Silver | (112) | - | - | - | - | - | (112) |
| Price setting | - | - | - | - | - | - | - |
| Metal options | - | - | - | - | - | - | - |
| Total | 7,451 | (386) | (54) | - | - | - | 7,011 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| **September 30, 2017** | | | **Maturity date** | | | | |
|---|---|---|---|---|---|---|---|
| **ThTM/Ounces** | **2017** | **2018** | **2019** | **2020** | **2021** | **Upcoming** | **Total** |
| Copper Futures [MT] | 57.3 | 227.1 | 35.7 | - | | - | 320.1 |
| Gold/Silver Futures [ThOZ] | 234.7 | 150.8 | - | - | | - | 385.5 |
| Copper price setting [MT] | - | - | - | - | - | - | - |
| Copper Options [MT] | - | - | - | - | - | - | - |

| **December 31, 2016** | | | **Maturity date** | | | | |
|---|---|---|---|---|---|---|---|
| **ThTM/Ounces** | **2017** | **2018** | **2019** | **2020** | **2021** | **Upcoming** | **Total** |
| Copper Futures [MT] | 246.990 | 84.175 | 8.000 | - | | - | 339.165 |
| Gold/Silver Futures [ThOZ] | 527.655 | - | - | - | | - | 527.655 |
| Copper price setting [MT] | - | - | - | - | - | - | - |
| Copper Options [MT] | - | - | - | - | - | - | - |

## 30. Contingencies and restrictions

### a) Litigations and contingencies

There are various lawsuits and legal actions initiated by or against the Corporation, which derive from its operations and the industry in which it operates. In general, these are civil, tax, labor and mining litigations, all related to the Corporation's activities.

In the opinion of Management and its legal advisors, the lawsuits in which the Corporation is being sued and could have negative results do not represent significant loss contingencies or cash flows. Codelco defends its rights and employs all corresponding relevant legal instances, resources and procedures.

The most significant lawsuits that involve Codelco are related to the following matters:

- Tax Lawsuits: There are several tax lawsuits due to IRS tax assessments, for which the Corporation has filed the corresponding opposition.

In connection with the long-term sale contract which Codelco held with its associated company Copper Partners Investment Company (CuPIC), the IRS has issued to the Corporation: (i) for the fiscal year 2006 and 2007, the Settlements No, 1 and No. 2, and the Assistant Director-Control (SDF) Ex, Resolution No.1, all of them issued on July 30, 2010, (ii) for the fiscal year 2008 and 2009, the Settlements No. 45, No. 46 and No. 47, all of them issued on June 29, 2012, (iii) for the fiscal year 2010 and 2011, the Settlements No. 7 and No. 8, both of them issued on September 27, 2014, (iv) for the fiscal year 2012, the Settlements No. 92 and No. 93, both of them issued on June 30, 2015. In addition, the IRS issued payment vouchers No. 478211, No. 478143 and No. 478179, all of them issued on

June 12, 2015 which is associated with settlements No, 45, No. 46 and No. 47, previously mentioned.

The previously mentioned settlements were contested by the Corporation through several administrative and judicial means. As a part of such procedures, the Corporation and the IRS agreed to make certain adjustments to the tax basis. At August 31, 2015, the IRS notified to the Corporation the Exempted Resolutions No. 53247/2015; No. 25058/2015; SDF No,3496/2015, which were issued taking into account certain legal aspects, background and information provided by the Corporation to the IRS during the tax audit period. The Resolutions provide evidence of the adjustment to the tax basis and cancel the Liquidations previously mentioned, Instead, the IRS issued the tax collection No. 531137; 531125; 531117; 531103, amounting to ThUS$148,935, paid on August 31, 2015, (Composition of the taxes calculated: ThUS$110,000 for Specific Tax for Mining, ThUS$16,000 for First Category Tax, ThUS$23,000 for Specific Tax for State-Owned Companies 40%). Such agreement has enabled the calculated and collected differences due to this same concept is foreseen for the years 2012, 2013 and 2014. Finally, through Resolution No.17020000038 issued on September 8, 2015 and Exempt Resolution DGC 17600 No.118/2015, the IRS cancels the collections Nos. 478211, 478143 and 478179.

- Labor proceedings: Labor proceedings brought by the workers of the Andina Division against the Corporation with regard to occupational diseases (silicosis).

- Mining proceedings and others arising from the Operation: The Corporation has been participating, and will probably continue to participate, as plaintiff and defendant in given court proceedings involving its mining operation and activities, through which it seeks to exercise certain actions or set up certain defenses in relation to given mining concessions that have been established or are in the process of being established, as well as also with regard to its other activities. These proceedings currently do not involve any given amount and do not have any essential effect on Codelco's development.

A case by case analysis of these proceedings has shown that there are a total of 189 cases involving estimated amounts. 158 of them, representing 83.6% of the total and involving ThUS$ 37,523, are estimated to possibly have a negative result for the Corporation. There are also 25 proceedings, representing 13.23% and involving ThUS$33,688, where there is no certainty that the ruling will go against Codelco. The Corporation's legal counsel considers that there is a remote possibility that the remaining 6 proceedings involving ThUS$ 586 could have an unfavorable outcome. There are also 2 proceedings involving an indeterminate amount, whose ruling could go against Codelco.

- Lawsuit under administrative law: On August 2, 2017, a Nullity in Public Law claim was filed in the 25th Civil Court of Santiago against Audit Report No. 900 of 2016, issued by the General Comptrollership of the Republic on May 10, 2017. At this date, the discussion stage has been completed and the evidence submitting stage should start soon.

For litigations with a probable unfavorable outcome for the Corporation, the necessary provisions has been recognized as “provisions for legal proceedings”.

**b) Other Commitments**

i. On January 21, 2016, in an Extraordinary Session, the Committee Management Board proposed a segmented view of the Salvador Division, subject to KPIs which will be monitored semiannually and their compliance will be measured at the end of 2016, Regarding the Rajo Inca Project, a preliminary assessment was proposed during June 2016 and another one during March 2017, which must provide the information to make the decision about the Salvador Division continuity, It should be noted that the above depends on the copper market conditions and the financing capacity of the Corporation.

   On the same date January 21, 2016, at the Ordinary Season of the Board, it was proposed:

   - To take a segmented view of the Division, by analyzing Mine Concentrator, Smelter and Refinery.
   - Any future decision must necessarily consider the direct cost of the closure for each one of the business units.

   At the Ordinary Session of June 30, 2016, the Board agreed to approve the study to evaluate the alternative of opening the Rajo Inca mine and the ore processing in the current concentrator plant.

ii. On May 31, 2005, Codelco, through its subsidiary Codelco International Ltd. signed an agreement with Minmetals to form a company, CuPIC, in which both companies have an equal equity interest. A 15-year copper cathode sales contract to that associated company was agreed upon, as well as a purchase contract from Minmetals to the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

   During the first quarter of 2006 and on the basis of the negotiated financial terms, financing contracts were formalized with the China Development Bank allowing CuPIC to make the US$550 million advance payment to Codelco in March 2006.

   With regard to financial obligations incurred by the associate CuPIC with the China Development Bank, Codelco Chile and Codelco International Ltd, must meet certain commitments, mainly relating to the delivery of financial information. In addition, Codelco Chile must maintain 51% ownership of Codelco International Limited.

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in CuPIC as a guarantee to the China Development Bank.
Subsequently, on March 14, 2012, CuPIC paid off its debt to the abovementioned bank. As of September 30, 2017. Codelco does not hold any indirect guarantee regarding its participation in this associated company.

On December 17, 2015, the Codelco administration presented a restructuration for the Supply Contract, which implies its removal of the share in CUPIC.

On April 7, 2016, the Corporation formalized the removal of its share in CUPIC, of which Codelco retained 50% ownership through the subsidiary Codelco International. Until that date, Codelco shared the ownership of the Company in the same proportion with the company Album Enterprises Limited (a subsidiary of Minmetals).

In order to realize the above mentioned term of the shareholding, Codelco signed a set of agreements which formalized primarily the following issues:

- Copper sales contract modifications from Codelco to CUPIC signed in 2006 (described in Note 30, letter b), paragraph ii) of these financial statements), which establishes the reduction of half of the outstanding tonnage to deliver to said company and in which Codelco pays to CUPIC the amount of ThUS$99,330.

- Reduction of share capital in CuPIC, equivalent to the 50% of the Codelco International shares in said company and by which CuPIC repays to Codelco the amount of ThUS$99,330.

- Waiver of Codelco to any dividends associated to the profits generated by CuPIC from January 1, 2016 and the date of signing the agreement.

- Additionally, the cessation of dividends reception as a consequence of the removal of the Codelco share in the ownership of CuPIC since 2016, led to a reduction of the net profit estimated to Codelco until the end of the contract signed with that company (year 2021). This implied that such contract qualifies as an onerous contract, according to IAS 37, which negatively impacts on earnings before tax of Codelco in ThUS$22,184 (negative net tax effect of ThUS6,599 as of April 7, 2016).

iii. Regarding the financing agreement signed on August 23, 2012, between the subsidiary, Gacrux Inversiones SpA and Mitsui & Co. Ltd. for the acquisition of the 24,5% stake in Anglo American Sur S.A. which was subsequently amended on October 31, 2012, a pledge is included over the shares that the subsidiary has on Acrux Inversiones SpA (shared participation with Mitsui and minority shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates.

This pledge extends to the right to collect and receive from Acrux, dividends which have been agreed in the corresponding meetings of shareholders of the company and any other distributions paid or payable to Gacrux respect of the pledged shares.

iv. Law 19.993 dated December 17, 2004, which authorized the purchase of the Refinery and Smelter Las Ventanas assets from ENAMI, established that the Corporation must ensure that the smelting and refining capacity required is maintained, without any restriction and limitation, for treating the products of the small and medium mining sector sent by ENAMI, under the form of toll production mode or another form agreed upon by the parties.

v. Obligations with the public for bond issues means that the Corporation must meet certain restrictions related to limits on pledges and leaseback transactions on its principal assets and on its ownership interest in subsidiaries.

The Corporation has complied with these conditions as of September 30, 2017 and December 31, 2016.

vi. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power sales and purchases for a total of 510 MW of power. The contract provides a discount for that energy consumption due to lower demand from Codelco's SIC divisions with respect to the amount of contracted power. The discount is equivalent to the value of the sale of that energy on the spot market.

The contracted power for supply these Divisions is comprised by two contracts:

- Contract No.1 for 176 MW, current until December 2030
- Contract No.2 for 334 MW, current until December 2045. This contract is based on energy production from Colbún's Santa María thermal power station, which is currently in operation. This plant is coal-fired, and therefore the electric energy tariff rate applied for the energy supplied to Codelco is linked to the price of coal.

The both of these contracts adapt to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

Through these contracts, which operate through take or pay, the Corporation agrees to pay for the contracted energy and Colbún undertakes to return at market price the energy not consumed by Codelco.

These contracts have maturity date in 2030 and 2045.

vii. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A. (associate until January 2011), with a maturity in 2017:

- This replaces the one signed on November 22, 1995, for the supply of electricity to the Chuquicamata work center, for a 15-year term beginning in January 2010 for between 200 and 280 MW in power and all associated electric energy. The approximate cost of the contract is US$1,380 million for the whole period.

- Modification of the contract dated December 21, 1995 for the Radomiro Tomic work center, for a maximum power of 110 MW, in which new prices are established, for the power and energy contemplated in the contract as well as their new adjustment formulas from January 2010.

viii. On November 11, 2011, Law No. 20.551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Supreme Decree No, 41 of the Minister of Mining, which approves the Regulations of this Law, was published in the Diario Oficial.

This law requires the Corporation, among other requirements, to provide financial guarantees to the State to ensure the implementation of closure plans. It also establishes the obligation to make contributions to a fund which aims to cover the costs of post-closure activities.

The Corporation, in accordance with the mentioned regulation, provided to SERNAGEOMIN the Mine Closure Plan (ARO) for all of the Codelco operating divisions in 2014, which were approved in 2015 in accordance with the provisions of the Act.

The mine closure plans delivered to SERNAGEOMIN were developed by invoking the transitional regime of the Act, which was specified for the affected mining companies under the general application procedure (extraction capacity > 10,000 tons per month), and which, at the date of enactment of the Law, will abide in operation and move forward with a mine closure plan previously approved under Mine Safety Regulations Supreme Decree No. 132.

The Corporation considers that the accounting liability record caused by this obligation differs from the law’s requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

"Provisions, Contingent Liabilities and Contingent Assets" and described in Note 2, letter o) of Main Accounting Policies.
As of September 30, 2017, the Corporation has agreed guarantees for an annual amount of U.F. 26,680,278 to comply with the aforementioned Law N°20.551. The following table details the main given guarantees:

| Transmitter | Mine site | Amount | Currency | Date | Maturity date | Emission rate | ThUS$ |
|---|---|---|---|---|---|---|---|
| Banco Estado | Andina | 2.666.740 | UF | 11/02/2016 | 11/03/2017 | 0,09 | 111.433 |
| Banco Estado | Ventana | 333.069 | UF | 03/16/2017 | 03/18/2018 | 0,09 | 13.918 |
| Banco Estado | Radomiro Tomic | 2.691.723 | UF | 05/10/2017 | 05/10/2018 | 0,07 | 112.477 |
| Banco Estado | Ministro Hales | 1.453.078 | UF | 05/10/2017 | 05/13/2018 | 0,07 | 60.719 |
| Banco Bci | Chuquicamata | 2.957.857 | UF | 05/23/2017 | 05/26/2018 | 0,15 | 123.598 |
| Banco Itau | Chuquicamata | 3.900.000 | UF | 05/17/2017 | 05/26/2018 | 0,13 | 162.967 |
| Banco Itau | Chuquicamata | 610.000 | UF | 05/23/2017 | 05/26/2018 | 0,13 | 25.490 |
| Banco Chile | El Teniente | 2.632.299 | UF | 06/05/2017 | 06/01/2018 | 0,15 | 109.994 |
| Banco Santander | El Teniente | 5.000.000 | UF | 06/01/2017 | 06/01/2018 | 0,15 | 208.932 |
| Banco Estado | Gabriela Mistral | 1.513.907 | UF | 06/12/2017 | 06/14/2018 | 0,07 | 63.261 |
| Banco Chile | Salvador | 2.921.605 | UF | 08/11/2016 | 08/18/2017 | 0,27 | 122.083 |
| **Total** | | **26.680.278** | | | | | **1.114.872** |

ix. On August 24, 2012, Codelco through its subsidiary Inversiones Mineras Nueva Acrux SpA (Nueva Acrux) (which minority shareholder is Mitsui), signed a contract with Anglo American Sur S.A. Under this contract, Codelco agreed to sell a portion of its annual copper production to the mentioned subsidiary, who in turn agrees to purchase such production.

Such annual portion is determined by the share of Codelco's indirect subsidiary, Inversiones Mineras Becrux SpA (also shared ownership with Mitsui), maintained for the shares of Anglo American Sur S.A.

In turn, the subsidiary Nueva Acrux agrees to sell to Mitsui, the products purchased under the agreement described in the preceding paragraphs.

The contract expiration will occur when the shareholders agreement of Anglo American Sur S.A ends or other events related to the completion of mining activities of the company take place.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 31. Guarantees

The Corporation as a result of its activities has received and given guarantees.
The following tables list the main guarantees given to financial institutions:

| Direct Guarantees provided to Financial Institutions | | | | | |
|---|---|---|---|---|---|
| Creditor of the Guarantee | Type of Guarantee | 09/31/2017 | | | 12/31/2016 |
| | | Currency | Maturity | ThUS$ | ThUS$ |
| Urban Regional Manager, Metropolitan | Building project | UF | Mar-17 | - | 9 |
| Urban Regional Manager, Metropolitan | Building project | UF | Mar-18 | 10 | - |
| Urban Regional Manager, Metropolitan | Building project | UF | Aug-18 | 10 | - |
| Urban Regional Manager, Metropolitan | Building project | UF | Dec-17 | 6 | - |
| Urban Regional Manager, Metropolitan | Building project | UF | Dec-17 | 6 | - |
| Urban Regional Manager, Valparaíso | Building project | UF | Jan-17 | - | 43 |
| Urban Regional Manager, Valparaíso | Building project | UF | Jan-17 | - | 28 |
| Urban Regional Manager, Valparaíso | Building project | UF | Jan-17 | - | 47 |
| Ministry of Public Works | Building project | USD | Jun-18 | 209 | 209 |
| Ministry of Public Works | Building project | UF | Oct-18 | 25,339 | - |
| Ministry of Public Works | Building project | UF | Oct-18 | 28,399 | - |
| Minitry of National Property | Acquisition real estate | UF | Aug-17 | 108 | - |
| Oriente Copper Netherlands B.V. | Pledge on shares | USD | Nov-32 | 877,813 | 877,813 |
| Sernageomin | Environmental | USD | Mar-17 | - | 8,500 |
| Sernageomin | Environmental | UF | May-17 | - | 11,390 |
| Sernageomin | Environmental | UF | May-17 | - | 84,981 |
| Sernageomin | Environmental | UF | May-17 | - | 42,053 |
| Sernageomin | Environmental | UF | Jun-17 | - | 41,122 |
| Sernageomin | Environmental | UF | Nov-17 | 107,561 | 107,561 |
| Sernageomin | Environmental | UF | Aug-17 | - | 94,538 |
| Sernageomin | Environmental | UF | Jun-17 | - | 38,994 |
| Sernageomin | Environmental | UF | Jun-17 | - | 197,419 |
| Sernageomin | Environmental | UF | May-17 | - | 153,987 |
| Sernageomin | Environmental | UF | May-17 | - | 83,812 |
| Sernageomin | Environmental | UF | Jun-17 | - | - |
| Sernageomin | Environmental | UF | Mar-18 | 13,156 | - |
| Sernageomin | Environmental | UF | May-18 | 106,936 | - |
| Sernageomin | Environmental | UF | May-18 | 57,302 | - |
| Sernageomin | Environmental | UF | Jun-18 | 104,598 | - |
| Sernageomin | Environmental | UF | Jun-18 | 199,215 | - |
| Sernageomin | Environmental | UF | Jun-18 | 60,716 | - |
| Sernageomin | Environmental | UF | May-18 | 118,924 | - |
| Sernageomin | Environmental | UF | May-18 | 156,804 | - |
| Sernageomin | Environmental | UF | May-18 | 24,526 | - |
| Sernageomin | Environmental | UF | Aug-08 | 119,414 | - |
| Sernageomin | Environmental | UF | Aug-08 | 852 | - |
| **Total** | | | | **2,001,907** | **1,742,507** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

As for the documents received as collateral, they cover mainly obligations of suppliers and contractors related to the various development projects. Below are given the amounts received as collateral, grouped according to the Operating Divisions that have received these amounts:

| Guarantees received from third parties | | |
|---|---|---|
| Division | 09/30/2017 ThUS$ | 12/31/2016 ThUS$ |
| Andina | 8,526 | 21,905 |
| Chuquicamata | 10,087 | 21,621 |
| Casa Matriz | 760,786 | 703,173 |
| Radomiro Tomic | 5,150 | 5,352 |
| Salvador | 12,778 | 30,893 |
| Ministro Hales | 6 | 5 |
| El Teniente | 23,972 | 58,602 |
| Ventanas | 1,118 | 5,044 |
| Gabriela Mistral | - | 721 |
| **Total** | **822,423** | **847,316** |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

## 32. Balances in foreign currency

a) Assets by Type of Currency

| Category | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| **Liquid assets** | **1,073,691** | **586,587** |
| US Dollars | 998,188 | 540,977 |
| Euros | 4,867 | 7,892 |
| Other currencies | 4,443 | 4,282 |
| Non-indexed Ch$ | 63,014 | 30,795 |
| U.F. | 3,179 | 2,641 |
| Cash and cash equivalents | **1,072,126** | **576,726** |
| US Dollars | 997,244 | 531,946 |
| Euros | 4,585 | 7,640 |
| Other currencies | 4,443 | 4,282 |
| Non-indexed Ch$ | 62,827 | 30,422 |
| U.F. | 3,027 | 2,436 |
| Other current financial assets | **1,565** | **9,861** |
| US Dollars | 944 | 9,031 |
| Euros | 282 | 252 |
| Other currencies | - | - |
| Non-indexed Ch$ | 187 | 373 |
| U.F. | 152 | 205 |
| **Short and long term receivables** | **2,323,787** | **2,385,429** |
| US Dollars | 1,747,010 | 1,635,971 |
| Euros | 102,944 | 92,701 |
| Other currencies | 1,226 | 1,347 |
| Non-indexed Ch$ | 431,735 | 631,582 |
| U.F. | 40,872 | 23,828 |
| Trade and other receivables | **2,182,056** | **2,254,731** |
| US Dollars | 1,691,293 | 1,600,589 |
| Euros | 101,297 | 92,701 |
| Other currencies | 1,193 | 1,316 |
| Non-indexed Ch$ | 348,768 | 537,292 |
| U.F. | 39,505 | 22,833 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Category | 09/30/2017<br>ThUS$ | 12/31/2016<br>ThUS$ |
|---|---|---|
| Rights receivables, non-current | **86,014** | **95,316** |
| US Dollars | - | - |
| Euros | 1,647 | - |
| Other currencies | 33 | 31 |
| Non-indexed Ch$ | 82,967 | 94,290 |
| U.F. | 1,367 | 995 |
| Due from related companies, current | **33,244** | **13,669** |
| US Dollars | 33,244 | 13,669 |
| Euros | - | - |
| Other currencies | - | - |
| Non-indexed Ch$ | - | - |
| U.F. | - | - |
| Due from related companies, non-current | **22,473** | **21,713** |
| US Dollars | 22,473 | 21,713 |
| Euros | - | - |
| Other currencies | - | - |
| Non-indexed Ch$ | - | - |
| U.F. | - | - |
| **Rest of assets** | **31,476,926** | **30,449,114** |
| US Dollars | 30,358,504 | 29,990,703 |
| Euros | 46,070 | 49,273 |
| Other currencies | 315 | 222 |
| Non-indexed Ch$ | 365,533 | 137,356 |
| U.F. | 706,504 | 271,560 |
| **Total assets** | **34,874,404** | **33,421,130** |
| US Dollars | 33,103,702 | 32,167,651 |
| Euros | 153,881 | 149,866 |
| Other currencies | 5,984 | 5,851 |
| Non-indexed Ch$ | 860,282 | 799,733 |
| U.F. | 750,555 | 298,029 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

b) Liability by type of currency:

| Current liability by currency | 09/30/2017 | | 12/31/2016 | |
|---|---|---|---|---|
| | Up to 90 days ThUS$ | 90 days to 1 year ThUS$ | Up to 90 days ThUS$ | 90 days to 1 year ThUS$ |
| **Current liabilities** | **2,541,047** | **448,063** | **2,206,764** | **255,689** |
| US Dollars | 1,338,994 | 359,327 | 1,755,127 | 186,464 |
| Euros | 94,541 | 52,181 | 132,463 | 33,820 |
| Other currencies | 8,398 | - | 9,261 | - |
| Non-indexed Ch$ | 1,091,806 | 29,888 | 265,106 | 29,714 |
| U.F. | 7,308 | 6,667 | 44,807 | 5,691 |
| **Other current financial liabilities** | **518,240** | **370,903** | **127,616** | **224,994** |
| US Dollars | 488,183 | 359,238 | 111,045 | 184,204 |
| Euros | 26,670 | 3,618 | 6,729 | 33,820 |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 1,498 | 1,674 | 1,401 | 1,494 |
| U.F. | 1,889 | 6,373 | 8,441 | 5,476 |
| Bank loans | **433,142** | **302,083** | **4,550** | **161,744** |
| US Dollars | 405,776 | 302,083 | 3,892 | 127,924 |
| Euros | 26,670 | - | - | 33,820 |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 359 | - | 359 | - |
| U.F. | 337 | - | 299 | - |
| Obligations | **77,761** | **41,871** | **112,741** | **37,822** |
| US Dollars | 77,761 | 37,207 | 99,765 | 37,822 |
| Euros | - | 3,618 | 6,729 | - |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - |
| U.F. | - | 1,046 | 6,247 | - |
| Finance lease | **6,116** | **21,122** | **8,410** | **15,273** |
| US Dollars | 4,035 | 14,121 | 6,044 | 8,303 |
| Euros | - | - | - | - |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 529 | 1,674 | 471 | 1,494 |
| U.F. | 1,552 | 5,327 | 1,895 | 5,476 |
| Others | **1,221** | **5,827** | **1,915** | **10,155** |
| US Dollars | 611 | 5,827 | 1,344 | 10,155 |
| Euros | - | - | - | - |
| Other currencies | - | - | - | - |
| Non-indexed Ch$ | 610 | - | 571 | - |
| U.F. | - | - | - | - |
| **Other current liabilities** | **2,022,807** | **77,160** | **2,079,148** | **30,695** |
| US Dollars | 850,811 | 89 | 1,644,082 | 2,260 |
| Euros | 67,871 | 48,563 | 125,734 | - |
| Other currencies | 8,398 | - | 9,261 | - |
| Non-indexed Ch$ | 1,090,308 | 28,214 | 263,705 | 28,220 |
| U.F. | 5,419 | 294 | 36,366 | 215 |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Non-current liability by currency | 09/30/2017 | | | | 12/31/2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 to 3 years ThUS$ | 3 to 5 years ThUS$ | 5 to 10 years ThUS$ | More than 10 years ThUS$ | 1 to 3 years ThUS$ | 3 to 5 years ThUS$ | 5 to 10 years ThUS$ | More than 10 years ThUS$ |
| **Non-Current liabilities** | 5,016,548 | 3,366,369 | 5,514,539 | 7,588,620 | 5,993,933 | 2,866,846 | 5,893,456 | 6,314,033 |
| US Dollars | 4,631,138 | 3,218,726 | 4,486,002 | 6,513,767 | 5,613,354 | 2,728,331 | 4,916,894 | 5,307,827 |
| Euros | 2 | - | (9,076) | - | 22 | - | (10,015) | - |
| Other currencies | 1 | - | - | - | 6 | - | - | - |
| Non-indexed Ch$ | 363,356 | 141,676 | 281,870 | 545,345 | 360,111 | 130,378 | 268,192 | 514,850 |
| U.F. | 22,051 | 5,967 | 755,743 | 529,508 | 20,440 | 8,137 | 718,385 | 491,356 |
| **Other non-current financial liabilities** | 788,853 | 3,224,694 | 5,216,428 | 5,450,963 | 2,334,118 | 2,736,469 | 5,604,973 | 4,255,909 |
| US Dollars | 772,533 | 3,218,727 | 4,469,761 | 5,450,963 | 2,315,498 | 2,728,332 | 4,896,603 | 4,255,909 |
| Euros | - | - | (9,076) | - | - | - | (10,015) | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | 3,601 | - | - | - | 5,927 | - | - | - |
| U.F. | 12,719 | 5,967 | 755,743 | - | 12,693 | 8,137 | 718,385 | - |
| Bank loans | 418,209 | 1,315,792 | - | 657,203 | 1,626,564 | 575,514 | 143,227 | 643,142 |
| US Dollars | 418,060 | 1,315,792 | - | 657,203 | 1,626,564 | 575,132 | 143,227 | 643,142 |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | 149 | - | - | - | - | 382 | - | - |
| Obligations | 265,928 | 1,894,029 | 5,077,995 | 4,793,760 | 596,805 | 2,132,171 | 5,266,514 | 3,612,767 |
| US Dollars | 265,928 | 1,894,029 | 3,637,264 | 4,793,760 | 596,805 | 2,132,171 | 3,940,127 | 3,612,767 |
| Euros | - | - | 699,139 | - | - | - | 622,361 | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | - | - | - | - |
| U.F. | - | - | 741,592 | - | - | - | 704,026 | - |
| Finance Lease | 34,661 | 14,873 | 44,268 | - | 38,411 | 28,784 | 33,613 | - |
| US Dollars | 18,490 | 8,906 | 30,117 | - | 20,392 | 21,029 | 19,254 | - |
| Euros | - | - | - | - | - | - | - | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | 3,601 | - | - | - | 5,326 | - | - | - |
| U.F. | 12,570 | 5,967 | 14,151 | - | 12,693 | 7,755 | 14,359 | - |
| Others | 70,055 | - | 94,165 | - | 72,338 | - | 161,619 | - |
| US Dollars | 70,055 | - | 802,380 | - | 71,737 | - | 793,995 | - |
| Euros | - | - | (708,215) | - | - | - | (632,376) | - |
| Other currencies | - | - | - | - | - | - | - | - |
| Non-indexed Ch$ | - | - | - | - | 601 | - | - | - |
| U.F. | - | - | - | - | - | - | - | - |
| Other liabilities non-current | 4,227,698 | 141,676 | 298,111 | 2,137,657 | 3,659,817 | 130,377 | 288,482 | 2,058,123 |
| US Dollars | 3,858,606 | - | 16,241 | 1,062,804 | 3,297,857 | - | 20,291 | 1,051,918 |
| Euros | 2 | - | - | - | 22 | - | - | - |
| Other currencies | 1 | - | - | - | 6 | - | - | - |
| Non-indexed Ch$ | 359,756 | 141,676 | 281,870 | 545,345 | 354,185 | 130,378 | 268,192 | 514,850 |
| U.F. | 9,333 | - | - | 529,508 | 7,748 | - | - | 491,356 |

## 33. Sanctions

As of September 30, 2017 and December 31, 2016, neither Codelco Chile nor its Directors and Managers have been sanctioned by the SVS or any other administrative authorities.

## 34. Environmental Expenditures

Each of Codelco’s operations is subject to national, regional and local regulations related to protection of the environment and natural resources, including standards relating to water, air, noise and disposal and transportation of dangerous residues, among others. Chile has introduced environmental regulations that have obligated companies, including Codelco, to carry out programs to reduce, control or eliminate relevant environmental impacts. Codelco has executed and shall continue to execute a series of environmental projects to comply with these regulations.

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, including the Sustainable Development Policy (2003) and the Corporate Security, Occupational Health and Environmental Management Policy (2007).

The environmental management systems of the divisions and the Head Office, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating planning, operating, verifying and reviewing elements. As of September 30, 2017, they have received ISO 14001 certification for the environmental management of Chuquicamata, Radomiro Tomic, Andina, Salvador, El Teniente, Ventanas, Gabriela Mistral and the Head Office.

To comply with the Circular No. 1,901 of 2008 of the SVS, the details of the Corporation's main expenditures related to the environment during the three month periods ended September 30, 2017 and 2016, respectively, and the projected future expenses are stated below.

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Entity | Proyect name | Disbursements 09/30/2017 | | | | 09/30/2016 | Future committed disbursements | |
|---|---|---|---|---|---|---|---|---|
| | | Proyect Status | Amount ThUS$ | Asset/ Expense | Asset / Expenditure Item | Amount ThUS$ | Amount ThUS$ | Estimated date |
| | **Chuquicamata** | | **202.763** | | | **69.404** | **883.386** | |
| Codelco Chile | Talambre dam capacity extension, 8th stage | In Progess | 45.758 | Asset | P, P & E | 7.719 | 279.568 | 2020 |
| Codelco Chile | Emergency restoration system dust control crushing plant 2/3 | In Progess | 5.782 | Asset | P, P & E | 905 | 1.536 | 2018 |
| Codelco Chile | Extension of 5th cps smelting | Finished | - | Asset | P, P & E | 11.429 | - | 2016 |
| Codelco Chile | Replacement of circulation pot 1A and 2A | In Progess | 15.007 | Asset | P, P & E | 5.245 | 27.403 | 2018 |
| Codelco Chile | Standarization sampling and weighing system | Finished | - | Asset | P, P & E | 1.023 | - | - |
| Codelco Chile | Construction installation surplus management | In Progess | 6.146 | Asset | P, P & E | - | 340 | 2017 |
| Codelco Chile | Replacement of water treatment plant | In Progess | 14.251 | Asset | P, P & E | 7.164 | 26.579 | 2018 |
| Codelco Chile | Replacement gas management system | In Progess | 435 | Asset | P, P & E | - | 10.355 | 2018 |
| Codelco Chile | Acid plant tranformation 3-4 DC/DA | In Progess | 50.602 | Asset | P, P & E | - | 380.993 | 2019 |
| Codelco Chile | Enablement refining gas treatment system | In Progess | 3.038 | Asset | P, P & E | - | 73.954 | 2019 |
| Codelco Chile | Dryer replacement n ° 5 fuco | In Progess | 5.816 | Asset | P, P & E | - | 59.248 | 2019 |
| Codelco Chile | Management feeding and transport powders | In Progess | 88 | Asset | P, P & E | - | 2.612 | 2018 |
| Codelco Chile | Acid plants | In Progess | 23.014 | Expenditure | Adm. Expense | 19.156 | 9.450 | 2017 |
| Codelco Chile | Solid waste | In Progess | 1.707 | Expenditure | Adm. Expense | 987 | 1.138 | 2017 |
| Codelco Chile | Tailings | In Progess | 15.474 | Expenditure | Adm. Expense | 15.158 | 6.058 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 14.849 | Expenditure | Adm. Expense | 176 | 3.622 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 796 | Expenditure | Adm. Expense | 441 | 530 | 2017 |
| | **Salvador** | | **66.863** | | | **45.160** | **177.914** | |
| Codelco Chile | Improved integration of the gas process | Finished | - | Asset | P, P & E | - | - | 2017 |
| Codelco Chile | Improvement of integrated gas collection process | In Progess | 35.033 | Asset | P, P & E | 21.398 | 167.916 | 2018 |
| Codelco Chile | Environmental improvement to Puerto Barquito | Finished | - | Asset | P, P & E | 708 | - | - |
| Codelco Chile | Concentrator filter plant construction | In Progess | 9.217 | Asset | P, P & E | - | 1.361 | 2017 |
| Codelco Chile | Building minor works | In Progess | 286 | Asset | P, P & E | - | 667 | 2017 |
| Codelco Chile | Water capture improvement | In Progess | 450 | Asset | P, P & E | - | 563 | 2017 |
| Codelco Chile | Tailings | In Progess | 2.180 | Expenditure | Adm. Expense | 1.588 | 465 | 2017 |
| Codelco Chile | Acid plants | In Progess | 18.401 | Expenditure | Adm. Expense | 19.826 | 6.448 | 2017 |
| Codelco Chile | Solid waste | In Progess | 768 | Expenditure | Adm. Expense | 1.081 | 270 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 528 | Expenditure | Adm. Expense | 559 | 224 | 2017 |
| | **Andina** | | **179.200** | | | **100.384** | **93.317** | |
| Codelco Chile | Drain water treatment | In Progess | - | Asset | P, P & E | 9.757 | - | - |
| Codelco Chile | Water Normative Phase 2 | In Progess | 3.959 | Asset | P, P & E | 3.307 | 1.499 | 2018 |
| Codelco Chile | Building evacuation and capturing towers, ovejería | Finished | - | Asset | P, P & E | 261 | - | 2016 |
| Codelco Chile | Construction site emergency plan | In Progess | 14.168 | Asset | P, P & E | 2.851 | 15.913 | 2017 |
| Codelco Chile | Construction adduction Los Leones | Finished | - | Asset | P, P & E | 64 | - | - |
| Codelco Chile | Drain water treatment DLN | In Progess | 10.996 | Asset | P, P & E | - | 203 | 2017 |
| Codelco Chile | Level 640 tranque | In Progess | 41.369 | Asset | P, P & E | 15.624 | 34.420 | 2017 |
| Codelco Chile | Improved water internal tip E2 | In Progess | 2.085 | Asset | P, P & E | 4.216 | 3.401 | 2017 |
| Codelco Chile | Replacement Ovejeria line tailings | Finished | - | Asset | P, P & E | 472 | - | 2016 |
| Codelco Chile | Improvement of power supply | Finished | - | Asset | P, P & E | 903 | - | 2016 |
| Codelco Chile | Water rights and lands early acquisition | Finished | - | Asset | P, P & E | - | - | 2016 |
| Codelco Chile | Construction of emergency transport system works | In Progess | 31.044 | Asset | P, P & E | 3.511 | 11.458 | 2018 |
| Codelco Chile | Construction early alert plan | In Progess | 303 | Asset | P, P & E | 880 | - | 2017 |
| Codelco Chile | Implementation in RCA compliance wells (Hydraulic Barrier) | In Progess | 107 | Asset | P, P & E | - | 4.097 | 2017 |
| Codelco Chile | Solid waste | In Progess | 1.884 | Expenditure | Adm. Expense | 1.683 | 692 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 2.591 | Expenditure | Adm. Expense | 2.259 | 1.041 | 2017 |
| Codelco Chile | Trailing | In Progess | 50.956 | Expenditure | Adm. Expense | 47.993 | 17.288 | 2017 |
| Codelco Chile | Acid drainage | In Progess | 17.462 | Expenditure | Adm. Expense | 1.948 | 2.311 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 824 | Expenditure | Adm. Expense | - | 475 | 2017 |
| Codelco Chile | Sustainability and external matters management | In Progess | 1.452 | Expenditure | Adm. Expense | - | 519 | 2017 |
| **Subtotal** | | | **448.826** | | | **214.948** | **1.154.617** | |

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)

| Entity | Proyect name | Disbursements 09/30/2017 | | | | 09/30/2016 | Future committed disbursements | |
|---|---|---|---|---|---|---|---|---|
| | | | Amount ThUS$ | Asset/ Expense | Asset / Expenditure Item | Amount ThUS$ | Amount ThUS$ | Estimated date |
| | **El Teniente** | | **165.691** | | | **163.941** | **401.333** | |
| Codelco Chile | Construction of 7th phase of Carén | Finished | - | Asset | P, P & E | 1.940 | - | - |
| Codelco Chile | Construction of 6th phase of Carén | In Progess | 7.543 | Asset | P, P & E | 34.889 | - | 2017 |
| Codelco Chile | Scale and bridges replacement | Finished | - | Asset | P, P & E | 106 | - | - |
| Codelco Chile | Coya module acquisition | Finished | - | Asset | P, P & E | 297 | - | - |
| Codelco Chile | Construction of slag treatment plant | In Progess | 21.993 | Asset | P, P & E | 797 | 256.114 | 2018 |
| Codelco Chile | Smelting emissions network | In Progess | 30.988 | Asset | P, P & E | 25.372 | 100.190 | 2019 |
| Codelco Chile | Installation of Powder control | In Progess | 673 | Asset | P, P & E | - | 7.461 | 2018 |
| Codelco Chile | Acid plants | In Progess | 53.294 | Expenditure | Adm. Expense | 49.183 | 13.813 | 2017 |
| Codelco Chile | Solid waste | In Progess | 3.933 | Expenditure | Adm. Expense | 2.702 | 934 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 10.962 | Expenditure | Adm. Expense | 9.972 | 3.397 | 2017 |
| Codelco Chile | Tailings | In Progess | 36.305 | Expenditure | Adm. Expense | 38.683 | 19.424 | 2017 |
| | **Gabriela Mistral** | | **8.306** | | | **9.284** | **6.612** | |
| Codelco Chile | Installation of gravel dump phase IV | In Progess | 6.446 | Asset | P, P & E | 17 | - | 2017 |
| Codelco Chile | Installation of modular pool cover | Finished | - | Asset | P, P & E | 519 | - | - |
| Codelco Chile | Improved automatic disconnection system | Finished | 12 | Asset | P, P & E | 365 | - | - |
| Codelco Chile | Replacement three tracked tractors | In Progess | 85 | Asset | P, P & E | 1 | 5.816 | 2018 |
| Codelco Chile | Replacement wheeldozer | Finished | - | Asset | P, P & E | 37 | - | - |
| Codelco Chile | Installationof gravel dump | Finished | - | Asset | P, P & E | - | - | - |
| Codelco Chile | Stage VI gravel dump facility | In Progess | 237 | Asset | P, P & E | 6.436 | 23 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 46 | Expenditure | Adm. Expense | 41 | 169 | 2016 |
| Codelco Chile | Solid waste | In Progess | 1.441 | Expenditure | Adm. Expense | 1.126 | 551 | 2016 |
| Codelco Chile | Water treatment plant | In Progess | 1 | Expenditure | Adm. Expense | 742 | - | - |
| Codelco Chile | Environmental consultancy | In Progess | 38 | Expenditure | Adm. Expense | - | 53 | 2017 |
| | **Ventanas** | | **37.372** | | | **40.223** | **11.782** | |
| Codelco Chile | Capturing of second gases | In Progess | 723 | Asset | P, P & E | 6.963 | - | - |
| Codelco Chile | Capturing of racking gases | Finished | - | Asset | P, P & E | 1.951 | - | - |
| Codelco Chile | Treatment of gases in line | Finished | - | Asset | P, P & E | 1.790 | - | - |
| Codelco Chile | Eliminating Visible Smokes | In Progess | 3.612 | Asset | P, P & E | 5.567 | - | - |
| Codelco Chile | Fugitive gas treatment | In Progess | 2.550 | Asset | P, P & E | 4.059 | 524 | 2017 |
| Codelco Chile | Treatment of secundary gases | Finished | - | Asset | P, P & E | 14 | - | 2016 |
| Codelco Chile | Reparation of exchanger | In Progess | - | Asset | P, P & E | 28 | - | 2017 |
| Codelco Chile | Second gas collection CT | In Progess | 3.151 | Asset | P, P & E | - | 352 | 2017 |
| Codelco Chile | Fugitive gas treatment CT | In Progess | 1.400 | Asset | P, P & E | - | 1.052 | 2017 |
| Codelco Chile | Acid plants | In Progess | 19.483 | Expenditure | Adm. Expense | 13.814 | 6.772 | 2017 |
| Codelco Chile | Solid waste | In Progess | 1.883 | Expenditure | Adm. Expense | 1.445 | 609 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 1.088 | Expenditure | Adm. Expense | 1.013 | 403 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 3.482 | Expenditure | Adm. Expense | 3.579 | 2.070 | 2017 |
| | **Radomiro Tomic** | | **2.076** | | | **2.954** | **943** | |
| Codelco Chile | Application of monitoring system | In Progess | 209 | Asset | P, P & E | 127 | - | - |
| Codelco Chile | Solid waste | In Progess | 823 | Expenditure | Adm. Expense | 870 | 339 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 296 | Expenditure | Adm. Expense | 1.252 | 335 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 748 | Expenditure | Adm. Expense | 705 | 269 | 2017 |
| | **Ministro Hales** | | **2.187** | | | **8.710** | **959** | |
| Codelco Chile | Improving accessibility and integration villas | Finished | - | Asset | P, P & E | 7.915 | - | - |
| Codelco Chile | Solid waste | In Progess | 1.377 | Expenditure | Adm. Expense | 429 | 473 | 2017 |
| Codelco Chile | Environmental monitoring | In Progess | 572 | Expenditure | Adm. Expense | 172 | 188 | 2017 |
| Codelco Chile | Water treatment plant | In Progess | 238 | Expenditure | Adm. Expense | 194 | 298 | 2017 |
| | **Ecometales Limited** | | **306** | | | **217** | **519** | |
| Ecometales Limited | Smelting plant of foundry dust | In Progess | 306 | Expenditure | Adm. Expense | 217 | 519 | 2017 |
| **Subtotal** | | | **215.938** | | | **225.329** | **422.148** | |
| **Total** | | | **664.764** | | | **440.277** | **1.576.765** | |

## 35. Subsequent events

The Corporation's management is not aware of any other significant events of a financial or any other nature that have occurred between October 1, 2017 and the date of issuance of these financial statements (November 23, 2017) that may affect the unaudited interim consolidated financial statements.

Nelson Pizarro Contador
Chief Executive Officer

Alejandro Rivera Stambuk
Chief Financial Officer

Gonzalo Zamorano Martínez
Accounting and Finance Control Manager

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