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OFFERING MEMORANDUM

U.S.$2,750,000,000

Corporación Nacional del Cobre de Chile
U.S.$1,500,000,000 3.625% Notes due 2027
U.S.$1,250,000,000 4.500% Notes due 2047

The notes due 2027 (the "2027 notes") will bear interest at the rate of 3.625% per year and will mature on August 1, 2027 and the notes due 2047 (the "2047 notes") will bear interest at the rate of 4.500% per year and will mature on August 1, 2047. We refer to the 2027 notes and the 2047 notes, collectively, as the "notes" and, separately, as a "series of notes." The interest on each series of notes will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2018.

We may redeem the notes at our option, in whole or in part, at any time and from time to time prior to the date that is three months, in respect of the 2027 notes, and six months, in respect of the 2047 notes, prior to the maturity date of the 2027 notes and the 2047 notes, respectively, at a redemption price equal to the greater of 100% of the outstanding principal amount of the notes to be redeemed and a redemption price based on a "make-whole" premium, plus accrued and unpaid interest to the date of redemption. In addition, we may redeem the notes at our option, in whole or in part, at any time and from time to time, beginning on the date that is three months, in respect of the 2027 notes, and six months, in respect of the 2047 notes, prior to the maturity date of the 2027 notes and the 2047 notes, respectively, at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest to the date of redemption. Upon the occurrence of specified events relating to Chilean tax law, we may redeem the notes in whole, but not in part, at 100% of their principal amount, plus accrued and unpaid interest to the date of redemption. See "Description of Notes—Tax Redemption" and "—Optional Redemption"

The notes will constitute direct, general, unconditional and unsubordinated obligations of Corporación Nacional del Cobre de Chile ("CODELCO" or the "Company"). The notes rank and will rank without any preference among themselves and equally with all other unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. It is understood that this provision will not be construed so as to require CODELCO to make payments under the notes ratably with payments being made under any other obligations. See "Description of Notes—Ranking."

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange. This Listing Memorandum constitutes a "prospectus" for purposes of the Luxembourg Act dated July 10, 2005 on prospectuses for securities, as amended.

See "Risk Factors" beginning on page 15 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Neither the U.S. Securities and Exchange Commission (the "SEC") nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this offering memorandum. Any representation to the contrary is a criminal offense.

The notes have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws, and are being offered and sold only to (i) qualified institutional buyers under Rule 144A under the Securities Act and (ii) persons outside the United States under Regulation S under the

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Securities Act. For a description of certain restrictions on the transfer of the notes, see "Transfer Restrictions" and "Plan of Distribution."

The notes will be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Euroclear Bank S.A./N.V. ("Euroclear"), as operator of the Euroclear system, and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") on or about August 1, 2017.

We have launched a cash tender offer for (a) any and all (the "Any and All Offer") of our outstanding (i) U.S.$600,000,000 aggregate principal amount of 7.500% Notes due 2019 (the "2019 Notes"), (ii) U.S.$1,000,000,000 aggregate principal amount of 3.750% Notes due 2020 (the "2020 Notes") and (iii) U.S.$1,150,000,000 aggregate principal amount of 3.875% Notes due 2021 (the "2021 Notes" and, together with the 2019 Notes and the 2020 Notes, the "Any and All Notes") and (b) up to U.S.$2,750,000,000 aggregate principal amount, less the aggregate principal amount of the Any and All Notes validly tendered and accepted for purchase in the Any and All Tender Offer (the "Maximum Tender Offer" and, together with the Any and All Offer, the "Tender Offers") of (i) the 3.000% Notes due 2022 (the "2022 Notes"), (ii) the 4.500% Notes due 2023 (the "2023 Notes") and (iii) the 4.500% Notes due 2025 (the "2025 Notes," and, together with the Any and All Notes, 2022 Notes and the 2023 Notes, the "Tender Notes"), in each case, validly tendered and accepted by us on or before the expiration date of the applicable Tender Offer. We intend to use the net proceeds from the sale of the notes (i) to pay the consideration for the Tender Offers and accrued and unpaid interest on the Tender Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offers and (iii) the remainder, if any, for general corporate purposes. The Tender Offers are not being made pursuant to this offering memorandum. The closing of the Tender Offers is contingent upon the closing of this offering.

Issue price: 2027 Notes: 98.237% plus accrued interest, if any, from August 1, 2017.
2047 Notes: 97.208% plus accrued interest, if any, from August 1, 2017.

Joint Book-Running Managers

BofA Merrill Lynch **HSBC** **J.P. Morgan** **MUFG**

The date of this offering memorandum is August 16, 2017.

(Illustrative map of continental Chile)

We have not authorized anyone to provide any information other than that contained in this offering memorandum. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the initial purchasers are not, making an offer of these securities in any jurisdiction where the offer is not permitted. Prospective investors should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

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

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

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

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

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

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. CODELCO has furnished the information contained in this offering memorandum.

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

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

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

You must: (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes; and (ii) obtain any consent, approval or permission required to be obtained by you for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales; neither we nor the initial purchasers shall have any responsibility therefor.

The notes are subject to restrictions on resale and transfer as described under "Transfer Restrictions." By purchasing the notes, you will be deemed to have made certain acknowledgments, representations and agreements as described under "Transfer Restrictions." You may be required to bear the financial risks of investing in the notes for an indefinite period of time.

You acknowledge that:

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

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

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

This offering memorandum is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom (the "UK"); (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

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

See "Risk Factors" beginning on page 15 for a description of certain risks you should consider before investing in the notes.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

ENFORCEABILITY OF CIVIL LIABILITIES

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

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

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

PRESENTATION OF FINANCIAL AND STATISTICAL INFORMATION

In this offering memorandum, references to "U.S.$," "$," "U.S. dollars" and "dollars" are to United States dollars and references to "cents" are to United States cents (U.S.$0.01). References to "pesos" or "Ch$" are to Chilean pesos and references to "UF" are to "*Unidades de Fomento.*" The UF is an inflation-indexed Chilean monetary unit that is linked to, and adjusted daily to reflect changes in, the Chilean consumer price index during the preceding 30 days. References to "euro" or "€" are to the legal currency of the European Economic and Monetary Union.

Pursuant to Circular No. 368 (*Oficio Circular No. 368*) of October 2006, as amended, of the *Superintendencia de Valores y Seguros* (Chilean Superintendency of Securities and Insurance, or "SVS"), beginning in 2010, all companies with publicly traded securities in Chile are required to prepare and report consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). As of January 1, 2010, CODELCO no longer prepares financial statements in accordance with generally accepted accounting principles in Chile.

In September 2014, an extensive tax reform in Chile became effective which, among other changes, increased the corporate statutory income tax rates beginning in 2014. With respect to deferred tax assets and liabilities arising as a result of this increased corporate statutory income tax rate, Circular No. 856 (*Oficio Circular No. 856*) issued by the SVS requires us to record such effects as equity. This SVS requirement differs from the accounting treatment under IFRS, which requires such effects to be reported as an income tax expense in the results of operations. The impact on CODELCO's consolidated financial statements for the year ended December 31, 2014 included in this offering memorandum corresponds to a one-time charge against profit in the amount of U.S.$783.62 million for 2014 to income tax expense, U.S.$646.90 million of which corresponds to the impact on CODELCO and those subsidiaries in which it has a controlling interest and U.S.$136.72 million of which corresponds to the impact on those subsidiaries in which CODELCO does not have a controlling interest. It should be noted that the consolidated financial statements as of and for the year ended December 31, 2014 included in this offering memorandum have been prepared in accordance with IFRS. Therefore, the consolidated financial statements as of and for the year ended December 31, 2014 filed with the SVS, and published on CODELCO's website, which have recorded this one-time charge directly to equity, differ from the financial statements prepared under IFRS, which have recorded this one-time charge as an income tax expense. To the extent that CODELCO issues its consolidated financial statements under SVS requirements, such consolidated financial statements will not be in compliance with IFRS in this regard with respect to the accounting treatment of the effects of the change in the corporate statutory income tax rate explained above.

The audited consolidated financial statements for the years ended December 31, 2014 and 2015 included herein are referred to as the "2014-2015 Year-end Consolidated Financial Statements" and the audited consolidated financial statements as of and for the years ended December 31, 2015 and 2016 also included herein are referred to as the "2015-2016 Year-end Consolidated Financial Statements." The 2014-2015 Year-end Consolidated Financial Statements and the 2015-2016 Year-end Consolidated Financial Statements (together, the "Year-end Consolidated Financial Statements") are presented in accordance with IFRS as issued by the IASB.

The unaudited interim consolidated financial statements as of March 31, 2017 and for the three-month periods ended March 31, 2016 and 2017 included herein (the "Unaudited Interim Consolidated Financial Statements") are presented in accordance with IAS 34 "Interim Financial Reporting." The Unaudited Interim Consolidated Financial Statements and the Year-end Consolidated Financial Statements are referred to together as the "Consolidated Financial Statements."

The accounting policies adopted in the preparation of the Unaudited Interim Consolidated Financial Statements are consistent with those applied in the preparation of the 2015-2016 Year-end Consolidated Financial Statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—New Accounting Standards."

Unless otherwise indicated, the Consolidated Financial Statements and other financial information concerning CODELCO included herein are presented in U.S. dollars in conformity with Decree Law 1.350 of 1976, as amended by Law 20.392 published in the *Diario Oficial de la República de Chile* (the "Official Gazette") on

November 14, 2009, and for periods after January, 1, 2009, in accordance with IFRS. Decree Law 1.350 is the Chilean law pursuant to which CODELCO was created and which provides for its governance.

Because the notes offered hereby have not been and will not be registered with the SEC, this offering memorandum does not and is not required to comply with the applicable requirements of the Securities Act, and the related rules and regulations adopted by the SEC, which would apply if the notes offered hereby were being registered with the SEC.

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

The body of generally accepted accounting principles is commonly referred to as "GAAP." A non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but: (i) excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the issuer's statement of income, balance sheet or statement of cash flows (or equivalent statements); or (ii) includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented.

In this offering memorandum, CODELCO discloses several non-GAAP financial measures, including "Adjusted EBIT," "Adjusted EBITDA," "cash cost," "total costs and expenses" and "financial debt." Adjusted EBIT is calculated by adding finance cost, impairment charges and income tax expense to profit (loss) for the period. Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges to profit (loss) for the period. Cash cost is calculated in accordance with the methodology specified by Brook Hunt & Associates for the determination of C1 cost (cash cost) and includes all direct cash costs of mining, including costs associated with extraction, leaching, smelting and further processing of copper ores into refined metal, as well as labor, electricity, diesel, finance costs, third-party services, other costs, transportation and physical plant costs associated with those processes, net of income from sales of by-products. Cash cost is presented as a nominal dollar amount, usually expressed as cents per pound, and excludes provisions, amortization, depreciation and central office costs. Total costs and expenses is calculated by adding the costs of sales of CODELCO's own copper plus the finance costs, less finance income, plus other expenses, excluding expenses corresponding to Law N° 13.196, less other income by function. Financial debt is calculated as loans from financial institutions plus bonds issued. Total debt to capitalization includes total financial debt divided by total financial debt plus total equity.

Adjusted EBIT and Adjusted EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financial performance of the Company and (ii) the ability of the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures.

CODELCO believes that Adjusted EBIT and Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for profit for the period as an indicator of operating performance or as an alternative to cash flow as a measure of liquidity. Adjusted EBIT and Adjusted EBITDA are not measures of financial performance in accordance with IFRS. Additionally, CODELCO's calculation of Adjusted EBIT and Adjusted EBITDA may differ from the calculation used by other companies and, therefore, comparability may be affected.

Cash cost is disclosed in this offering memorandum because it is a widely used measure of costs in the mining industry. CODELCO believes that cash cost, while providing useful information, should not be considered in isolation or as a substitute for cost of sales, cost of selling and administrative expenses or as an indicator of costs. Cash cost is not a measure of financial performance in accordance with IFRS.

CODELCO also presents certain ratios and margins that are derived using Adjusted EBITDA, including the ratio of debt to Adjusted EBITDA, the Adjusted EBITDA coverage ratio and earnings to fixed charges (adjusted). CODELCO believes that these ratios are widely used by investors to measure our performance. In the section titled

"Summary Consolidated Financial Data," CODELCO provides a reconciliation of Adjusted EBIT and Adjusted EBITDA to profit, along with the ratio of debt to Adjusted EBITDA, Adjusted EBITDA coverage ratios and ratio of earnings to fixed charges (adjusted), for the relevant periods.

You should be aware that our use of non-GAAP measures differs from those that would be included in an SEC filing.

Under IFRS, gross profit is calculated before the provision for a 10% special export tax. The special export tax is payable by CODELCO under Law 13.196 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, as well as a mining tax at progressive rates of between 5% and 14% that became effective in January 2006 pursuant to a modification of the *Decreto Ley 824* (the "Chilean Income Tax Law 824"). These taxes are included in "other expenses" by function. See "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO is subject to special taxes" for additional information related to the mining tax rate effective for 2016 and estimated for 2017.

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

The Observed Exchange Rate (as defined herein under "Exchange Rates") reported by the Central Bank of Chile (i) as of December 30, 2015 was Ch$707.34 = U.S.$1.00; (ii) as of March 31, 2016 was Ch$675.10 = U.S.$1.00; (iii) as of December 30, 2016 was Ch$667.29 = U.S.$1.00; and (iv) as of March 31, 2017 was Ch$662.66 = U.S.$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. See "Exchange Rates."

In this offering memorandum, all tonnage information is expressed in metric tons and all references to ounces are to troy ounces, in each case, unless otherwise specified. Tonnage information in this offering memorandum does not include: (i) CODELCO's 49% direct share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra and 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Inc., or (ii) CODELCO's 20% indirect share of Anglo American Sur S.A. ("Anglo American Sur"), unless otherwise specified. See "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships—SCM El Abra" and "—Anglo American Sur" for a description of these joint ventures. Certain terms relating to the copper mining business are defined in "Glossary of Certain Mining Terms."

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

As used in this offering memorandum, "Chuquicamata," "Radomiro Tomic," "Gabriela Mistral," "El Teniente," "Andina," "Salvador," "Mina Ministro Hales" and "Ventanas" refer to divisions of CODELCO, not the mines having those names, unless otherwise required by context.

As used in this offering memorandum, the term "billion" means one thousand million (1,000,000,000).

SUMMARY

This summary must be read as an introduction to this offering memorandum and any decision to invest in the notes should be based on a consideration of the offering memorandum as a whole.

The following summary is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this offering memorandum. Except as otherwise disclosed herein or indicated, financial information with respect to CODELCO provided in this offering memorandum has been presented in U.S. dollars and prepared in accordance with IFRS.

CODELCO is the world's largest copper producer and one of the largest companies in Chile in terms of revenues (U.S.$11.5 billion as of December 31, 2016). As of December 31, 2016, CODELCO's equity amounted to U.S.$9.9 billion, without including the value of CODELCO's mining concessions and ore deposits. As of March 31, 2017, total assets were U.S.$33.4 billion and equity amounted to U.S.$9.9 billion.

CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Government of Chile and controls approximately 7% of the world's proved and probable copper reserves, as such terms are defined by the U.S. Geological Survey.

In 2016, CODELCO had an estimated 9% share of total world copper production, with production amounting to approximately 1.83 million metric tons, including: (i) CODELCO's share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra and owned 49% by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport-McMoRan Inc.); and (ii) CODELCO's share of Anglo American Sur (of which CODELCO owns a 20% indirect share), and an estimated 11% share of the world's molybdenum production, with production amounting to approximately 30,641 metric tons excluding CODELCO's share of Anglo American Sur.

CODELCO's main commercial product is Grade A cathode copper. In 2016, CODELCO derived 91% of its total sales from copper and 9% of its total sales from by-products of its copper production. In the first three months of 2017, CODELCO derived 93% of its total sales from copper and 7% of its total sales from by-products of its copper production.

CODELCO's sales of copper in 2016 were geographically diversified, with approximately 63% of sales made to Asia, including 46% to China, as well as 22% to North and South America, 14% to Europe and 1% to Africa and Oceania. CODELCO's top ten customers purchased approximately 37.9% of its total copper sales volume in 2016.

CODELCO's copper operations are divided into the following eight divisions:

- The El Teniente Division is the operator of the El Teniente mine, which is the world's largest underground copper mine and has been in operation for more than 100 years. The El Teniente Division includes the Caletones smelter. In 2016, this division produced 475,340 metric tons of copper, or 26.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 97.2 cents per pound, compared to 100.7 cents per pound in 2015, and a total cash cost of U.S.$1.0 billion, compared to U.S.$1.0 billion in 2015. During the first three months of 2017, this division produced 101,589 metric tons of copper with a cash cost of 122.6 cents per pound and a total cash cost of U.S.$271 million.

- The Radomiro Tomic Division operates the Radomiro Tomic mine, which began its first full year of production in 1998 and ranked among the world's top three largest producers of copper using SX-EW technology in 2016. In 2016, this division produced 318,255 metric tons of copper cathodes, or 17.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 134.8 cents per pound, compared to 140.6 cents per pound in 2015, and a total cash cost of U.S.$936 million in 2016 compared to U.S.$969 million in 2015. During the

first three months of 2017, this division produced 74,689 metric tons of copper with a cash cost of 130.2 cents per pound and a total cash cost of U.S.$212 million.

- The Chuquicamata Division operates the Chuquicamata mine, one of the largest copper-producing mines in the world, which began its operations in 1915 and currently includes smelting and refining capacities. In 2016, this division produced 302,010 metric tons of copper cathodes, or 16.5% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 118.3 cents per pound, compared to 150.0 cents per pound in 2015, and a total cash cost of U.S.$774 million in 2016, compared to U.S.$1.0 billion in 2015. During the first three months of 2017, this division produced 53,080 metric tons of copper with a cash cost of 101.9 cents per pound and a total cash cost of U.S.$116 million.

- The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body, which first began producing copper at the end of 2013. In 2016, this division produced 237,020 metric tons of copper, or 13.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 115.3 cents per pound, compared to 141.4 cents per pound in 2015, and a total cash cost of U.S.$584 million in 2016, compared to U.S.$721 million in 2015. During the first three months of 2017, this division produced 62,002 metric tons of copper, with a cash cost of 112.1 cents per pound and a total cash cost of U.S.$149 million.

- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. Andina has been in operation since 1970. In 2016, this division produced 193,341 metric tons of copper, or 10.6% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 146.6 cents per pound, compared to 145.0 cents per pound in 2015, and a total cash cost of U.S.$603 million in 2016, compared to U.S.$692 million in 2015. During the first three months of 2017, this division produced 57,620 metric tons of copper with a cash cost of 134.6 cents per pound and a total cash cost of U.S.$165 million.

- The Gabriela Mistral Division was created in January 2013 and operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in May 2008 after a 26-month construction period. In 2016, this division produced 121,712 metric tons of copper, or 6.7% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 144.2 cents per pound, compared to 159.7 cents per pound in 2015, and a total cash cost of U.S.$387 million in 2016, compared to U.S.$440 million in 2015. During the first three months of 2017, this division produced 27,289 metric tons of copper with a cash cost of 154 cents per pound and a total cash cost of U.S.$93 million.

- The Salvador Division operates the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has the capacity to treat 671,000 metric tons of concentrate. In 2016, this division produced 59,796 metric tons of copper cathodes, or 3.3% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 182.3 cents per pound, compared to 248.1 cents per pound in 2015, and a total cash cost of U.S.$239 million in 2016, compared to U.S.$264 million in 2015. During the first three months of 2017, this division produced 13,522 metric tons of copper with a cash cost of 220.9 cents per pound and a total cash cost of U.S.$65 million. Unless the Inca Pit project (as described below) enters the execution stage, CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2021, or sooner, if warranted by market and operational conditions, specifically marketability of its copper, cash costs and annual reviews of performance. The Potrerillos smelter and refinery would continue to operate upon any cessation of the mining operations at Salvador.

- The Ventanas Division was created in connection with the acquisition of the Ventanas smelter/refinery complex from Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") in May 2005. The Ventanas smelter has the capacity to treat 400,000 metric tons of concentrate. In

2016, this division refined 407,272 metric tons of copper, compared to 407,002 metric tons of copper in 2015. Pursuant to the terms of the acquisition, CODELCO is required to provide on market terms the necessary smelting and refining capacity for the treatment of copper concentrate delivered by the small- and medium-sized mining industry that ENAMI serves.

For a description of CODELCO's associations with other companies, see "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships."

Competitive Strengths

CODELCO believes that it has certain distinguishing competitive strengths:

- *Copper Reserves*. CODELCO controls approximately 7% of the world's proved and probable copper reserves. In 2016, CODELCO's proved and probable reserves represented at least 27 years of future production at current levels. CODELCO's proved and probable reserves decreased from 51.0 million metric tons in 2016 to 48.2 million metric tons in 2017, primarily due to the consumption of reserves and the decrease in inventory of mineral reserves, mainly from Anglo American Sur.

- *Market Presence*. CODELCO is the largest copper producer in the world, with an estimated 9% share of the total world copper production, with 1.83 million metric tons (including CODELCO's share of the El Abra deposit and Anglo American Sur) of production in 2016. CODELCO is also one of the largest producers of molybdenum in the world, with an estimated 11% share of total world molybdenum production, producing 30,641 metric tons in 2016 (excluding CODELCO's share of Anglo American Sur). CODELCO believes that its significant market presence gives the Company certain advantages in the marketing of its products.

- *Low Cost Producer*. For many years, CODELCO has been within the first and second quartiles in the industry with respect to costs. This position is primarily attributable to the quality of its ore bodies, its economies of scale and the experience of its workforce and management. The Company intends to make every effort through investment and management to return to the first quartile of the industry's cost curve in the long-term. In 2016, CODELCO's total costs and expenses were increased by 4.2 cents per pound (2.0%), reaching 214.6 cents per pound in 2016, compared to 210.4 cents per pound in 2015 and 230.6 cents per pound in 2014. During the first three months of 2017, CODELCO's total costs and expenses decreased to 213.3 cents per pound, compared to 218.2 cents per pound for the same period in 2016, mainly due to a decrease in the loss due to foreign exchange differences and a decrease in materials costs, depreciation and amortization and the amount of products in process inventory, partially offset by higher energy and oil expenses. In 2016, CODELCO's total costs and expenses increased 0.6% to U.S.$8.1 billion from U.S.$8.0 billion in 2015, mainly due to the negative accounting effect of the foreign exchange rate differences resulting from the appreciation of the Chilean peso against the U.S. dollar as of December 30, 2016 compared to December 30, 2015, and partially offset by decreases in operational costs as a result of CODELCO's cost control program. In 2015, CODELCO's total costs and expenses decreased 5.5% to U.S.$8.0 billion from U.S.$8.5 billion, primarily attributable to favorable exchange rate movements and lower operational costs, specifically energy and fuel costs and third-party services. During the first three months of 2017, CODELCO's total costs and expenses decreased to U.S.$1.8 billion, compared to U.S.$2.1 billion for the same period in 2016, mainly due to the negative accounting effect of the foreign exchange rate differences resulting from the appreciation of the Chilean peso against the U.S. dollar as of March 31, 2017 compared to December 30, 2016, and partially offset by decreases in operational costs as a result of CODELCO's cost control program. In 2016, CODELCO's cash cost of production was 126.1 cents per pound compared to 138.7 cents per pound in 2015 and 150.4 cents per pound in 2014. During the first three months of 2017, CODELCO's cash cost of production was 134.4 cents per pound, compared to 125.4 cents per pound during the first three months of 2016. In 2016, CODELCO'S total cash cost was U.S.$4.7 billion compared to U.S.$5.2 billion in 2015 and U.S.$5.5 billion in 2014. During the first three months of 2017, CODELCO's total cash cost was U.S.$1.1 billion, as compared to U.S.$1.2 billion during the first three months of 2016 (such cash cost total includes certain cash cost

incurred at the corporate level). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview."

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

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

- *Financial Strength*. In 2016, CODELCO's Adjusted EBITDA amounted to U.S.$3.1 billion; total debt to capitalization as of December 31, 2016 was 60.1% and the ratio of total debt to Adjusted EBITDA was 4.8. As of March 31, 2017, Adjusted EBITDA amounted to U.S.$1.2 billion and total debt to capitalization was 60.1%.

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

- *One of the Leading Companies in Chile*. CODELCO is one of the largest companies in Chile in terms of revenues as of December 31, 2016, and is a key contributor to the budget of the Government of Chile. In 2016, CODELCO contributed U.S.$942 million to the Chilean Treasury and accounted for approximately 18% of Chile's total exports. During the first three months of 2017, CODELCO contributed U.S.$259 million to the Chilean Treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework."

Business Strategy

CODELCO's mission is to maximize the value of its mineral resources for the benefit of its shareholder, the Chilean state, by fully developing its vast mining resources on a timely basis, leveraging the Company's experienced workforce, utilizing its advanced technological assets in key areas and by executing the following key strategic initiatives:

- *Capital Expenditure Program.* We seek to maintain and improve our competitive position in the industry through our three-year capital expenditure program, which replaces our previous five-year capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of CODELCO's new Mina Ministro Hales, the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at the El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company expects to make capital expenditures of approximately U.S.$12.6 billion over the next three years on major projects, transforming its main mining operations with a view towards the long-term development of its resources. The Company is reformulating the Andina expansion project and addressing the geomechanical challenges of the new mine level at El Teniente, which has led to both a decrease in the amount and a change in the timing of our capital expenditure program, when compared to what was previously announced. We expect these expenditures to be funded with a combination of internal and external resources. For a complete list of planned capital expenditures, see "Business and Properties—Copper Production—Operations." CODELCO's expansion and development of major projects over the next three years are expected to include:

    - The gradual transformation of the Chuquicamata mine from an open pit mine to an underground operation, which we expect will enable Chuquicamata to maintain its annual copper production at its current level starting in 2019 (an approximate investment of U.S.$3.2 billion over the next

three years). Environmental approvals were obtained in September 2010, and the project is 47.8% complete as of March 31, 2017.

- The reallocation of the Andina plant, which involves maintaining the treatment capacity of the concentrator plant in the long-term (an approximate investment of U.S.$590 million over the next three years). Operations are expected to begin in 2020, and the project is 36.8% complete as of March 31, 2017.

- The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$905 million over the next three years) to maintain El Teniente's annual copper production at its current level. Environmental approvals were obtained in March 2011. However, based on geomechanical challenges that need to be addressed, an alternative development plan was approved that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023.

- The upgrade of CODELCO's smelters to new emission standards (DS N°28) is required to maintain our operating licenses in Chuquicamata, El Teniente and Salvador, and such upgrade will require an approximate investment of U.S.$800 million in Chuquicamata, U.S.$600 million in El Teniente and U.S.$300 million in Salvador for a total approximate investment of U.S.$1.7 billion over the next three years. The upgrade of our smelters at each location is expected to be completed by December 2018.

- The development of the Inca Pit project is designed to extend the life of the current underground mine operation in the Salvador Division and enable it to maintain its annual production at its current level starting in 2021 and the analysis for a future expansion (an approximate investment of U.S.$308 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

- The expansion of the existing Andina open pit is an initiative that will involve reformulating the plan for the project to require less investment, while at the same time seeking to minimize the environmental impact and prolong the life of the Andina Division (an approximate investment of U.S.$54 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

- *Improvement in Operations.* A number of improvement initiatives are underway to adopt best industry practices, most notably in the areas of labor productivity, asset utilization rates and process efficiency. Together with its capital expenditure program, these initiatives are expected to enhance CODELCO's competitive position. The Company operates in a cyclical business and CODELCO's strategy is to ensure that it is able to take full advantage of high copper prices. The Company is developing a number of plans to achieve production targets in the coming years. These plans mainly focus on reducing the risk of disruptions to production and providing increased flexibility to its operations.

- *Exploration Efforts.* CODELCO controls the largest copper reserves worldwide, the Company's single most important long-term competitive advantage. The discovery of new mining resources and improving its ability to locate existing ore bodies and prospects are critical to maintain this preeminent position in the industry. Accordingly, the Company's exploration program will continue to be a key part of its business strategy.

- *Investment in Human Capital.* The successful execution of CODELCO's business strategy relies on continuing to attract and retain a world-class management team and professionals of the highest caliber. The mining industry faces increased competition for workforce talent. As a result, the Company intends to continue improving career development opportunities for its staff and the overall attractiveness of CODELCO as a preferred employer.

- *Mining Association with Third Parties.* CODELCO seeks to continue to develop and operate assets in association with third parties where these associations will add value to CODELCO's business. A few examples of the Company's willingness and ability to do so are (i) the association with Freeport-McMoRan Inc. in the El Abra copper mine (CODELCO owns 49%) and (ii) the association with Anglo American plc ("Anglo American"), Mitsui & Co., Ltd. ("Mitsui") and Mitsubishi Corporation ("Mitsubishi Corporation") in Anglo American Sur (CODELCO owns an indirect 20% interest). CODELCO believes its large mining reserve is a strong platform from which to establish such associations.

Recent Developments

Appointment of New Directors and Executives

In May 2017, the President of Chile appointed Paul Schiodtz Obilinovich to fill a vacant position on our Board of Directors following the end of Gerardo Jofré's term during that same month.

In March 2017, the President of Chile also selected and appointed Ghassan Dayoub Pseli to fill the vacant position on our Board of Directors following the end of Augusto González Aguirre's term in May 2015. In the same month, CODELCO announced a reorganization of its operational management team in order to better respond to operational business challenges. As a result of this reorganization, which was implemented in June 2017, the Chuquicamata Division is being managed by Mauricio Barraza, the former CEO of the Rodomiro Tomic Division. Mr. Barraza was replaced at the Rodomiro Tomic Division by Lindor Quiroga, as the CEO. See "Management."

Loan Facilities

See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Bank Debt."

Concurrent Tender Offer

We have launched the Tender Offers for the Tender Notes validly tendered and accepted by us on or before the applicable expiration date upon the terms and subject to the conditions set forth in an Offer to Purchase dated July 25, 2017 (as it may be amended or supplemented from time to time) and in the related Letter of Transmittal. We intend to use the net proceeds from the sale of the notes (i) to pay the consideration for the Tender Offers and accrued and unpaid interest on the Tender Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offers and (iii) the remainder, if any, for general corporate purposes. The Tender Offers are not being made pursuant to this offering memorandum. The closing of the Tender Offers is contingent upon the closing of this offering.

Corporate Information

CODELCO's principal executive offices are located at Huérfanos 1270, Santiago, Chile, and its telephone number is (562) 2690-3000. CODELCO was established by Decree Law 1.350, published in the Official Gazette on February 28, 1976, as amended by Decree Law 20.392, published in the Official Gazette on November 14, 2009.

The Offering

Issuer	Corporación Nacional del Cobre de Chile.
Securities Offered	U.S.$1,500,000,000 aggregate principal amount of 3.625% notes due August 1, 2027 (the "2027 notes"). U.S.$1,250,000,000 aggregate principal amount of 4.500% notes due August 1, 2047 (the "2047 notes" and, together with the 2027 notes, the "notes").
Issue Price	The issue price of the 2027 notes is 98.237%. The issue price of the 2047 notes is 97.208%.
Interest	2027 notes: 3.625% per year. 2047 notes: 4.500% per year. The interest on the notes of each series will be payable semi-annually in arrears on February 1 and August 1 of each year, beginning on February 1, 2018. See "Description of Notes."
Maturity	2027 notes: August 1, 2027. 2047 notes: August 1, 2047.
Withholding Tax	Interest will be paid after withholding for or on account of certain taxes imposed by Chile. Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation will generally be subject to Chilean withholding tax at a rate of 4%. Subject to specified exceptions and limitations, CODELCO will pay Additional Amounts (as defined in "Description of Notes—Payment of Additional Amounts") in respect of such withholding tax on interest payments. See "Description of Notes—Payment of Additional Amounts" and "Taxation—Chilean Taxation."

Tax Redemption	The notes of each series are redeemable at the option of CODELCO in whole, but not in part, at any time at the principal amount thereof, plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations affecting Chilean taxation, CODELCO becomes obligated to pay Additional Amounts on interest payments on the notes of such series in respect of withholding or deduction of Chilean tax at a rate in excess of 4%. See "Description of Notes—Tax Redemption," "Taxation—Chilean Taxation" and "Risk Factors—Risks Relating to the Offering."
Optional Redemption.....	We may redeem the notes at our option, in whole or in part, at any time and from time to time prior to the date that is three months, in respect of the 2027 notes, and six months, in respect of the 2047 notes, prior to the maturity date of the 2027 notes and the 2047 notes, respectively, at a redemption price equal to the greater of 100% of the outstanding principal amount of the notes to be redeemed and a redemption price based on a "make-whole" premium, plus accrued and unpaid interest to the date of redemption. In addition, we may redeem the notes at our option, in whole or in part, at any time and from time to time, beginning on the date that is three months, in respect of the 2027 notes, and six months, in respect of the 2047 notes, prior to the maturity date of the 2027 notes and the 2047 notes, respectively, at a redemption price equal to 100% of the outstanding principal amount of the notes to be redeemed, plus accrued and unpaid interest to the date of redemption. See "Description of Notes—Optional Redemption" and "Risk Factors—Risks Relating to the Offering."
Form and Denomination	The notes will be issued in book-entry form only in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Each series of notes will be represented by one or more global notes (the "Global Notes") registered in the name of a nominee of DTC, as depositary, for the accounts of its direct and indirect participants, including Euroclear, as operator of the Euroclear system, and Clearstream. See "Description of Notes."

Payments; Transfers	Payment of interest and principal amount with respect to interests in Global Notes will be credited by DTC, Euroclear or Clearstream, as the case may be, to the account of the holders of such interests with DTC, Euroclear or Clearstream, as the case may be. Transfers of interests in notes held through DTC, Euroclear or Clearstream will be conducted in accordance with the rules and operating procedures of the relevant system. There will be a Luxembourg paying agent.
Ranking.....	The notes will constitute direct, general, unconditional and unsubordinated obligations of CODELCO. The notes rank and will rank without any preference among themselves and equally with all other unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. It is understood that this provision will not be construed so as to require CODELCO to make payments under the notes ratably with payments being made under any other obligations. The indenture governing the notes will not contain any restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, as set forth under "Description of Notes—Covenants—Limitation on Liens," the notes will contain certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness. See "Description of Notes."
Certain Covenants.....	The indenture governing the notes will contain certain covenants, including, but not limited to, covenants with respect to (i) limitations on liens, (ii) limitations on sale and lease-back transactions and (iii) limitations regarding consolidation, merger, conveyance, sale or lease transactions. See "Description of Notes—Covenants—Limitation on Liens," "—Limitation on Sale and Lease-Back Transactions" and "—Consolidation, Merger, Conveyance, Sale or Lease."
Transfer Restrictions.....	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on resales. See "Transfer Restrictions."
Further Issues.....	In accordance with the terms of the indenture, CODELCO may issue additional notes of the same series as the notes offered hereby at a future date. See "Description of Notes—Further Issues of Notes."

Listing	Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market in accordance with its rules and regulations.
Governing Law; Submission to Jurisdiction	The notes and the indenture will be governed by the laws of the State of New York. CODELCO will submit to the jurisdiction of the United States federal and state courts located in the Borough of Manhattan in the City of New York in respect of any action arising out of or based on the notes or the indenture. See "Description of Notes—Governing Law; Submission to Jurisdiction; Sovereign Immunity."
Expected Ratings	The notes offered hereby will be assigned a rating by Moody's Investors Service, Inc. ("Moody's") and by Standard & Poor's rating group ("S&P"). CODELCO currently has a foreign currency long-term debt rating by Moody's of A3 (negative) and a long-term foreign issuer credit rating by S&P of A+ (stable). A securities rating is not a recommendation to buy, sell or hold securities, is subject to revision or withdrawal at any time by the assigning rating organization and should be evaluated independently of any other rating.
Use of Proceeds	We intend to use the net proceeds from the sale of the notes (i) to pay the consideration for the Tender Offers and accrued and unpaid interest on the Tender Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offers and (iii) the remainder, if any, for general corporate purposes. The Tender Offers are not being made pursuant to this offering memorandum. The closing of the Tender Offers is contingent upon the closing of this offering.
Trustee, Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon.
Luxembourg Listing Agent, Luxembourg Paying Agent and Luxembourg Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch

Risk Factors

Before investing, you should carefully consider the risks set forth under “Risk Factors” beginning on page 15.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present CODELCO's summary consolidated financial data and other data as of and for each of the periods indicated. This data (other than the average London Metal Exchange ("LME") copper prices) is derived from, and should be read together with, CODELCO's Consolidated Financial Statements and notes thereto, included elsewhere in this offering memorandum. This data should also be read together with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Consolidated Financial Statements and other financial information included in this offering memorandum are presented in accordance with IFRS. The unaudited interim information for the three-month periods ended March 31, 2016 and 2017 includes all adjustments, consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the three months ended March 31, 2016 and 2017 are not necessarily indicative of the results to be expected for the full year or any other period.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of U.S.$)			(unaudited)	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenue	$ 13,826,677	$ 11,693,492	$ 11,536,751	$ 2,719,384	$ 3,028,195
Cost of sales[1]	(10,111,412)	(9,916,805)	(9,449,668)	(2,439,479)	(2,231,661)
Gross profit	3,715,265	1,776,687	2,087,083	279,905	796,534
Other income, by function	98,346	152,889	138,474	9,490	26,944
Distribution costs	(9,343)	(12,435)	(11,891)	(2,817)	(2,356)
Administrative expenses	(451,122)	(363,494)	(415,395)	(94,457)	(93,264)
Other expenses[2]	(1,620,977)	(2,086,728)	(1,324,149)	(254,508)	(305,756)
Other gains	37,682	20,885	29,400	6,814	9,372
Finance income	19,744	17,198	23,402	3,947	5,012
Finance costs	(464,671)	(524,847)	(547,347)	(140,070)	(133,707)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(194,585)	(2,501,652)	(177,358)	7,423	13,349
Foreign exchange differences	378,820	465,320	(232,895)	(172,603)	(23,323)
Profit (loss) for the period before tax	1,509,159	(3,056,177)	(430,676)	(356,876)	292,805
Income tax expense[3][4]	(1,581,861)	728,398	97,096	232,098	(250,367)
Profit (loss) for the period	(72,702)	(2,327,779)	(333,580)	(124,778)	42,438
Profit (loss) attributable to owners of the parent	75,029	(1,492,216)	(275,418)	(122,326)	38,878
Profit (loss) attributable to non-controlling interests	(147,731)	(835,563)	(58,162)	(2,452)	3,560
Profit (loss) for the period[3]	$ (72,702)	$ (2,327,779)	$ (333,580)	$ (124,778)	$ 42,438

	As of December 31			
	2014	2015	2016	As of March 31, 2017
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	(in thousands of U.S.$)			
Total current assets	$ 5,988,960	$ 6,057,888	$ 4,695,904	$ 4,467,670
Total property, plant and equipment	21,904,361	22,628,311	23,977,261	24,132,330
Investments accounted for using equity method[5]	6,798,706	4,091,817	3,753,974	3,750,948
Non-current receivables	124,675	85,069	95,316	92,669
All other assets	439,864	441,829	880,186	932,277
Total assets	$ 35,256,566	$ 33,304,915	$ 33,402,641	$ 33,375,894
Total current liabilities	3,575,835	3,772,188	2,467,939	2,137,389
Total non-current liabilities	20,155,219	19,849,906	21,044,293	21,311,235
Total liabilities	$ 23,731,054	$ 23,572,094	$ 23,512,232	23,448,624
Non-controlling interests	1,863,735	1,042,855	978,666	982,208
Equity attributable to owners of the parent	9,661,777	8,689,966	8,911,743	8,945,062
Total equity[3]	$ 11,525,512	$ 9,732,821	$ 9,890,409	$ 9,927,270
Total liabilities and equity	$ 35,256,566	$ 33,304,915	$ 33,402,641	$ 33,375,894

OTHER ITEMS	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of U.S.$, except ratios and copper prices)				
				(unaudited)	
Depreciation and amortization of assets	$ 1,946,857	$ 2,024,840	$ 1,936,152	$ 528,035	$ 483,114
Interest expense, net	$ (444,927)	$ (507,649)	$ (523,945)	$ (136,123)	$ 128,695
Ratio of earnings to fixed charges (adjusted)[6]	4.3	1.2	0.5	(1.5)	3.2
Average LME copper price (U.S. ¢ per pound)[7]	311.3	249.2	220.6	211.9	264.5
Adjusted EBITDA[8]	$ 5,013,946	$ 3,540,132	$ 3,075,187	$ 516,923	$ 1,151,409
Ratio of debt to Adjusted EBITDA[8]	2.7	4.2	4.8	N.A.	N.A.
Adjusted EBITDA coverage ratio[8][9]	11.3	7.0	5.9	3.8	8.9

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

(2) "Other expenses" is comprised principally of costs related to retirement plan and severance indemnities, costs of environmental exit, restoration and similar liabilities and the 10% special export tax paid by the Company that is required by Law 13.196. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) In September 2014, an extensive tax reform in Chile became effective, which, among other changes, increased the corporate statutory income tax rates beginning in 2014. With respect to deferred tax assets and liabilities arising as a result of this increased corporate statutory income tax rate, Circular No. 856 (*Oficio Circular No. 856*) issued by the SVS requires us to record such effects in equity. This SVS requirement differs from the accounting treatment under IFRS, which requires such effects to be reported as an income tax expense in the results of operations. The impact on CODELCO's consolidated financial statements for the year ended December 31, 2014 included in this offering memorandum corresponds to a one-time charge against profit in the amount of U.S.$783.62 million for 2014, U.S.$646.90 million of which corresponds to the impact on CODELCO and those subsidiaries in which it has a controlling interest and U.S.$136.72 million of which corresponds to the impact on those subsidiaries in which CODELCO does not have a controlling interest. It should be noted that the consolidated financial statements summarized above as of and for the year ended December 31, 2014 included in this offering memorandum have been prepared in accordance with IFRS. Therefore, the consolidated financial statements as of and for the year ended December 31, 2014 filed with the SVS and published on CODELCO's website differ from the financial statements included herein prepared under IFRS with respect to the accounting treatment of the effects of the change in the corporate statutory income tax rate explained above. To the extent that CODELCO issues its consolidated financial statements under SVS requirements, such consolidated financial statements will not be in compliance with IFRS in this regard.

(4) CODELCO is subject to a mining tax on operating income at progressive rates of between 5% and 14%. The tax is imposed on operating income generated during the operating year. The effective rate of the mining tax for CODELCO was 5.0% in 2014, 2015 and 0.0% in 2016. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework." See also "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO is subject to special taxes" for information regarding the mining tax rate effective in 2016. In addition, CODELCO is subject to the corporate income tax rate of 22.5% in 2015, 24% in 2016 and 25% in 2017 (pursuant to the recent tax reform) and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. See "Taxation—Chilean Taxation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" for additional information.

(5) See Note 8 to the Unaudited Interim Consolidated Financial Statements, Note 8 of the Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(6) For the purpose of calculating CODELCO's ratio of earnings to fixed charges (adjusted), (i) "earnings" consist of Adjusted EBIT and (ii) "fixed charges" consist of finance cost. The ratio of earnings to fixed charges (adjusted) is calculated by dividing Adjusted EBIT by finance cost. Adjusted EBIT is calculated by adding finance cost, impairment charges and income tax expense to profit (loss) for the period. Adjusted EBIT, while not a financial performance measure under IFRS, is presented as an indicator of funds available to service debt. Adjusted EBIT and Adjusted EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financial performance of the Company and (ii) the ability of the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures. The Company believes that Adjusted EBIT, while providing useful information, should not be considered in isolation as a substitute for profit for the period, as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of Adjusted EBIT may be different than the calculation used by other companies and therefore, comparability may be affected. See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

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

(8) Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges to profit (loss) for the period. Adjusted EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not an IFRS-based measure of liquidity or performance. Adjusted EBIT and Adjusted EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financial performance of the Company and (ii) the ability of the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures. The Company believes that Adjusted EBITDA, while providing useful information, should not be considered in isolation or as a substitute for profit as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally,

the Company's calculation of Adjusted EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected. See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

(9) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income. See note 8 above for further information about Adjusted EBITDA and Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

The following table shows CODELCO's earnings, Adjusted EBIT, ratio of earnings to fixed charges (adjusted), Adjusted EBITDA and reconciliation of Adjusted EBIT, Adjusted EBITDA and earnings to profit (loss) under IFRS for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of U.S.$)				
				(unaudited)	
Profit (loss) for the period	$ (72,702)	$ (2,327,779)	$ (333,580)	$ (124,778)	42,438
Income tax expense	1,581,861	(728,398)	(97,096)	(232,098)	250,367
Finance costs	464,671	524,847	547,347	140,070	133,707
Impairments[1]	12,000	3,181,825	156,709	-	-
Adjusted EBIT[2]	**1,985,830**	**650,495**	**273,380**	**(216,806)**	**426,512**
Ratio of earnings to fixed charges (adjusted)[3]	**4.3**	**1.2**	**0.5**	**(1.5)**	**3.2**
Depreciation and amortization of assets	1,946,857	2,024,840	1,936,152	528,035	483,114
Law 13.196[4]	1,081,259	864,797	865,655	205,694	241,783
Adjusted EBITDA	**$ 5,013,946**	**$ 3,540,132**	**$ 3,075,187**	**$ 516,923**	**$ 1,151,409**

(1) See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

(2) Adjusted EBIT is calculated by adding finance cost, impairment charges and income tax expense to profit (loss) for the period. Adjusted EBIT, while not a financial performance measure under IFRS, is presented as an indicator of funds available to service debt. Adjusted EBIT and Adjusted EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financial performance of the Company and (ii) the ability of the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures. The Company believes that Adjusted EBIT, while providing useful information, should not be considered in isolation as a substitute for profit for the period, as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of Adjusted EBIT may be different than the calculation used by other companies and therefore, comparability may be affected. See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

(3) For the purpose of calculating CODELCO's ratio of earnings to fixed charges (adjusted), (i) "earnings" consist of Adjusted EBIT and (ii) "fixed charges" consist of finance cost. The ratio of earnings to fixed charges (adjusted) is calculated by dividing Adjusted EBIT by finance cost.

(4) Law 13.196 of Chile currently 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. For further information on Law 13.196 of Chile, see "Risk Factors— Risks Relating to CODELCO's Relationship with the Government of Chile— CODELCO is subject to special taxes."

The following table shows CODELCO's debt and ratio of debt to Adjusted EBITDA and Adjusted EBITDA coverage ratio for the periods indicated.

	For the year ended December 31,			For the three months ended March 31,	
	2014	2015	2016	2016	2017
	(in thousands of U.S.$, except ratios)				
				(unaudited)	
Debt[1]	$ 13,635,495	$ 14,831,078	$ 14,913,561	14,543,748	14,966,339
Ratio of debt to Adjusted EBITDA	2.7	4.2	4.8	N.A.	N.A.
Finance income	19,744	17,198	23,402	3,947	5,012
Adjusted EBITDA coverage ratio[2]	11.3	7.0	5.9	3.8	8.9

(1) Debt is defined as loans from financial institutions plus bonds issued.

(2) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

RISK FACTORS

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

Risks Relating to CODELCO's Operations

CODELCO has recently recognized a significant impairment charge for certain assets and, if market and industry conditions continue to deteriorate, further impairment charges may be recognized.

A substantial amount of CODELCO's total assets are property, plant and equipment. As of December 31, 2016, 71.8% of our total assets were property, plant and equipment. In accordance with IFRS as issued by the IASB, we review the carrying amount of our assets to determine whether there is any indication that those assets have suffered an impairment loss. CODELCO uses the value-in-use methodology to ensure that the recoverable amount of our property, plant and equipment is not impaired. In assessing the value-in-use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments at the time value of money and the risks specific to the asset.

In 2016, CODELCO recognized a U.S.$78 million impairment loss on its Anglo American Sur assets, primarily due to the rejection of the mining plan for El Soldado, which is owned and operated by Anglo American Sur, by the *Servicio Nacional de Geología y Minería* (the National Geological and Mining Service, or "SERNAGEOMIN"). Moreover, CODELCO recognized a U.S.$2.4 billion asset impairment on its Anglo American Sur assets in 2015, primarily due to a sharp decline in, and deterioration in the outlook for, copper prices. The decline in copper prices significantly affected the variables included in the projections of estimated cash flows in comparison with valuations performed at the end of 2015. Because the impairment calculation is directly associated with the outlook of copper prices, a further downturn in the copper price outlook could require further impairment losses of our plant, property and equipment. Such impairment charges could be material to our financial statements.

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

CODELCO's financial performance is significantly affected by the market prices of copper. These prices have been historically subject to wide fluctuations and are affected by numerous factors beyond the control of CODELCO, including international economic and political conditions, levels of supply and demand, the availability and costs of substitutes, inventory levels maintained by producers and others and actions of participants in the commodities markets. To a lesser extent, copper prices are also subject to the effects of inventory carrying costs and currency exchange rates. In addition, the market prices of copper have occasionally been subject to rapid short-term changes. See "Overview of the Copper Market."

In the first three months of 2017, copper prices averaged 264.5 cents per pound, up from 211.9 cents per pound in the same period in 2016, which may be attributed in part to the increased demand for copper in China and other emerging markets and proposed increase of infrastructure projects under the current U.S. administration. China has been the main driver of copper consumption in recent years, and in 2014, 2015 and 2016, 35.8%, 43.1% and 46.1%, respectively, of CODELCO's sales were made to China. If economic conditions deteriorate in China and other emerging markets, the market price of copper could fall. A continued decline in copper prices would have an adverse impact on CODELCO's revenues and financial results. In 2016, each one-cent change in CODELCO's average annual copper price per pound sold caused a variation in operating profit of approximately U.S.$40 million. If CODELCO's average annual copper price per pound declines significantly, we may be required to recognize asset impairments similar to those recorded during 2015.

In 2015, CODELCO recognized an asset impairment of U.S.$2.4 billion of Anglo American Sur assets, primarily due to the impact of a decline in, and deterioration in the outlook for, copper prices for 2015. The

purchase price of the Anglo American Sur assets was U.S.$875 million and the fair value of the underlying net assets and liabilities was U.S.$4.4 billion as of the acquisition date in 2012. In 2015, CODELCO also recognized impairment charges of U.S.$311 million and U.S.$54 million for the Salvador and Ventanas Divisions, respectively, and other non-cash charges of U.S.$277 million related to investment projects that were not economically viable considering the copper price outlook at the time. See Notes 22 and 25 of the Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges.

In the event of a sustained decline in prices, CODELCO has in the past and could again determine to curtail operations or suspend certain of its mining and processing operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

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

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

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

Three of CODELCO's mining complexes produced over 60.0% of its copper output in 2016 (including CODELCO's share in El Abra and Anglo American Sur). The El Teniente Division, including the Caletones smelter, produced an aggregate of 475,340 metric tons of copper in 2016. The Radomiro Tomic mine produced an aggregate of 318,255 metric tons of copper and the Chuquicamata mine produced an aggregate of 302,010 metric tons of copper, each during the same period. If operations in any of these three mining complexes were significantly reduced, interrupted or curtailed, CODELCO's financial condition and its ability to make the required payments on the notes could be materially and adversely affected. CODELCO cannot assure you that production interruptions will not occur or that any such incident would not materially adversely affect its production. See "Business and Properties—Operations—Chuquicamata Division," "—Radomiro Tomic Division" and "—El Teniente Division."

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

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

Under each of CODELCO's copper sales agreements, CODELCO or its customer may suspend or cancel delivery of copper during a period of force majeure. Events of force majeure under the agreements include acts of nature, strikes, fires, floods, wars, transportation delays, governmental actions or other events that are beyond the control of the parties. Any suspension or cancellation of deliveries under copper sales agreements that are not

replaced by delivery under new contracts or sales on the spot market could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO.

CODELCO's water supply could be affected by geological changes or environmental regulations.

CODELCO's business is dependent on the availability of water for the production of copper and subject to environmental regulations regarding water usage. In the past, Chile has experienced droughts severe enough to adversely affect the energy sector of the economy in the central and southern regions of Chile. CODELCO's access to water may also be impacted by changes in geology or other natural factors that CODELCO cannot control. If Chile were to experience a drought or CODELCO was otherwise unable to obtain adequate water supplies, CODELCO's ability to conduct its operations could be impaired.

In addition, Chile is currently drafting a new water quality standard for the Aconcagua river and is evaluating the adoption of new water quality standards for the Loa and Cachapoal rivers. If new water quality standards are adopted for those water supply sources on which CODELCO depends, these new water quality standards could result in significant additional environmental compliance costs. Furthermore, the Government of Chile has proposed certain changes to applicable water regulations which, if adopted, could result in increased costs and expenditures and, in extreme cases, delays in our mining operations.

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

Chile has adopted environmental, health and safety regulations requiring industrial companies operating in Chile, including CODELCO, to undertake programs to reduce, control or eliminate various types of pollution and to protect natural resources, including water and air, among other requirements. If the environmental authority declares an area to be polluted or potentially polluted, a prevention or decontamination plan is required. Either type of plan may contain measures that may increase the costs of developing new facilities or expanding existing ones in the designated area. Some of the areas where CODELCO operates have been declared polluted. The measures currently included in the prevention or decontamination plans that govern these areas are subject to change and may become more stringent if compliance with the quality standards is not achieved. CODELCO must comply with certain air quality environmental regulations regarding particulate matter (PM_{10}) and sulfur dioxide (SO_2) in the areas surrounding the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants. The Potrerillos, Caletones and Ventanas smelting plants have decontamination plans for such pollutants. In the area surrounding the Chuquicamata smelter, there is a decontamination plan for PM_{10} under review, and a pollution prevention plan for SO_2 is under development. CODELCO is currently unable to fully assess what may be required of the Company or the cost of compliance with the revised PM_{10} pollution reduction plan, the SO_2 prevention plan or any future changes to the other plans covering the areas where CODELCO operates. To date, the impact of operating in latent and saturated zones has not been material for CODELCO; however, it could have a material effect in the future.

An air emission standard for smelters was enacted by the Ministry of the Environment in December 2013. This standard involves arsenic (As), SO_2, PM_{10} and mercury (Hg) emissions. CODELCO has estimated that the cost of complying with this new standard will be U.S.$1.8 billion, which will be incurred over a period of approximately five years (or three years in the case of the Ventanas smelter) and which started in December 2013, but the full cost will be determined when all the necessary engineering projects to ensure compliance are finished and implemented. Such additional costs could also be material. To date, these engineering projects are currently under development. See "Regulatory Framework—Environmental Regulations." Additionally, Supreme Decree 10, dated June 9, 2015, declared the boroughs of Concón, Quintero and Puchuncaví (where Ventanas is located) as a saturated zone with regards to PM2.5 and as a latent zone with regards to PM10.

Environmental, health and safety laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. For example, changes to current environmental laws and regulations, and additional environmental laws and regulations, have recently been adopted, including mine closure legislation that would require financial guarantees, and have recently been proposed, including glacier protection laws that could (i) prevent expansion of our operations into certain areas, (ii) require us to obtain additional permits and (iii) result in increased cost and potential delays. Moreover, certain changes to environmental, health and safety laws and regulations are pending and other new laws or regulations may be adopted in Chile in the future. In addition,

community and environmental activist groups have protested the development of certain mines of our competitors in Chile and may increase demands for socially responsible and environmentally sustainable practices, and their efforts may lead to operational delays and the creation or revision of government regulations and policies with respect to the mining industry in Chile, litigation and increased costs. Finally, as a result of the Paris Agreement reached during the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change in 2015, a number of governments have pledged "Nationally Determined Contributions" to control and reduce greenhouse gas emissions. Assuming that the Chilean economy grows at the same rate it has grown over the previous ten years, excluding the years of the global financial crisis, and such growth rate is sufficient, Chile has committed to reducing its CO_2 emissions per GDP unit by 30% below their 2007 levels by 2030 and, subject to an international monetary grant, reducing its CO_2 emission per GDP unit by 2030 until it reaches a 35% to 45% reduction with respect to the 2007 levels. In addition, the Paris Agreement resulted in increased international pressure for the establishment of a global carbon price, and on companies to adopt carbon pricing strategies. The pricing of greenhouse gas emissions may impact our operational costs, mainly through higher price for fossil fuels as mining is an energy intensive industry. Any of these new laws or regulations could result in significant additional environmental compliance costs or delays in expansion projects. As of March 31, 2017, CODELCO had total provisions of U.S.$1.6 billion for future decommissioning and site restoration costs, primarily related to tailing dams, closures of mine operations and other mining assets. CODELCO's operations outside Chile are also subject to extensive international, national and local environmental, health and safety laws and regulations.

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

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

Earthquake damage to CODELCO's properties and operations could negatively affect CODELCO's results.

Chile is located in a seismic area that exposes CODELCO's operations to the risk of earthquakes. Chile has been adversely affected by powerful earthquakes in the past, including, most recently, (i) in September 2015 when an earthquake struck the coast of Chile, (ii) in April 2014 when an earthquake struck the north of Chile and (iii) in February 2010 when a severe earthquake struck the southern central region of Chile. The September 2015 earthquake measured 8.3 on the Richter scale and affected the coast of Chile just north of Santiago, with no significant consequences for the rest of the country. The April 2014 earthquake measured 8.2 on the Richter scale and affected mainly the Arica and Tarapacá Regions, with no significant consequences for the rest of the country. The February 2010 earthquake and its aftershocks, as well as tsunamis from adjacent coastal waters, caused severe damage to Chile's infrastructure, including roads, bridges, ports and Santiago's international airport, affecting areas across the country.

Although the September 2015, April 2014 and February 2010 earthquakes did not have any substantial effect on CODELCO or its results of operations, and although CODELCO's mining operations are subject to, and designed to withstand, damage from significant seismic events, an earthquake occurring closer to CODELCO's operations in northern Chile could cause damage to its mining operations that would not be covered by insurance, except to the extent that its production ceased for more than 30 days. Any such damages caused by an earthquake that were not covered by insurance could have an adverse effect on CODELCO's results of operations, earnings and cash flow.

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

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

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

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

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

CODELCO's business requires substantial capital expenditures.

CODELCO's business is capital-intensive. Specifically, the exploration and exploitation of copper reserves, mining, smelting and refining costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. CODELCO must continue to invest capital to maintain or to increase the amount of copper reserves that it exploits and the amount of copper that it produces. CODELCO expects to make capital expenditures of approximately U.S.$12.6 billion over the next three years on major projects, which it intends to finance through operations, including capitalization and retention of profit, in addition to new borrowings from banks and capital markets. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditure Program." There can be no assurance that CODELCO will be able to maintain its production levels or generate sufficient cash flow, capitalize a sufficient amount of its profit or have access to sufficient investments, loans or other financing alternatives to finance its capital expenditure program at a level necessary to continue its exploration, exploitation and refining activities at or above its present levels.

CODELCO's future performance depends on the results of current and future innovation and exploration.

CODELCO has a two-pronged exploration program that is focused on increasing reserves of its existing divisions and exploring for new deposits outside of its current operations. As the ore quality of CODELCO's reserves continue to decline over time, innovation and exploration is increasingly important to CODELCO's success. CODELCO expects to maintain its production levels through its expansion and development projects for the next three years. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditure Program" for more detail. While initial results have been favorable, there can be no guarantee that CODELCO's exploration program will continue to be successful. In addition, there may be some degree of execution risks associated with the expansion of operations into deeper mines or mines at higher altitudes. CODELCO's expansion program could also experience delays or be negatively impacted by higher costs. If CODELCO's expansion program is not successful, it would materially and adversely affect its copper production levels. For a description of CODELCO's current development programs, see "Business and Properties—Resource Development."

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

Energy represents a material portion of the production costs for CODELCO. The main energy sources for CODELCO's operations are electricity, liquid fuels (such as diesel, fuel oil and gasoline) and natural gas. Since 2004, there has been a restricted supply of natural gas from Argentina. CODELCO's production costs have increased due to these shortages as it must rely on electricity generated from more expensive sources, such as diesel, oil or coal, and these increased costs have adversely affected CODELCO's results. CODELCO has taken certain actions to secure the sources from which it can procure energy, including entering into long-term electrical contracts at competitive prices, participating in the construction of liquefied natural gas ("LNG") re-gasification terminals and entering into a five-year supply contract for liquid fuels which are expected to meet its energy requirements. See "Business and Properties—Production Costs of Copper." In 2014, Chile passed a carbon tax targeting the power sector, which to the extent passed on to consumers would increase CODELCO's production costs. If CODELCO's energy suppliers do not perform as expected or if there is an increase in energy costs in the future, CODELCO's profits and cash flow could be adversely affected.

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

As of December 31, 2016, CODELCO employed 18,605 employees, approximately 89.3% of whom were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to four years. CODELCO has experienced material work slowdowns, work stoppages and strikes in the past.

CODELCO was involved in negotiating seven collective bargaining agreements in 2016. Five of these collective bargaining agreements, covering a total of 6,797 employees at the Andina Division, our headquarters, our Shared Services Division and the Chiquicamata Division, were negotiated in advance of schedule without any conflicts or work stoppages. The two remaining collective bargaining agreements, covering a total of 1,060 employees at the Salvador Division, were negotiated on schedule. One of the two was negotiated without conflict and the other was finalized after a five-day strike that did not affect production levels.

CODELCO has experienced work disruptions in the past, and there can be no assurance that a work slowdown or work stoppage will not occur prior to or upon the expiration of the current collective bargaining agreements. Management is unable to estimate the effect of any such work slowdown, stoppage or strike on CODELCO's production levels. Work slowdowns, stoppages or other labor-related developments affecting CODELCO could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO. In particular, work slowdowns, stoppages and other labor-related events could increase CODELCO's independent contracting costs. In addition, pursuant to the *Código del Trabajo* (the "Labor Code of Chile"), CODELCO could be held liable for the payment of labor and social security obligations owed to the employees of independent contractors (or their subcontractors) if the independent contractors (or their subcontractors) do not fulfill those payment obligations. For further information on employee and independent contractor matters, including recent work disruptions, see "Business and Properties—Employees."

CODELCO could be affected by the implementation of a new labor law that was recently promulgated by the Chilean Congress.

In December 2014, the executive branch of the Government of Chile, led by President Michelle Bachelet, signed an extensive labor reform bill (the "Labor Reform Bill") that was sent to the Chilean Congress for parliamentary proceedings and approval. After the required legal and constitutional proceedings were finalized, dissident Congressmen filed a constitutional action against the bill, claiming the unconstitutionality of certain provisions of the bill, including: (i) the exclusive power of labor unions, in companies where such unions exist, to negotiate and enter into collective bargaining agreements; (ii) automatic entitlement to benefits provided for in a standing collective employment contract for employees who affiliate with the labor union at a later time; (iii) the right of labor unions to request payroll spreadsheets that list the salaries of all employees involved in a collective bargaining negotiation; and (iv) mandatory collective bargaining with inter-company unions in large and mid-sized companies. On May 9, 2016, the constitutional court fully upheld the provisions regarding (i) above, partially upheld the provision regarding (ii), and rejected the provisions related to (iii) and (iv) above.

As of December 31, 2016, CODELCO had 18,605 employees, approximately 89.3% of whom were covered by collective bargaining agreements with labor unions. CODELCO currently has positive labor relations with these unions. The Labor Reform Bill prevents Chilean companies from hiring temporary replacements for striking employees and also prevents the replacement of striking employees with other existing employees of the company. This may have an adverse effect on our overall employment and operating costs, and may increase the likelihood of business disruptions in Chile. It has not been a practice of CODELCO to replace employees on strike. CODELCO is currently unable to estimate the impact that the Labor Reform Bill or similar reforms will have on its labor relations with respect to labor unions, or on its business, financial condition, operating results and prospects.

In August 2016, the Government of Chile promulgated the Labor Reform Bill, which was published in the Chilean Official Gazette on September 8, 2016 and entered into effect on April 1, 2017. As of September 8, 2016, pursuant to the third article of the transitory provisions, CODELCO and its labor unions were able to negotiate the minimum services and emergency equipment that the labor unions must provide in case of a strike during a collective bargaining process. The following minimum services shall be strictly enforced: (i) services that are strictly necessary to protect the physical assets and premises of the Company and to prevent accidents; (ii) services strictly necessary to guarantee the rendering of all services of public utility, and the attention of the population and basic needs, including those related to life, safety and health; and (iii) services strictly necessary to guarantee the prevention of sanitary or environmental damage.

If there is any disagreement between CODELCO and its labor unions regarding such minimum services and emergency equipment, the parties may resolve such disagreement through administrative proceedings before the *Dirección Regional del Trabajo* (Regional Labor Board), which are subject to challenge by the parties before the *Director Nacional del Trabajo* (National Labor Board).

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

CODELCO from time to time hedges certain future copper delivery commitments and production in order to manage the risks associated with copper price volatility. CODELCO currently does not have any production hedging commitments. See Notes 27 and 28 to the Unaudited Interim Consolidated Financial Statements.

CODELCO's production hedging activities could cause it to lose the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in 2012. The cash flows from and the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

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

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

See "Business and Properties—Marketing—Pricing and Hedging," Notes 28 and 29 to the 2015-2016 Year-end Consolidated Financial Statements and Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

Economic and political developments in the United States may adversely affect CODELCO.

Revenue from international sales constitutes a material portion of our total revenue, and we anticipate it will continue to for the foreseeable future. The current U.S. administration has suggested that it is not supportive of certain existing international trade agreements. At this time, it remains unclear what actions may be taken with respect to these international trade agreements. If the United States takes action to withdraw from or materially modify certain international trade agreements or the United States or another government takes action that disrupts international trade, CODELCO's business, financial condition and results of operations could be adversely affected. If our revenues generated from international sales decline significantly as a result, it could have a material adverse effect on CODELCO's business and results of operations.

The departure of the UK from the EU could have an adverse effect on CODELCO's business, financial condition and potential growth into Europe.

On June 23, 2016, the UK held a referendum in which voters approved an exit from the EU, commonly referred to as "Brexit," and on March 29, 2017, the UK submitted a formal notification of its intention to withdraw from the EU. CODELCO does not know the extent of the impact that Brexit will have on its business. Brexit has created significant volatility in the global financial markets, but the eventual effects of the UK's impending departure from the EU on CODELCO's business and financial condition are uncertain at this time, as negotiations commence to determine the future terms of the UK's relationship with the EU. The effects of the UK's withdrawal from the EU will depend on agreements that the UK makes to retain access to EU markets either during a transitional period or on a more permanent basis.

Brexit is likely to continue to adversely affect European and worldwide economic conditions and could contribute to greater instability in the global financial markets before and after the terms of the UK's future relationship with the EU are settled. These effects could have an adverse effect on our business, financial condition and potential growth into Europe.

Risks Relating to CODELCO's Relationship with the Government of Chile

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

CODELCO is a mining, industrial and commercial state-owned enterprise of indefinite duration with its own legal personality and capital. CODELCO's relationship with the Government of Chile is through the Ministry of Mining, and is governed by Decree Law 1.350, as amended by Law 20.392, its bylaws and other applicable legislation. The President of Chile is vested with the authority analogous to that of the shareholders of a corporation (*sociedad anónima*) under Chilean law, which may be delegated in whole or in part to the Ministers of Finance and Mining, jointly. Pursuant to such authority, the President of Chile names CODELCO's nine directors and approves any amendments to CODELCO's bylaws. In December 2013, Verónica Michelle Bachelet Jeria was re-elected as President of Chile, after having previously served as President from 2006-2010. Senior management and administration of the Company are vested in its Board of Directors and further delegated to its Chief Executive Officer. Pursuant to Decree Law 1.350, CODELCO's Board of Directors must submit its proposed annual budget to the Ministries of Finance and Mining for approval and possible revision. In addition, Decree Law 1.350 requires CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO's debts, including the notes. CODELCO must also submit a three-year *Plan de Negocios y Desarrollo* (a Business Development Plan, or "BDP") report, approved by the Company's Board of Directors, to the Ministries of Finance and Mining by March of each year. There is no guarantee that actions taken with respect to the appointment of CODELCO's directors, amendments to its bylaws, and revision and approval of its budget, including CODELCO's capitalization of profit, are or will be the same as they would be in a privately owned company. See "Management" and "Regulatory Framework."

CODELCO's funding through retention of profits is restricted and is subject to the approval of the Ministries of Finance and Mining.

As a state-owned enterprise and according to its governing law, CODELCO's profit is required to be transferred to the Chilean Treasury. Before June 30 of each year, the Ministries of Finance and Mining are required to determine, by means of a joint decree, the amount, if any, that the Company shall allocate to the creation of capitalization and reserve funds. Since 2014, the Government of Chile has authorized the capitalization by capital injection and retention of profit within CODELCO in an aggregate amount of U.S.$1.8 billion. Although CODELCO currently expects the Ministries of Finance and Mining to make available a substantial amount of its pre-tax profit over the next three years, a joint decree of the Ministries of Finance and Mining is required each year and the amounts approved in any given year, if any, could vary significantly.

If CODELCO's funding through capitalization and retention of profits, depreciation, amortization and deferred taxes are insufficient to fund capital expenditures and if it is unable to otherwise finance planned expenditures, CODELCO's business would be adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources." In addition, if the Government of Chile does not authorize additional capitalization or the retention of profits, our credit rating may be adversely affected, which could have a material adverse effect on our business and financial condition.

CODELCO is subject to special taxes.

Law 13.196 of Chile currently 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. As a result, the *Ley Orgánica Constitucional del Banco Central de Chile* (the "Chilean Central Bank") retains 10% of the amounts from such sales that CODELCO transfers to its Chilean account. All such amounts are then transferred via the Central Bank of Chile. Law 13.196 has an adverse effect on our ability to retain earnings for purposes of capital expenditures. A bill is currently under discussion in the Chilean Congress that proposes the repeal of Law 13.196, and if the bill were to be approved, effective as of January 1 of the calendar year following such approval, CODELCO would no longer be subject to such special export tax. We can provide no assurance that Law 13.196 will be repealed.

Since the 2012 fiscal year, CODELCO has been subject to a mining tax on operating income at progressive rates between 5% and 14%. The tax is imposed on operating income generated during the operating year and will be determined as provided in new articles 64 bis and 64 ter of the Chilean Income Tax Law. During 2016, CODELCO distributed a total of U.S.$942 million (including income tax, and export tax payments and distributions) to the Chilean Treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework." The effective rate of the mining tax was 0.0% for CODELCO in 2016 and it is estimated to be approximately the same for 2017.

In September 2014, an extensive tax reform was enacted in Chile through which certain cornerstones of the Chilean tax system were changed. Among these changes, the tax reform modified the corporate tax regime by allowing for the coexistence of two alternative tax regimes from 2017 onwards. Consequently, as of January 1, 2017, Chilean companies are able to opt between the following two tax regimes: (i) the partially integrated regime (*parcialmente integrado*) or (ii) the attributable taxation regime (*renta atribuida*). Under both regimes, the corporate tax rate gradually increased from 21% in 2014, to 22.5% in 2015 and to 24% in 2016. As of 2017, depending on the tax regime chosen by the company, the corporate tax rate has been increased to 25% (in the case of the attributable taxation regime) and 25.5% (in the case of the partially integrated regime). On or after January 1, 2018, the tax rate applicable to the partially integrated regime will be increased to 27%. In addition, this tax reform also contemplates additional changes, such as thin capitalization rules, the taxation of controlled foreign corporations with passive income (effective January 2016) and an increase to 0.8% in the maximum stamp tax rate from 2016 onwards.

Nonetheless, CODELCO as a 100% state-owned corporation, will not be subject to either of the aforementioned tax regimes but instead will be subject to a corporate tax rate on its net taxable income determined under full accounting records. This corporate tax rate has gradually increased from 21% in 2014 to up to 25% in

2017. This regime has been confirmed by Circular No. 49 (*Oficio Circular No. 49*) issued by the *Servicio de Impuestos Internos* (the "Internal Tax Services, or "SII") in July 2016. With respect to deferred tax assets and liabilities arising as a result of this increased corporate statutory income tax rate, Circular No. 856 (*Oficio Circular No. 856*) issued by the SVS requires us to record such effects in equity. This SVS requirement differs from the accounting treatment under IFRS, which requires such effects to be reported as an income tax expense in the results of operations. The impact on CODELCO's consolidated financial statements for the year ended December 31, 2014 included in this offering memorandum corresponds to a one-time charge against profit in the amount of U.S.$783.62 million for 2014, U.S.$646.90 million of which corresponds to the impact on CODELCO's subsidiaries in which it has a controlling interest and U.S.$136.72 million of which corresponds to the impact on those associates accounted for using the equity method in which CODELCO exercises significant influence. It should be noted that the consolidated financial statements as of and for the year ended December 31, 2014 included in this offering memorandum have been prepared in accordance with IFRS. Therefore, the consolidated financial statements as of and for the year ended December 31, 2014 filed with the SVS and published on CODELCO's website differ from the financial statements prepared under IFRS with respect to the accounting treatment of the effects of the change in the corporate statutory income tax rate explained above. To the extent that CODELCO issues its consolidated financial statements under SVS requirements, such consolidated financial statements will not be in compliance with IFRS in this regard.

Currently, CODELCO is subject to the corporate income tax rate of 25% pursuant to the recent tax reform and a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. For further information, see "Taxation—Chilean Taxation."

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

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

Risks Relating to Chile

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

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

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

Although Chilean inflation has decreased in recent years, Chile has experienced high levels of inflation in the past. High levels of inflation in Chile could adversely affect the Chilean economy and have an adverse effect on CODELCO's results of operations if the high inflation is not accompanied by a matching devaluation of the local currency. There can be no assurance that Chilean inflation will not revert to prior levels in the future. In addition, the measures taken by the Central Bank of Chile to control inflation have often included maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and economic growth.

The following table shows the annual rate of inflation (as measured by changes in the Chilean consumer price index and as reported by the *Instituto Nacional de Estadísticas*, or the "Chilean National Institute of Statistics") during the last three years ended December 31, 2016 and in the first three months of 2017:

Year	Inflation (CPI)
	(in percentages)
2014	4.6
2015	4.4
2016	2.7
2017 (through June 30, 2017)	1.1

Source: Chilean National Institute of Statistics

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

The variation of the U.S. dollar against the peso constitutes CODELCO's main foreign exchange rate exposure. The mismatch between assets and liabilities denominated in pesos amounts to a net liability for the Company of U.S.$1.4 billion (4.09% of the total amount of liabilities on a consolidated basis) as of March 31, 2017. In order to cover this risk, CODELCO has, and currently is, engaged in hedging transactions to partially mitigate the effects of the volatility of foreign exchange rates. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO."

Risks Relating to the Offering

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

CODELCO's activities in Chile are dependent on concessions granted by the Chilean Ordinary Courts with respect to CODELCO's mining rights. These concessions are granted for indefinite terms in the case of exploitation concessions and for two-year periods in the case of exploration concessions (renewable with certain limitations). As a general matter, the Ordinary Courts, through legal proceedings brought by third parties (or by the Chilean Treasury in case of noncompliance with the obligation to pay annual fees), have the legal right to terminate or annul the concessions. Pursuant to the Chilean Mining Code, all mining concessions, as well as certain raw materials and other property or assets permanently dedicated to the exploration or extraction of minerals, cannot be subject to an order of attachment, except with respect to mortgages, where the debtor consents to the attachment in the relevant legal proceeding or when the debtor is a stock corporation. In addition, pursuant to the Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 can be subject neither to attachment nor to any act of disposition by CODELCO. As a result, the rights of holders to attach property of CODELCO in the event of a default under the notes would be limited by such provisions. See "Regulatory Framework—Mining Regulations."

CODELCO is permitted to incur additional indebtedness ranking equally to the notes or certain secured indebtedness.

The indenture governing the notes will not contain any restrictions on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, the notes contain restrictions on the ability of CODELCO and its subsidiaries to incur certain secured indebtedness as set forth in "Description of Notes—Limitations on Liens" below. As a result, CODELCO is permitted to issue additional unsecured debt that ranks on an equal basis with the notes. If CODELCO incurs any additional unsecured debt that ranks on an equal basis with the notes, the holders of that debt will be entitled to share with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of CODELCO subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you under such an event. The indenture does not require CODELCO to make payments under the notes ratably with payments being made under any other obligations.

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

Under current Chilean law and regulations, payments of interest to holders of the notes that are not residents of Chile for purposes of Chilean taxation generally will be subject to Chilean withholding tax at a rate of 4%. Subject to certain exceptions, CODELCO will pay Additional Amounts (as defined in "Description of Notes— Payments of Additional Amounts") so that the amount received by the holder after Chilean withholding tax will equal the amount that would have been received if no such taxes had been applicable. The notes of each series are redeemable at the option of CODELCO in whole, but not in part, at any time, at the principal amount thereof plus accrued and unpaid interest and any Additional Amounts due thereon if, as a result of changes in the laws or regulations after the date of this offering memorandum affecting Chilean taxation, CODELCO becomes obligated to pay Additional Amounts with respect to interest on such notes in respect of withholding or deduction of Chilean tax at a rate in excess of 4%. CODELCO is unable to determine whether such an increase in the withholding tax rate will ultimately be presented to or enacted by the Chilean Congress; however, if such an increase were enacted, the notes would be redeemable at the option of CODELCO. See "Description of Notes— Redemption—Tax Redemption" and "Taxation—Chilean Taxation."

Our obligations under the notes will be subordinated to certain statutory liabilities.

Under Chilean bankruptcy law, the obligations under the notes are subordinated to certain statutory preferences. In the event of a liquidation, such statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any investor in respect of the notes.

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

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

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

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

We cannot assure you that our credit rating, or the credit ratings for the notes, will not be lowered, suspended or withdrawn by the rating agencies.

Our credit rating is subject to change in the future, and the credit ratings of the notes may change after issuance. Such ratings do not address all material risks relating to an investment in CODELCO, or its notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. CODELCO cannot assure you that such

credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Our credit rating is an important part of maintaining our liquidity. Any lowering, suspension or withdrawal of such ratings may potentially increase our borrowing costs, and may have an adverse effect on our financial results and business operations and the market price and marketability of the notes.

Payments claimed in Chile on the notes, pursuant to a judgment or otherwise, may be in pesos.

In the event that proceedings are brought against CODELCO in Chile, either to enforce a judgment or as a result of an original action brought in Chile, CODELCO would not be required to discharge those obligations in a currency other than Chilean currency. Such obligation may be satisfied in Chilean currency at the exchange rate in effect on the date on which payments are made. As a result, you may suffer a U.S. dollar shortfall if you obtain a judgment in Chile.

USE OF PROCEEDS

The estimated total net proceeds from the offering of the notes are U.S.$2,661,340,559, after deducting commissions to the initial purchasers, payment of a Chilean stamp tax of U.S.$22,000,000 and payment of legal fees and all other expenses related to the offering. CODELCO intends to use the net proceeds from the sale of the notes (i) to pay the consideration for the Tender Offers and accrued and unpaid interest on the Tender Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offers and (iii) the remainder, if any, for general corporate purposes. The Tender Offers are not being made pursuant to this offering memorandum. The closing of the Tender Offers is contingent upon the closing of this offering. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Capitalization."

CAPITALIZATION

The following table sets forth the capitalization of CODELCO in accordance with IFRS at March 31, 2017 and as adjusted to give effect to the offering of the notes and application of the estimated net proceeds from the offering of the notes as described under "Use of Proceeds." This table is qualified in its entirety by reference to, and should be read together with, CODELCO's Unaudited Interim Consolidated Financial Statements, including the notes thereto, included elsewhere in this offering memorandum.

	As of March 31, 2017	
	Actual	As Adjusted[1]
	(in thousands of U.S.$)	
Current financial liabilities		
Current portion of loans from financial institutions	$ 204,137	$ 204,137
Current portion of bonds issued	134,967	134,967
Total current financial liabilities	$ 339,104	$ 339,104
Non-current financial liabilities		
Bank debt	$ 2,999,184	$ 2,999,2184
7.500% Notes due 2019	597,166	207,166
3.750% Notes due 2020	992,252	342,252
3.875% Notes due 2021	1,140,860	392,860
3.000% Notes due 2022	1,239,680	826,680
4.500% Notes due 2023	739,964	589,964
2.250% Euro Notes due 2024[2]	631,306	631,306
4.000% UF Notes due 2025[3]	289,021	289,021
4.500% Notes due 2025	1,962,068	1,562,068
2.500% UF Notes due 2026[4]	422,632	422,632
5.625% Notes due 2035	491,325	491,325
6.150% Notes due 2036	496,246	496,246
4.250% Notes due 2042	732,332	732,332
5.630% Notes due 2043	932,756	932,756
4.875% Notes due 2044	960,442	960,442
Notes offered hereby[5]	-	2,750,000
Total non-current financial liabilities	$ 14,627,235	$ 14,627,235
Non-controlling interest	$ 982,208	$ 982,208
Equity		
Issued capital	$ 3,624,423	$ 3,624,423
Other reserves	5,306,943	5,306,943
Retained Earnings:		
Retained earnings	13,696	13,696
Profits distributions to the Chilean Treasury	-	-
Profit (loss) for the period	42,438	42,438
Equity attributable to equity owners of the parent	$ 8,945,062	$ 8,945,062
Total capitalization[6]	$ 24,893,609	$ 24,893,609

(1) Assumes repayment of (i) U.S.$390 million, U.S.$650 million and U.S.$748 million for the 2019 Notes, the 2020 Notes and the 2021 Notes, respectively (the Any and All Notes), and (ii) U.S.$413 million, U.S.$150 million and U.S.$400 million for the 2022 Notes, the 2023 Notes and the 2025 Notes, respectively (the remaining Tender Notes), pursuant to the Tender Offers.

(2) The U.S.$ equivalent of €600 million aggregate principal amount of the 2.25% Euro Notes due 2024 has been translated at an exchange rate of U.S.$1.00 = €0.9360 at March 31, 2017.

(3) The U.S.$ equivalent of 6.9 million UF aggregate principal amount of the 4.0% UF notes due 2025 has been translated at an exchange rate of U.S.$1.00 = 0.02508 UF at March 31, 2017.

(4) The U.S.$ equivalent of 10 million UF aggregate principal amount of the 2.5% UF notes due 2026 has been translated at an exchange rate of U.S.$1.00 = 0.02508 UF at March 31, 2017.

(5) Net of deferred financing costs, commissions to the initial purchasers, payment of a Chilean stamp tax and payment of legal fees and all other expenses related to the offering.

(6) CODELCO has no convertible debt securities, warrants exercisable for debt securities or other similar securities outstanding.

EXCHANGE RATES

As a general matter, prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases ex
Central Bank. Law 18.840, the Chilean Central Bank Act, liberalized the rules that govern the purchase and sale of foreign currenc
Central Bank to determine that certain purchases and sales of foreign currency specified by law must be carried out in the *Mercado*
"Formal Exchange Market"). The Formal Exchange Market is formed by the banks and other entities so authorized by the Central
see "Foreign Investment and Exchange Controls in Chile." The observed exchange rate for any given day equals the average excha
conducted in the Formal Exchange Market on the immediately preceding banking day, as certified by the Central Bank (the "Obser
though the Central Bank is authorized to carry out its transactions at the rates it sets, it generally uses the spot rate for its transactio
other banks are generally carried out at the spot rate.

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

The following table sets forth, for the periods indicated, the high, low, average and period-end Observed Exchange Rate f
beginning in 2014 as reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report a noon buyin

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

Period	High[(1)]	Low[(1)]	Average[(2)]	Period
2014	621.41	524.61	570.01	60
2015	715.66	597.10	654.25	70
2016	730.31	645.22	676.83	66
2017:				
January	673.36	648.31	661.19	64
February	646.97	638.35	643.21	64
March	669.52	648.88	661.20	66
April	665.35	647.47	655.74	66
May	679.05	665.41	671.54	67
June	672.37	659.46	665.15	66
July (through July 24)	666.61	651.56	660.87	65

(1) Rates shown are the actual low and high (as applicable) on a daily basis for periods indicated.

(2) The average annual rates represent the average of average monthly rates for the periods indicated. The average monthly rates represent the average of
indicated.

(3) Period ends on January 1 of the following year.

Source: Central Bank of Chile.

The Observed Exchange Rate reported by the Central Bank of Chile for July 24, 2017 was Ch$651.82 = U.S.$1.00.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present CODELCO's summary consolidated financial data and other data as of and for each of the pe
(other than the average LME copper prices) is derived from, and should be read together with, CODELCO's Consolidated Financia
thereto, included elsewhere in this offering memorandum. This data should also be read together with "Management's Discussion
Condition and Results of Operations." The Consolidated Financial Statements and other financial information included in this offe
presented in accordance with IFRS. The unaudited interim information for the three-month periods ended March 31, 2016 and 201
consisting of only normal recurring adjustments, that in the opinion of management are necessary for the fair presentation of such i
results of operations for the three months ended March 31, 2016 and 2017 are not necessarily indicative of the results to be expecte
period.

	For the year ended December 31,			For
	2014	2015	2016	2
			(in thousands of U.S.$)	(una
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
Revenue	$ 13,826,677	$ 11,693,492	$ 11,536,751	$ 2,719,3
Cost of sales[1]	(10,111,412)	(9,916,805)	(9,449,668)	(2,439,4
Gross profit	3,715,265	1,776,687	2,087,083	279,9
Other income, by function	98,346	152,889	138,474	9,4
Distribution costs	(9,343)	(12,435)	(11,891)	(2,8
Administrative expenses	(451,122)	(363,494)	(415,395)	(94,4
Other expenses[2]	(1,620,977)	(2,086,728)	(1,324,149)	(254,5
Other gains	37,682	20,885	29,400	6,8
Finance income	19,744	17,198	23,402	3,9
Finance costs	(464,671)	(524,847)	(547,347)	(140,0
Share of profit (loss) of associates and joint ventures accounted for using equity method	(194,585)	(2,501,652)	(177,358)	7,4
Foreign exchange differences	378,820	465,320	(232,895)	(172,6
Profit (loss) for the period before tax	1,509,159	(3,056,177)	(430,676)	(356,8
Income tax expense[3][4]	(1,581,861)	728,398	97,096	232,0
Profit (loss) for the period	(72,702)	(2,327,779)	(333,580)	(124,7
Profit (loss) attributable to owners of the parent	75,029	(1,492,216)	(275,418)	(122,3
Profit (loss) attributable to non-controlling interests	(147,731)	(835,563)	(58,162)	(2,4
Profit (loss) for the period[3]	$ (72,702)	$ (2,327,779)	$ (333,580)	$ (124,7

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	As of December 31		
	2014	2015	2016
		(in thousands of U.S.$)	
Total current assets	$ 5,988,960	$ 6,057,888	$ 4,695,904
Total property, plant and equipment	21,904,361	22,628,311	23,977,261
Investments accounted for using equity method[5]	6,798,706	4,091,817	3,753,974
Non-current receivables	124,675	85,069	95,316
All other assets	439,864	441,829	880,186
Total assets	$ 35,256,566	$ 33,304,915	$ 33,402,641
Total current liabilities	3,575,835	3,772,188	2,467,939
Total non-current liabilities	20,155,219	19,849,906	21,044,293
Total liabilities	$ 23,731,054	$ 23,572,094	$ 23,512,232
Non-controlling interests	1,863,735	1,042,855	978,666
Equity attributable to owners of the parent	9,661,777	8,689,966	8,911,743
Total equity[3]	$ 11,525,512	$ 9,732,821	$ 9,890,409
Total liabilities and equity	$ 35,256,566	$ 33,304,915	$ 33,402,641

OTHER ITEMS	For the year ended December 31,			
	2014	2015	2016	2016
		(in thousands of U.S.$, except ratios and copper prices)		
				(unaudit
Depreciation and amortization of assets	$ 1,946,857	$ 2,024,840	$ 1,936,152	$ 528,035
Interest expense, net	$ (444,927)	$ (507,649)	$ (523,945)	$ (136,123)
Ratio of earnings to fixed charges (adjusted)[6]	4.3	1.2	0.5	(1.5)
Average LME copper price (U.S. ¢ per pound)[7]	311.3	249.2	220.6	211.9
Adjusted EBITDA[8]	$ 5,013,946	$ 3,540,132	$ 3,075,187	$ 516,923
Ratio of debt to Adjusted EBITDA[8]	2.7	4.2	4.8	N.A.
Adjusted EBITDA coverage ratio[8][9]	11.3	7.0	5.9	3.8

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

(2) "Other expenses" is comprised principally of costs related to retirement plan and severance indemnities, costs of environmental exit, restoration and similar li tax paid by the Company that is required by Law 13.196. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) In September 2014, an extensive tax reform in Chile became effective, which, among other changes, increased the corporate statutory income tax rates beginn tax assets and liabilities arising as a result of this increased corporate statutory income tax rate, Circular No. 856 (*Oficio Circular No. 856*) issued by the SVS equity. This SVS requirement differs from the accounting treatment under IFRS, which requires such effects to be reported as an income tax expense in the re CODELCO's consolidated financial statements for the year ended December 31, 2014 included in this offering memorandum corresponds to a one-time charg U.S.$783.62 million for 2014, U.S.$646.90 million of which corresponds to the impact on CODELCO and those subsidiaries in which it has a controlling inte corresponds to the impact on those subsidiaries in which CODELCO does not have a controlling interest. It should be noted that the consolidated financial sta for the year ended December 31, 2014 included in this offering memorandum have been prepared in accordance with IFRS. Therefore, the consolidated finan ended December 31, 2014 filed with the SVS and published on CODELCO's website differ from the financial statements included herein prepared under IFR treatment of the effects of the change in the corporate statutory income tax rate explained above. To the extent that CODELCO issues its consolidated financi requirements, such consolidated financial statements will not be in compliance with IFRS in this regard.

(4) CODELCO is subject to a mining tax on operating income at progressive rates of between 5% and 14%. The tax is imposed on operating income generated d effective rate of the mining tax for CODELCO was 5.0% in 2014, 2015 and 0.0% in 2016. See "Management's Discussion and Analysis of Financial Conditi

Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework." See also "Risk Factors—Risks Relating to CODELC of Chile—CODELCO is subject to special taxes" for information regarding the mining tax rate effective in 2016. In addition, CODELCO is subject to the co 2015, 24% in 2016 and 25% in 2017 (pursuant to the recent tax reform) and a 40% tax on net earnings applicable to state-owned enterprises as specified by D "Taxation—Chilean Taxation" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resour Treasury" for additional information.

(5) See Note 8 to the Unaudited Interim Consolidated Financial Statements, Note 8 of the Year-end Consolidated Financial Statements and "Management's Discu Condition and Results of Operations."

(6) For the purpose of calculating CODELCO's ratio of earnings to fixed charges (adjusted), (i) "earnings" consist of Adjusted EBIT and (ii) "fixed charges" con earnings to fixed charges (adjusted) is calculated by dividing Adjusted EBIT by finance cost. Adjusted EBIT is calculated by adding finance cost, impairmen profit (loss) for the period. Adjusted EBIT, while not a financial performance measure under IFRS, is presented as an indicator of funds available to service d EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financial performance the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures. The Company believes that Adjusted EBIT, while provid considered in isolation as a substitute for profit for the period, as an indicator of operating performance, or as an alternative to cash flow as a measure of liqui calculation of Adjusted EBIT may be different than the calculation used by other companies and therefore, comparability may be affected. See Notes 22 and Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information ab non-cash charges.

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

(8) Adjusted EBITDA is calculated by adding finance cost, income tax expense, depreciation and amortization of assets plus export taxes and impairment charges Adjusted EBITDA is presented because it is a widely accepted indicator of funds available to service debt, although it is not an IFRS-based measure of liquidi and Adjusted EBITDA data are included in this offering memorandum because such data are used by investors to assess: (i) the operating trends and financia the ability of the Company to (a) service its existing debt, (b) incur new debt and (c) fund its capital expenditures. The Company believes that Adjusted EBIT information, should not be considered in isolation or as a substitute for profit as an indicator of operating performance, or as an alternative to cash flow as a m Company's calculation of Adjusted EBITDA may be different than the calculation used by other companies and therefore, comparability may be affected. Se Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further infor other non-cash charges.

(9) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income. See note 8 above for further information about Adju the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" f impairment charges and other non-cash charges.

The following table shows CODELCO's earnings, Adjusted EBIT, ratio of earnings to fixed charges (adjusted), Adjusted
Adjusted EBIT, Adjusted EBITDA and earnings to profit (loss) under IFRS for the periods indicated.

	For the year ended December 31,			
	2014	2015	2016	2016
			(in thousands of U.S.$)	
				(unaudi
Profit (loss) for the period	$ (72,702)	$ (2,327,779)	$ (333,580)	(124,778
Income tax expense	1,581,861	(728,398)	(97,096)	(232,098
Finance costs	464,671	524,847	547,347	140,070
Impairments[1]	12,000	3,181,825	156,709	-
Adjusted EBIT[2]	**1,985,830**	**650,495**	**273,380**	**(216,806**
Ratio of earnings to fixed charges (adjusted)[3]	**4.3**	**1.2**	**0.5**	
Depreciation and amortization of assets	1,946,857	2,024,840	1,936,152	528,035
Law 13.196[4]	1,081,259	864,797	865,655	205,694
Adjusted EBITDA	**$ 5,013,946**	**$ 3,540,132**	**$ 3,075,187**	**$ 516,923**

(1) See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition information about impairment charges and other non-cash charges.

(2) Adjusted EBIT is calculated by adding finance cost, impairment charges and income tax expense to profit (loss) for the period. Adjusted EBIT, while not a IFRS, is presented as an indicator of funds available to service debt. Adjusted EBIT and Adjusted EBITDA data are included in this offering memorandum b to assess: (i) the operating trends and financial performance of the Company and (ii) the ability of the Company to (a) service its existing debt, (b) in expenditures. The Company believes that Adjusted EBIT, while providing useful information, should not be considered in isolation as a substitute for p operating performance, or as an alternative to cash flow as a measure of liquidity. Additionally, the Company's calculation of Adjusted EBIT may be diffe companies and therefore, comparability may be affected. See Notes 22 and 25 of the 2015-2016 Year-end Consolidated Financial Statements and "Mana Financial Condition and Results of Operations" for further information about impairment charges and other non-cash charges.

(3) For the purpose of calculating CODELCO's ratio of earnings to fixed charges (adjusted), (i) "earnings" consist of Adjusted EBIT and (ii) "fixed charges" earnings to fixed charges (adjusted) is calculated by dividing Adjusted EBIT by finance cost.

(4) Law 13.196 of Chile currently requires the payment of a 10% special export tax on receivables of the sales proceeds that CODELCO receives and transfers related by products produced by CODELCO. For further information on Law 13.196 of Chile, see "Risk Factors— Risks Relating to CODELCO's Relatio CODELCO is subject to special taxes."

The following table shows CODELCO's debt and ratio of debt to Adjusted EBITDA and Adjusted EBITDA coverage rati

	For the year ended December 31,			
	2014	2015	2016	2016
			(in thousands of U.S.$, except ratios)	
				(unaudit
Debt[1]	$ 13,635,495	$ 14,831,078	$ 14,913,561	$ 1
Ratio of debt to Adjusted EBITDA	2.7	4.2	4.8	
Finance income	19,744	17,198	23,402	
Adjusted EBITDA coverage ratio[2]	11.3	7.0	5.9	

(1) Debt defined as loan from financial institutions plus bonds issued.
(2) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income.

SELECTED OPERATING DATA

The following table sets forth a summary of the production and sales data of CODELCO for each of the years ended Dece and for the three months ended March 31, 2016 and 2017. For more information regarding such data, see "Business Properties."

	Year ended December 31,			For
	2014	2015	2016	2016
COPPER MINING OPERATIONS				
Ore Mined (in thousands of dry metric tons):				
Mina Ministro Hales	12,141	26,081	26,494	6,486
Chuquicamata Division	49,259	44,011	45,642	11,348
Radomiro Tomic Division	76,132	71,296	79,971	20,092
Gabriela Mistral Division	33,782	38,626	39,596	9,380
El Teniente Division	53,739	48,875	50,826	12,943
Andina Division	31,709	31,345	28,218	7,350
Salvador Division	12,931	13,533	16,392	4,113
Total	269,692	273,766	287,139	71,711
Average Copper Ore Grade:				
Mina Ministro Hales	1.44%	1.32%	1.19%	1.15%
Chuquicamata Division	0.83	0.88	0.79	0.81
Radomiro Tomic Division	0.65	0.51	0.47	0.49
Gabriela Mistral Division	0.51	0.46	0.43	0.46
El Teniente Division	1.00	1.04	1.01	1.00
Andina Division	0.83	0.81	0.78	0.80
Salvador Division	0.68	0.43	0.54	0.55
Weighted Average	0.79%	0.76%	0.71%	0.72%
PLANT COPPER PRODUCTION				
(by division in metric tons):				
Mina Ministro Hales	141,206	238,305	237,020	63,035
Chuquicamata Division	340,363	308,625	302,010	66,168
Radomiro Tomic Division	327,278	315,747	318,255	83,570
Gabriela Mistral Division	121,012	125,009	121,712	29,552
El Teniente Division	455,447	471,157	475,340	127,745
Andina Division	232,444	224,264	193,341	51,680
Salvador Division	54,025	48,582	59,796	15,030
Total	1,671,774	1,731,688	1,707,474	436,779
PLANT COPPER PRODUCTION				
(contained copper in metric tons):				
ER Cathodes	173,450	85,914	93,724	20,192
SX-EW Cathodes	477,285	454,392	440,587	115,533
Calcined	40,313	134,680	166,159	42,387
Anodes – Blister	356,581	401,397	393,820	103,513
Concentrates	624,146	655,306	613,184	155,153
Total	1,671,774	1,731,688	1,707,474	436,779
MOLYBDENUM PRODUCTION				
(contained molybdenum in metric tons)	30,628	27,684	30,641	7,186
COPPER SALES				
(in metric tons; includes sales of third-party copper):				
Cathodes	1,322,097	1,327,168	1,358,519	363,411

Fire Refined	-	-	-	-
Anodes – Blister	81,562	66,293	100,337	19,917
Concentrates	412,467	630,490	595,567	155,611
Total	1,816,125	2,023,951	2,054,423	538,940
COPPER EXPORTS				
(in metric tons; includes sales of third-party copper):				
Cathodes	1,216,413	1,327,168	1,267,012	341,994
Fire Refined	—	—	—	—
Blister	81,549	66,293	100,325	19,917
Concentrates	349,228	585,250	543,726	142,770
Total	1,647,190	1,978,711	1,911,063	504,682
INVENTORIES OF COPPER AT PERIOD-END				
(in metric tons)	112,964	109,476	58,675	90,686

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and the notes thereto included elsewhere in this offering memorandum, as well as the data set forth in "Selected Consolidated Financial Data." Except as otherwise disclosed herein or indicated, the Consolidated Financial Statements and other financial information included in this offering memorandum are presented in accordance with IFRS.

Overview

CODELCO is the world's largest copper producer and one of the largest companies in Chile in terms of revenues. CODELCO engages primarily in the exploration, development and extraction of ore-bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. In 2016, CODELCO derived 91% of its total sales from copper and 9% of its total sales from by-products of its copper production, primarily molybdenum, anodic slimes and sulfuric acid.

Since its inception in 1976, CODELCO has contributed approximately U.S.$96.3 billion (in 2016 currency) to the Chilean Treasury. Approximately 57.3% of this amount was generated in the last 12 years, representing 10.1% of the revenues of the Government of Chile. In 2016, CODELCO accounted for 18% of all Chilean exports.

CODELCO's financial performance is significantly affected by the market prices of copper. As with prices for other commodities, copper prices have historically been subject to wide fluctuations. LME copper prices averaged 220.6 cents per pound in 2016, compared to 249.2 cents per pound in 2015 and 311.3 cents per pound in 2014. Copper prices averaged 264.5 cents per pound in the first quarter of 2017, compared to 211.9 cents per pound in the first quarter of 2016. See "Overview of the Copper Market." The overall decrease since 2013 in copper prices adversely affected our results of operations in recent years. Nonetheless, since November 2016, copper prices have rebounded and results have experienced a positive effect for the three-months ended March 31, 2017, as compared to the same period in the prior year.

CODELCO continues to focus on controlling and limiting production cost increases. For many years, CODELCO has been within the first and second quartiles in industry costs. This position is primarily attributable to the quality of its ore bodies, its economies of scale and the experience of its workforce and management. The Company intends to make every effort, through investment and management, to return to the first quartile of the industry's cost curve in the long-term. In 2016, CODELCO's total costs and expenses were 214.6 cents per pound, compared to 210.4 cents per pound in 2015 and 230.6 cents per pound in 2014. The increase in 2016 compared to 2015 is primarily attributable to the impact of the appreciation of the Chilean peso against the U.S. dollar. The decrease in 2015 as compared to 2014 is mainly due to favorable exchange rate movements, lower energy and fuel costs, the cost control program implemented in 2013 and the non-recurrence of El Teniente collective bargaining agreement bonuses, which occurred in February 2014. During the first three months of 2017, CODELCO's total costs and expenses were 213.3 cents per pound, compared to 218.2 cents per pound in the same period in 2016. This decrease is primarily attributable to the effect of foreign exchange rates in the first three months of 2017 compared to the same period of 2016, as well as a decrease in material expenses, partially offset by higher energy and fuel costs.

In 2016, CODELCO'S total cash cost was U.S.$4.7 billion, as compared to U.S.$5.2 billion in 2015 and U.S.$5.5 billion in 2014. For the three months ended March 31, 2017, CODELCO's total cash cost was U.S.$1.1 billion, as compared to U.S.$1.2 billion for the three months ended March 31, 2016. Because a significant portion of CODELCO's costs are denominated in Chilean pesos, depreciation of the Chilean peso against the U.S. dollar reduces CODELCO's cash costs in U.S. dollar terms and appreciation increases these costs. See "Exchange Rates." In 2016, CODELCO's cash cost of production was 126.1 cents per pound compared to 138.7 cents per pound in 2015 and 150.4 cents per pound in 2014. The lower cash cost in 2016 is primarily attributable to our cost control program, which recognized savings in salaries and wages, materials and third-party services, the decrease in the fuel price and the benefit of a weaker average exchange rate for 2016, compared to the same period of 2015. The decrease in 2015 as compared to 2014 is primarily due to favorable exchange rate movements and lower operational costs relating to energy and fuel and third-party services, partially offset by lower by-product credits. For the three

months ended March 31, 2017, CODELCO's cash cost was 134.4 cents per pound, compared to 125.4 cents per pound in the same period in 2016. This increase is primarily attributable to lower production, higher fuel and energy and oil expenses and unfavorable exchange rate movements, partially offset by lower expenses associated with materials used for production.

CODELCO conducts hedging operations from time to time to reduce the risks associated with copper price volatility. CODELCO also periodically enters into futures contracts at the request of customers with respect to certain sales of its own copper in order to provide its customers with protection against fluctuations in the sale price paid in connection with such sales. Since July 2005, CODELCO has occasionally hedged certain future copper delivery commitments and production in order to manage the risks associated with copper price volatility. As of March 31, 2017, CODELCO did not have any production hedging commitments and, accordingly, there was no related impact on pre-tax income for the three months ended March 31, 2017. See Notes 28 and 29 to the 2015-2016 Year-end Consolidated Financial Statements and Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements.

CODELCO has hedged a portion of its exchange rate and interest rate exposure by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF-denominated bonds. See "Business and Properties—Marketing—Pricing and Hedging" and "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO." See also Notes 28 and 29 to the 2015-2016 Year-end Consolidated Financial Statements and Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

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

CODELCO's financial performance is also significantly affected by the relationship of copper prices to production costs. In 2016, CODELCO's annual production, including its investment in El Abra and Anglo American Sur, decreased to 1.8 million metric tons from 1.9 million metric tons in 2015 and 1.8 million metric tons in 2014 mainly due to a decrease in production from the Andina, Anglo American Sur and El Abra Divisions and, to a lesser extent, the Chuquicamata, Gabriela Mistral and Mina Ministro Hales Divisions. Production from the Andina Division decreased following environmental accidents that disrupted our operations and caused a decrease in mineral ore mined. Increases in production from the Salvador, El Teniente and Radomiro Tomic Divisions partially offset the overall decrease in production. The increase in 2015 as compared to 2016 was mainly due to new production from the Mina Ministro Hales Division and the El Teniente and Gabriela Mistral Divisions to a lesser extent, partially offset by a decrease in production in the Chuquicamata Division, as a consequence of less ore mined. The decreases in production from the Radomiro Tomic, Andina and Salvador Divisions are partially offset by the higher production of the Mina Ministro Hales Division.

In 2016, each one-cent change in CODELCO's average annual copper price per pound caused a variation in operating profit of approximately U.S.$40 million. CODELCO expects production to remain relatively stable in the near future. By overcoming certain non-permanent disruptions, such as inclement weather and other natural events and strikes, and producing more copper through the new Mina Ministro Hales ore body, CODELCO believes that it will be able to compensate for diminished production resulting from lower average ore grades, which themselves are expected to stabilize over time. Nonetheless, CODELCO continues to develop its project pipeline with the goal of increasing its production marginally in the long-term.

CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its costs. These include the following: (i) improved deposit identification and mining techniques; (ii) the implementation of early retirement plans and workforce reduction programs; (iii) an investment in human capital

and continuing to attract and retain a world-class management team and professionals of the highest caliber; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) the development of key projects, specifically the new mine level at El Teniente, the Andina plant reallocation and the Chuquicamata underground mine projects. Production cash costs are influenced by mining and production practices, as well as the type of ore from which copper is produced, production levels and market prices of by-products, and foreign exchange rates.

In 2016, CODELCO invested U.S.$2.7 billion, mainly in the new mine level at El Teniente, the Andina plant reallocation and the Chuquicamata underground mine. See "Business and Properties."

In addition to selling its current production of copper, CODELCO may sell copper in its inventory from past production cycles to meet the demand of its customers. CODELCO also purchases copper from third parties in the spot market for resale. The Company makes these purchases and sales of third-party copper to meet the requirements under sales contracts and to participate in the spot market for copper based on its evaluation of market conditions. Other than pursuant to the joint venture with China Minmetals Non-Ferrous Metals Co. Ltd. ("Minmetals"), a Chinese state-owned metals company, which ended in April 2016, CODELCO has no long-term commitments regarding third-party copper purchases or sales. For more information on Minmetals, see "Business and Properties—Associations, Joint Ventures and Partnerships." CODELCO also engages in copper transactions with its affiliates at market terms. In addition, CODELCO purchases copper from its affiliates for further processing and resale.

The following tables set forth, for the periods indicated, the components of CODELCO's consolidated financial statements of operations expressed as a percentage of revenue under IFRS. These tables are qualified in their entirety by reference to, and should be read together with, CODELCO's Consolidated Financial Statements, including the notes thereto, included elsewhere in this offering memorandum:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
				(unaudited)	
Revenue	100.0%	100.0%	100.0%	100.0%	100%
Cost of sales	(73.1)	(84.8)	(81.9)	(89.7)	(73.7)
Gross profit	26.9	15.2	18.1	10.3	26.3
Other income, by function	0.7	1.3	1.2	0.3	0.9
Administrative expenses	(3.3)	(3.1)	(3.6)	(3.5)	(3.1)
Other expenses	(11.9)	(17.8)	(11.5)	(9.4)	(10.1)
Finance costs	(3.4)	(4.5)	(4.7)	(5.2)	(4.4)
Profit (loss) for the period before tax	10.9	(26.1)	(3.7)	(13.1)	9.7
Income tax expense	(11.4)	6.2	0.8	8.5	(8.3)
Profit (loss) for the period	(0.5)%	(19.9)%	(2.9)%	(4.6)%	1.4%

The following tables set forth, for the periods indicated, certain price, volume and cost data:

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
CODELCO Average Metal Price (per pound)[1]					
Copper	$ 2.88	$ 2.23	$ 2.14	$ 1.93	$ 2.66
Molybdenum	$ 11.39	$ 6.82	$ 6.38	$ 4.64	$ 7.57
CODELCO Sales Volume (in metric tons)					
Own copper[2]	1,687,706	1,773,683	1,860,465	483,653	405,688
Third-party copper	294,966	445,967	401,966	134,794	70,208
Total copper	1,982,673	2,219,650	2,262,431	618,447	475,896
Molybdenum (in oxide and concentrate)	26,670	26,029	29,823	8,282	5,969
CODELCO's Cash Cost of Production (per pound)	150.4¢	138.7¢	126.1¢	125.4¢	134.4¢

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

(2) Includes wire rod sales and cathodes from CODELCO's subsidiaries.

Results of Operations for the Three Months Ended March 31, 2016 and 2017

The following table sets forth CODELCO's summarized results of operations for the three months ended March 31, 2016 and 2017:

	Three months ended March 31,		% Change
	2016	2017	2016/2017
	(in millions of U.S.$) (unaudited)		
Revenue	$ 2,719	$ 3,028	11.4%
Cost of sales	(2,439)	(2,232)	(8.5)
Gross profit	280	797	184.6
Other income, by function	9	27	200.0
Administrative expenses	(94)	(93)	(1.1)
Other expenses	(255)	(306)	20.0
Finance costs	(140)	(134)	(4.3)
Share of profit (loss) of associates and joint ventures accounted for using equity method	7	13	85.7
Foreign exchange differences	(173)	(23)	(86.7)
Profit (loss) for the period before tax	(357)	293	(182.1)
Income tax expense	232	(250)	(207.8)
Profit (loss) for the period	(125)	42	(133.6)
Profit (loss) attributable to owners of parent	(122)	39	(132.0)
Profit (loss) attributable to non-controlling interests	(2)	4	(300.0)

Revenue. The following table sets forth CODELCO's revenue for the three months ended March 31, 2016 and 2017:

	Three months ended March 31,		% Change
	2016	2017	2016/2017
	(in millions of U.S.$) (unaudited)		
Revenue	$ 2,719	$ 3,028	11.4%
Sales of CODELCO's own copper	2,052	2,381	16.0
Sales of third-party copper	441	433	(1.8)
Sales of by-products and other	226	214	(5.3)

Revenue increased by 11.4% to U.S.$3 billion in the first three months of 2017, compared to U.S.$2.7 billion for the same period in 2016. This increase was primarily attributable to an increase in CODELCO's average copper price from U.S.$1.9 per pound in the first three months of 2016 to U.S.$2.7 per pound in the first three months of 2017. This increase was partially offset by a 23.0% decrease of the total tonnage of copper sold, mainly due to lower production in 2017 and lower third-party copper sold together with higher stock sales in 2016. Our copper sales increased by 16.0% mainly due to the increase in CODELCO's average copper price, partially

offset by a 16.1% decline in the copper tonnage sold due to lower copper production in 2017. These decreases primarily occurred at El Teniente mine, largely due to the decrease in the mineral ore mined as a consequence of operational maintenance needs in the concentrator plant. The decline in copper prices in April and May 2017 may result in a downward adjustment in CODELCO's revenues and trade receivables recognized in March 2017, primarily attributable to adjustments to account for the provisional billing of copper at the time of shipment and the final amount billed after shipment. Such adjustments will be recorded in the consolidated financial statements for the six months ended June 30, 2017. See "Critical Accounting Estimates."

Third-party copper sales totaled U.S.$433 million in the first three months of 2017, compared to U.S.$441 million for the same period in 2016, primarily attributable to the significant 45.1% decrease in tonnage sold, partially offset by a 38.3% increase in the average copper price. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, purchase copper under spot market terms if CODELCO's own production is insufficient to cover the quantities that it has agreed to supply its customers.

Sales of by-products and other decreased by 5.3% to U.S.$214 million in the first three months of 2017, compared to U.S.$226 million for the same period in 2016. This decrease was primarily due to the 27.9% decrease in molybdenum tonnage sold and as well as a decrease in the quantity of sulfuric acid sold, partially offset by an increase of 63.1% in the average price of molybdenum. Lower molybdenum and sulfuric acid sales are primarily due to lower by-product production mainly in Chuquicamata and El Teniente Divisions.

Cost of sales. CODELCO's cost of sales in any period includes both the mining and production costs of its own copper and by-products and the purchase costs of copper, as well as gold, silver and other by-products, at market prices from third parties and processed and sold by CODELCO in that period. The following table sets forth CODELCO's total cost of sales for the three months ended March 31, 2016 and 2017:

	Three months ended March 31,		% Change
	2016	2017	2016/2017
	(in millions of U.S.$) (unaudited)		
Cost of sales	$ 2,439	$ 2,232	(8.5)
Cost of CODELCO's own copper	1,837	1,660	(9.6)
Cost of third-party sales	460	433	(5.9)
Cost of by-products and other	142	139	(2.7)

CODELCO's total cost of sales decreased by 8.5% to U.S.$2.2 billion (73.7% of sales) in the first three months of 2017, compared to U.S.$2.4 billion (89.7% of sales) for the same period in 2016, primarily due to a 23.0% decrease in copper volume sold. Some of the minerals that CODELCO sells are purchased at market prices, and CODELCO also purchases mineral ore from third parties at market prices that it processes and sells as copper.

CODELCO's cost of sales of its own copper decreased to U.S.$1.7 billion during the first three months of 2017, compared to U.S.$1.8 billion for the same period in 2016. This decrease is primarily attributable to the 13.6% decrease in the volume of its own copper sold.

The cost of copper purchased from third parties decreased by 5.9% in the first three months of 2017 to U.S.$433 million, compared to U.S.$460 million for the same period in 2016, primarily attributable to a decrease of 45.1% in the volume of third-party copper sold, partially offset by an increase in the average price of the copper sold.

The cost of by-products and other decreased by 2.7% to U.S.$139 million in the first three months of 2017, compared to U.S.$142 million for the same period in 2016, primarily due to a 27.9% decrease in the volume of molybdenum sold, partially offset by the higher costs of sales of silver and gold.

Depreciation and amortization expenses decreased by 8.5% to U.S.$483 million during the first three months of 2017, compared to U.S.$528 million for the same period in 2016. This decrease was primarily due to

lower levels of overall investment and production in depreciable assets, especially those related to plant, equipment and motorized vehicles.

Gross profit. Gross profit amounted to U.S.$797 million for the first three months of 2017, compared to U.S.$280 million for the same period in 2016. The 184.6% increase was primarily attributable to the increase in the average price received for CODELCO's product mix, partially offset by a decrease in the volume sold.

Other income, by function. The largest components of other income, by function, are sales of services to third parties, insurance claims received and sales of assets. Other income, by function increased to U.S.$26.9 million in the first three months of 2017, compared to U.S.$9.49 million for the same period in 2016, primarily attributable to insurance indemnities paid to CODELCO relating to weather and operational disruptions at the Salvador and El Teniente Divisions, respectively, that occurred in 2015.

Administrative expenses. Administrative expenses decreased to U.S.$93 million (3.1% of total sales) during the first three months of 2017, compared to U.S.$94 million (3.5% of total sales) for the same period in 2016. This decrease was primarily attributable to the results of the cost control program implemented by CODELCO in 2013 and expanded since 2016.

Other expenses. Other expenses amounted to U.S.$306 million (10.1% of total sales) during the first three months of 2017, compared to U.S.$255 million (9.4% of total sales) for the same period in 2016. This increase was primarily attributable to an increase in export taxes pursuant to Law 13.196 and other expenses of the Company relating to provisional payments to its subsidiary Inversiones Gacrux SpA.

The following table sets forth the principal components of CODELCO's other expenses for the periods indicated:

	Three months ended March 31,	
	2016	2017
	(in millions of U.S.$)	
	(unaudited)	
Law 13.196	$ 206	$ 242
Bonus for the end of collective bargaining	15	14
Other expenses	34	50
Total other expenses by function	$ 255	$ 306

CODELCO recorded other expenses of U.S.$206 million and U.S.$242 million in the first three months of 2016 and 2017, respectively, pursuant to Law 13.196, which levies a 10% tax on CODELCO's exports of its own copper and related by-products. Under IFRS, this export tax is accounted for in "other expenses." The increase of this tax recorded in the first three months of 2017 compared to the same period in 2016 is primarily attributable to higher revenues from CODELCO's own copper sales.

Finance costs. Finance costs decreased to U.S.$134 million in the first three months of 2017, compared to U.S.$140 million for the same period in 2016. This decrease was primarily attributable to the greater capitalization of interest related to structural projects, particularly Chuquicamata Underground, compared to the same period in 2016. This effect has been partially offset by the increase in debt and average interest rate from U.S.$14.5 billion at an average interest rate of 3.98% as of March 31, 2016 to U.S.$15.0 billion at an average interest rate of 4.06% as of March 31, 2017. As of March 31, 2017, 84% of our debt had a fixed rate and 16% had a floating rate.

Share of profit/(loss) of associates and joint ventures accounted for using equity method. CODELCO's net equity participation in related companies increased to a net profit of U.S.$13 million in the first three months of 2017, compared to a net profit of U.S.$7 million for the same period in 2016. This increase was primarily attributable to the impact of the increased copper prices.

Foreign exchange differences. According to Decree Law 1.350, CODELCO maintains its accounting records in U.S. dollars, recording transactions in currencies other than U.S. dollars at the exchange rate current at the

date of each transaction and, subsequently, for monetary assets and liabilities denominated in currencies other than the U.S. dollar, at the closing exchange rate determined by the Central Bank of Chile. CODELCO experienced a loss from foreign exchange differences of U.S.$23 million in the first three months of 2017, compared to a loss from foreign exchange differences of U.S.$173 million in the same period of 2016. The loss recorded in the first three months of 2017 is primarily attributable to the appreciation of the Chilean peso against the U.S. dollar as of March 31, 2017 as compared to December 30, 2016.

Profit (loss) before tax. Profit before tax was U.S.$293 million during the first three months of 2017, compared to a loss of U.S.$357 million for the same period in 2016, primarily attributable to an increase in the prices of copper and by-products and a decrease in the loss due to foreign exchange differences.

Income tax expense. During the first three months of 2017, CODELCO had a statutory tax rate of 65.0% in accordance with applicable regulations, comprised of (i) a corporate income tax rate of 25.0% (a 17% historic corporate tax rate applied to income earned in and prior to 2011 but changed by means of the 2014 tax reform) and (ii) a 40% tax on net earnings applicable to state-owned enterprises as specified by Decree Law 2.398, Art. 2. During 2016, CODELCO had a statutory tax rate of 64.0% in accordance with applicable regulations, comprised of a corporate income tax rate of 24.0% plus the additional 40% tax on net earnings. CODELCO is also subject to an additional mining tax that is based on its operating income, and, effective for its 2012 fiscal year, is imposed at progressive rates of between 5% and 14%. CODELCO's effective rate of the mining tax for 2016 was 0%, primarily attributable to negative results due to the depressed copper price environment. CODELCO's taxes on income amounted to an expense of U.S.$250 million and a revenue of U.S.$232 million during the first three months of 2017 and 2016, respectively. The increase in expense from taxes on income during the first three months of 2017 compared to the same period in 2016 was primarily due to an increase in loss before tax.

Profit (loss). As a result of the factors described above, CODELCO's profit was U.S.$42 million during the first three months of 2017, compared to a loss of U.S.$125 million for the same period of 2016, primarily attributable to an increase in copper prices and the abovementioned foreign exchange differences.

Results of Operations for the Three Years Ended December 31, 2016

The following table sets forth CODELCO's summarized results of operations for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31,			% Change	
	2014	2015	2016	2014/2015	2015/2016
	(in millions of U.S.$)				
Revenue	13,827	11,693	11,537	(15.4)%	(1.3)%
Cost of sales	(10,111)	(9,917)	(9,450)	(1.9)	(4.7)
Gross profit	3,715	1,777	2,087	(52.2)	(17.4)
Other income, by function	98	153	138	56.1	(9.8)
Administrative expenses	(451)	(363)	(415)	(19.5)	14.3
Other expenses	(1,621)	(2,087)	(1,324)	28.7	(36.6)
Finance costs	(465)	(525)	(547)	12.9	4.2
Share of profit (loss) of associates and joint ventures accounted for under the equity method	(195)	(2,502)	(177)	1,183.1	(92.9)
Foreign exchange differences	379	465	(233)	22.7	(150.1)
Profit (loss) for the period before tax	1,509	(3,056)	(431)	(302.5)	(85.9)
Income tax expense	(1,582)	728	97	(146.0)	(86.7)
Loss for the period	(73)	(2,328)	(334)	3,089.0	(85.7)
Profit (loss) attributable to owners of parent	75	(1,492)	(275)	(2,089.3)	(81.6)
Profit (loss) attributable to non-controlling interests	(148)	(836)	(58)	464.9	(93.1)

Revenue. The following table sets forth CODELCO's revenues for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31,			% Change	
	2014	2015	2016	2014/2015	2015/2016
	(in millions of U.S.$)				
Revenue	$ 13,827	$ 11,693	$ 11,537	(15.4)%	(1.3)%
Sales of CODELCO's own copper	10,733	8,724	8,779	(18.7)	0.6
Sales of third-party copper	1,859	2,039	1,753	9.7	(14.0)
Sales of by-products and other	1,235	930	1,004	(24.7)	8.0

Revenue decreased by 1.3% to U.S.$11.5 billion in 2016, compared to U.S.$11.7 billion in 2015, due to a decrease in third-party copper sales of U.S.$286 million. However, CODELCO's own copper sales slightly increased primarily due to a 4.9% increase in tonnage sold, partially offset by a 4.1% reduction in the average price of copper. Revenue decreased to U.S.$11.7 billion in 2015 from U.S.$13.8 billion in 2014, by 15.4%, primarily attributable to the decrease in the sales of CODELCO's own copper. Sales of CODELCO's own copper decreased by U.S.$2.0 billion from 2014 to 2015, resulting from a decrease in CODELCO's average price of copper from U.S.$2.9 per pound in 2014 to U.S.$2.2 per pound in 2015, partially offset in 2015 by a 12.0% increase in total copper sold compared to 2014.

Third-party copper sales totaled U.S.$1.8 billion in 2016, compared to U.S.$2.0 billion in 2015 and U.S.$1.9 billion in 2014. The decrease in 2016 as compared to 2015 was primarily attributable to a 9.9% decrease in tonnage sold as well as a 4.6% decrease in the average price of copper. The increase in 2015 as compared to 2014 was mainly due to the increase in tonnage sold, partially offset by the decrease in the average price of copper. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to purchase copper under spot market terms if CODELCO's own production is insufficient to cover the quantities that it has agreed to supply its customers.

Sales of by-products and other increased by 8.0% in 2016 to U.S.$1.0 billion, compared to U.S.$930 million in 2015. This increase in 2016 as compared to 2015 was primarily attributable to the increase in gold and silver sales due to the production derived from our metals-processing plant in Mejillones. In 2015, sales of by-products and other decreased to U.S.$930 million from U.S.$1.2 billion in 2014 principally due to the decrease in the molybdenum sale price from U.S.$11.4 per pound in 2014 to U.S.$6.8 per pound in 2015.

Cost of sales. The following table sets forth CODELCO's total cost of sales for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31,			% Change	
	2014	2015	2016	2014/2015	2015/2016
	(in millions of U.S.$)				
Cost of sales	$ 10,111	$ 9,917	$ 9,450	(1.9)%	(4.7)%
Cost of CODELCO's own copper	7,662	7,396	7,140	(3.5)	(3.5)
Cost of third-party sales	1,852	2,034	1,767	9.8	(13.1)
Cost of by-products and other[(1)]	597	487	543	(18.4)	11.5

CODELCO's total cost of sales in 2016 decreased by 4.7% to U.S.$9.5 billion (81.9% of sales), compared to U.S.$9.9 billion (84.8% of sales) in 2015. During 2015, CODELCO's total cost of sales decreased by 1.9% from U.S.$10.1 billion (73.1% of sales) in 2014. The decreases in 2016 and 2015 as compared to 2015 and 2014, respectively, were primarily attributable to lower fuel costs, favorable movements in the exchange rates and CODELCO's cost control program, which decreased costs related to salaries and wages, materials and third-party services.

CODELCO's cost of sales of its own copper decreased by 3.5% each year to U.S.$7.1 billion in 2016 compared to U.S.$7.4 billion in 2015, and to U.S.$7.4 billion in 2015 compared to U.S.$7.7 billion in 2014. The decreases in 2016 and 2015 as compared to 2015 and 2014, respectively, were primarily attributable to lower fuel costs, favorable movements in the exchange rate and CODELCO's cost control program, which decreased costs related to salaries and wages, materials and third-party services.

In 2016, the cost of copper purchased from third parties decreased by 13.1% to U.S.$1.8 billion compared to U.S.$2.0 billion in 2015 primarily due to lower volumes of copper purchased and lower average copper price. In 2015, the cost of copper purchased from third parties increased by 9.8% to U.S.$2.0 billion compared to U.S.$1.9 billion in 2014, primarily attributable to higher volumes purchased, partially offset by lower average copper prices.

The cost of by-products and other increased by 11.5% to U.S.$543 million in 2016 compared to U.S.$487 million in 2015, primarily attributable to the introduction of new products, such as gold and silver. The cost of by-products and other decreased by 18.4% to U.S.$487 million in 2015 compared to U.S.$597 million in 2014, primarily attributable to a 22.2% decrease in cost of sales of other non-molybdenum by-products and services and a decrease of 10.5% in molybdenum cost of sales due to the lower volumes sold.

During 2014, CODELCO changed its depreciation method from a straight-line method to a units-of-production method, allowing for the depreciation of an asset when the asset can be clearly identified as being a part of a production process relating to copper extraction. This change was made to conform to industry standards and was applied on a prospective basis. For all other assets, however, a straight-line depreciation method is still being used. The total impact of the change in the depreciation method was U.S.$135 million. The change was recorded as a one-time additional depreciation charge in 2014. See Note 7 to the 2014-2015 Year-end Consolidated Financial Statements for further information on CODELCO's depreciation methodology. The amortization of the development costs of mines is based on the proportion of the tons of mineral extracted from the mine compared to the total reserves of the mine.

Depreciation and amortization expenses decreased by 4.4% to U.S.$1.9 billion in 2016 from U.S.$2.0 billion in 2015 and increased by 4.0% to U.S.$2.0 billion in 2015 compared to U.S.$1.9 billion in 2014. The decrease in 2016 as compared to 2015 is primarily attributable to a reduction in capital expenditures during 2016 to preserve cash. The increase from 2014 to 2015 is primarily due to the implementation of the capital expenditure program during 2015.

Gross profit. Gross profit amounted to U.S.$2.1 billion in 2016, compared to U.S.$1.8 billion in 2015 and U.S.$3.7 billion in 2014. The increase in 2016 as compared to 2015 was primarily attributable to the cost control program that allowed us to reduce costs by 4.7% from 2015, an increase of 4.9% in the copper tonnage sold and an increase of 14.6% in the molybdenum tonnage sold, partially offset by the decrease in the average price of CODELCO's product mix. The decrease in 2015 compared to 2014 was principally due to a lower average price of CODELCO's product mix in these years as compared to prior ones.

Other income. Other income decreased by 9.8% to U.S.$138 million in 2016 compared to U.S.$153 million in 2015, which represented an increase of 56.1% compared to U.S.$98 million in 2014. The decrease in 2016 as compared to 2015 was primarily attributable to the absence of a one-time increase in 2015 relating to the reversal of several provisions recorded in relation to contractors and favorable litigation results related to legal proceedings with E-CL S.A., a subsidiary of GDF Suez ("E-CL"), partially offset by insurance indemnities paid by CODELCO related to Salvador and El Teniente in 2016. The increase from 2015 to 2014 was primarily due to mainly due to that one-time increase from the legal proceedings with E-CL. See Note 23a to the Year-end Consolidated Financial Statements.

Administrative expenses. Administrative expenses increased to U.S.$415 million (3.6% of total asset sales) in 2016, compared to U.S.$363 million (3.1% of total asset sales) in 2015. The increase in 2016 as compared to 2015 was primarily attributable to an increase in the amortization of mining operations, in particular in the Ministro Hales Division. On the other hand, administrative expenses decreased to U.S.$363 million (3.1% of total asset sales) in 2015, compared to U.S.$451 million (3.3% of total asset sales) in 2014 due primarily to the depreciation of the Chilean peso against the U.S. dollar and the cost control program implemented since 2013.

Other expenses. Other expenses amounted to U.S.$1.3billion (11.5% of total sales) in 2016, compared to U.S.$2.1 billion (17.8% of total sales) in 2015 and U.S.$1.6 billion (11.7% of total sales) in 2014. The decrease in 2016 as compared to 2015 was primarily attributable to a decrease in impairment of asset charges, especially those related to the impact of a decline in, and deterioration in the outlook for, copper prices. The increase in 2015 as compared to 2014 was primarily attributable to impairments of assets due to the impact of a decline in, and deterioration in the outlook for, copper prices, partially offset by a decrease in export tax payments due to the

decrease in the spot market price of copper. CODELCO recorded in 2015 a one-time charge for impairment of certain assets of property, plant and equipment in the Salvador Division, amounting to U.S.$311 million, and in the Ventanas Division, amounting to U.S.$54 million. Certain investment projects, such as the Inca Pit, San Antonio, Andina 244, the Mina Ministro Hales oxides line and the Chuquicamata crushing line, were impaired due to the sharp decline in copper prices in a total amount of U.S.$277 million.

The following table sets forth the principal components of CODELCO's other expenses for the periods indicated:

	Year ended December 31,		
	2014	2015	2016
	(in millions of U.S.$)		
Law 13.196	$ (1,081)	$ (865)	$ (866)
Bonus for the end of collective bargaining	(325)	(96)	(129)
Asset impairments	(12)	(365)	(0)
Other non-cash charges	(29)	(465)	(43)
Other expenses	(174)	(297)	(287)
Total	$ (1,621)	$ (2,087)	$ (1,324)

CODELCO recorded other expenses of U.S.$866 million, U.S.$865 million and U.S.$1.1 billion in 2016, 2015 and 2014, respectively, pursuant to Law 13.196, which levies a 10% 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 export tax remained stable in 2016 due to there not being any significant changes in the export sales of CODELCO's own copper. The decrease in 2015 as compared to 2014 was mainly due to the corresponding decrease in export sales of CODELCO's own copper as a result of lower average copper prices.

The outlook for metal prices in 2015, together with the resulting adjustment of production plans, has pushed mining companies like CODELCO to reassess the value of their assets, in accordance with IFRS. As a result of CODELCO's assessment, the Company recognized asset impairment for U.S.$365 million in 2015, compared to U.S.$12 million in 2014.

CODELCO has recorded an impairment of certain items of property, plant and equipment related to the Salvador and Ventanas Divisions due to the impact of a decline in, and deterioration in the outlook for, copper prices. Although in 2014 and 2015 certain assets of the Salvador Division were impaired, there was no impairment for 2016.

CODELCO has impaired certain investment and research projects and recorded a loss to adjust inventories to net realizable value due to decreased copper prices. In addition, the Company recorded an impairment charge at the Salvador Division due to the low quality of the copper.

Finance costs. Finance costs in 2016 amounted to U.S.$547 million, compared to U.S.$525 million in 2015 and U.S.$465 million in 2014. The increase in 2016 compared to 2015 and 2014 was primarily attributable to the increase in CODELCO's level of debt, which was U.S.$14.9 billion as of December 31, 2016, U.S.$14.8 billion as of December 31, 2015 and U.S.$13.6 billion as of December 31, 2014, as well as the change in the interest rate of such debt. See "Selected Consolidated Financial Data" for information regarding debt during the years ended December 31, 2014, 2015 and 2016. CODELCO's average interest rate was 4.03% as of December 31, 2016. As of December 31, 2016, 84% of CODELCO's debt had a fixed rate and 16% had a floating rate.

Share of profit (loss) of associates and joint ventures accounted for using the equity method. CODELCO's net equity participation in associates and joint ventures accounted for using the equity method was a loss of U.S.$177 million in 2016, compared to a loss of U.S.$2.5 billion in 2015 and a loss of U.S.$195 million in 2014. The results in 2016 compared to 2015 are related to a significant impairment charge recorded in 2015 related to an equity investment in Anglo American Sur. The loss in 2015 compared to 2014 is related to the impairment of the equity investment in Anglo American Sur due to the impact of a decline in, and deterioration in the outlook for, copper prices. In 2015, the total amount of the asset impairment was U.S.$2.4 billion. See Note 8 to the Year-end Consolidated Financial Statements. Although management does not currently expect that further impairment

charges will be necessary in 2017, there can be no assurance that further impairment charges will not occur in the future. See also "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO has recently recognized a significant impairment charge for certain assets and, if market and industry conditions continue to deteriorate, further impairment charges may be recognized." In addition, the lower average copper prices, particularly in El Abra and Anglo American Sur, and the impairment of assets of Inca Oro complement the explanation for the reduction in the share of profit of these companies.

Profit (loss) before tax. Loss before tax was U.S.$431 million in 2016, compared to a loss of U.S.$3.1 billion in 2015 and a profit of U.S.$1.5 billion in 2014. The decrease in losses in 2016 as compared to 2015 was primarily due to the decrease in costs and impairment charges, partially offset by a decrease in the average price of copper. The loss in 2015 as compared to 2014 was primarily attributable to a decrease in the average price of copper and the outlook for copper prices, which has not only affected CODELCO's 2015 operations but also led to the recognition of impairment of assets to reflect the decrease of the average copper prices.

Income tax expense. In 2016, CODELCO had a statutory income tax rate of 64% in accordance with applicable regulations, comprised of a corporate income tax of 24% (a 17% historic corporate tax rate applied to income earned in and prior to 2011) and a 40% tax on net earnings applicable to state-owned enterprises as specified in Decree Law 2.398, Art. 2. CODELCO is also subject to an additional mining tax based on its operating income, and, effective as of fiscal year 2012, is imposed at progressive rates between 5% and 14%. CODELCO's effective rate of the mining tax for 2016 was 0%, primarily attributable to negative results due to the depressed copper price environment. CODELCO's taxes on income amounted to a gain of U.S.$97 million in 2016 and U.S.$728 million in 2015 and income tax expense of U.S.$1.6 billion for 2014, primarily as a result of CODELCO's pre-tax losses. As of December 31, 2016, CODELCO's net tax asset amounted to a gain of U.S.$97 million primarily due to the deferred tax adjustments recorded in relation to Chile's recent tax reform. As of December 31, 2015, CODELCO's net tax asset amounted to a gain of U.S.$728 million, partially offset by the impact of the issuance by the SII of a U.S.$149 million voucher due under a settlement with the SII regarding tax assessments and payment vouchers. For more information regarding this payment, see Note 8 to the Year-end Consolidated Financial Statements and "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO is subject to special taxes."

Profit (loss). As a result of the factors described above, CODELCO recorded a loss after taxes of U.S.$334 million in 2016 compared to a loss of U.S.$2.3 billion in 2015 and a loss of U.S.$73 million in 2014. The loss decrease in 2016 as compared to 2015 was primarily attributable to a one-time charge of impairment recorded in 2015 and the cost control program, partially offset by the decrease of the average copper price. The decrease in 2015 as compared to 2014 was primarily attributable to the decrease of the average copper price, affecting not only the operational results but also leading CODELCO to recognize impairments of assets. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO has recently recognized a significant impairment charge for certain assets and, if market and industry conditions continue to deteriorate, further impairment charges may be recognized."

Liquidity and Capital Resources

CODELCO's primary sources of liquidity are funds from (i) operations, (ii) domestic and international borrowings from banks and (iii) debt offerings in the domestic and international capital markets. CODELCO is generally required to transfer its profit to the Chilean Treasury. The calculation of profit and other comprehensive income includes certain non-cash generating charges or benefits. Significant non-cash generating charges or benefits are deferred tax expense/benefit recorded against other comprehensive income and profit and loss, amortization or depreciation. For the three-month period ended March 31, 2017, non-cash charges were U.S.$211 million in deferred taxes, U.S.$219 million in amortization and U.S. $264 million in depreciation. Specifically with respect to deferred taxes, non-cash charges or benefits are generated by recording the fluctuation of the deferred tax assets and liabilities, which may be recorded against other comprehensive income in equity or through profit and loss. Amortization and depreciation are recorded directly in profit and loss.

In June 2014, the Ministries of Finance and Mining approved the capitalization of U.S.$200 million through a retention of CODELCO's profits from 2013. In October 2014, the multi-year capitalization law approved by the Chilean Congress was promulgated and became effective following its publication in the Official Gazette.

This law allocates a maximum of U.S.$3 billion to CODELCO in the form of a capital injection by the Chilean Treasury over the period from 2014 to 2018. Pursuant to this law, CODELCO must present a yearly progress report on the BDP for the 2014-2018 period to the Ministries of Finance and Mining and to the Finance Committee of both the Upper House and the Lower House of Congress by March 30 of each year. The BDP report details the progress of CODELCO's investments, including information about their financing and execution, covering each of the structural projects and their corresponding investments. The BDP report also discusses CODELCO's progress with respect to production, costs and results. On the same date that the multi-year capitalization law was promulgated, the President of Chile announced a commitment to authorize the retention by CODELCO of up to an additional U.S.$1 billion of profit (which includes the U.S.$200 million that had been authorized in June 2014) over the 2014-2018 period.

In accordance with this commitment, in June 2015, the Ministries of Finance and Mining approved the capitalization of U.S.$225 million of 2014 profit, but charged to 2015 profits. However, due to CODELCO's operating losses in 2015, this capitalization has not been implemented. Nonetheless, pursuant to the multi-year capitalization law, the Government of Chile authorized a capital injection of U.S.$600 million (out of the maximum U.S.$3 billion for the 2014-2018 period), which was received in U.S. dollars in December 2015. In December 2016, the Ministries of Finance authorized the capitalization of U.S.$975 million, U.S.$500 million of which related to a capital injection to finance CODELCO's investment plan. The remaining U.S.$475 million compensated the Company for funds authorized to be received pursuant to Law 13.196 (the "Copper Reserve Law"). A new law (Law 20.989), effective as of January 2017, authorized the additional capitalization of a maximum of U.S.$950 million for both 2016 and 2017 (up to U.S.$475 million for each year) in the form of a capital injection to the Company for the funds authorized pursuant to the Copper Reserve Law. In April 2017, CODELCO received the U.S.$475 million capital injection in U.S. dollars for 2016. Law 20.989 also extended the U.S.$3 billion capitalization commitment for the 2014-2018 period to 2019. During 2017, based on current copper prices, CODELCO does not expect additional capital injections in connection with Law 20.989.

Since 2014, the Government of Chile has authorized the capitalization by capital injection and retention of profit within CODELCO in an aggregate amount of U.S.$1.8 billion, U.S.$225 million of which has not been implemented. See "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO's funding through retention of profits is restricted and is subject to the approval of the Ministries of Finance and Mining."

Cash flows. For the year ended December 31, 2016, net cash flows from operating activities decreased to U.S.$1.9 billion compared to U.S.$3.4 billion in 2015 and U.S.$3.5 billion in 2014. The decrease in net cash flows from operating activities during 2016 was primarily attributable to less cash received from the sale of goods and services due to lower average copper and molybdenum prices as well as the increased use of cash to pay suppliers and contractors for investment projects in 2016. The decrease in net cash flows from operating activities during 2015 was mainly due to less cash received from the sale of goods and services due to lower average copper and by-product prices, partially offset by the decrease of goods and services supplier payments related to the cost control program started in 2013, the depreciation of the Chilean peso against the U.S. dollar and lower taxes paid for the sale of goods and services due to the aforementioned decrease in revenues. During the first three months of 2017, net cash flows from operating activities increased by 157.1% to U.S.$797 million from U.S.$310 million for the same period in 2016. This increase in net cash flows from operating activities resulted primarily due to the increase in cash received from the sales of goods as a result of an improvement in CODELCO's average product portfolio prices. See Note 27 to the 2015-2016 Year-end Consolidated Financial Statements and Note 25 to the Unaudited Interim Consolidated Financial Statements.

In October 2014, CODELCO fully paid at maturity the U.S.$500 million 4.750% notes due 2014 placed in the international market.

Bank debt. CODELCO's total financial debt (defined as loans from financial institutions plus bonds issued) as a percentage of its total capitalization was 54.2% at December 31, 2014, 60.4% at December 31, 2015, 60.1% at December 31, 2016 and 60.1% at March 31, 2017. CODELCO's total outstanding financial debt at December 31, 2014, 2015 and 2016 was U.S.$13.6 billion, U.S.$14.8 billion and U.S.$14.9 billion, respectively, and U.S.$15.0 billion as of March 31, 2017. As adjusted to give effect to the offering of the notes, CODELCO's total

financial debt as a percentage of its total capital would be 60.1% and its total outstanding financial debt would be U.S.$15.0 billion as of March 31, 2017.

We intend to use the net proceeds from the sale of the notes (i) to pay the consideration for the Tender Offers and accrued and unpaid interest on the Tender Notes, (ii) to pay fees and expenses incurred in connection with the Tender Offers and (iii) the remainder, if any, for general corporate purposes. See "Use of Proceeds."

Between November and December 2010, CODELCO entered into five five-year U.S. dollar unsecured bilateral bank loans with the following banks and terms:

	Credit Amount	Interest Rate
Banco Santander-Chile	U.S.$75.0 million	LIBOR plus 85.0 basis points
HSBC Bank Bermuda Ltd.	U.S.$162.5 million	LIBOR plus 85.0 basis points
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.$100.0 million	LIBOR plus 75.0 basis points
Banco Santander-Chile	U.S.$100.0 million	LIBOR plus 85.0 basis points
Export Development Canada	U.S.$250.0 million	LIBOR plus 80.0 basis points

The loans in the table above matured during 2015 and were paid back in full to the relevant banks. As a result, no amounts were outstanding under the loans in the table above as of March 31, 2017.

Between February and November 2011, CODELCO entered into five five-year U.S. dollar unsecured bilateral bank loans, each with a commitment fee of 10.0 basis points, with the banks and terms described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Sumitomo Mitsui	U.S.$100.0 million	LIBOR plus 83.0 basis points	February 2011
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.$250.0 million	LIBOR plus 50.0 basis points	April 2012
Mizuho Bank, Ltd.	U.S.$100.0 million	LIBOR plus 60.0 basis points	April 2012
HSBC Bank USA, National Association	U.S.$250.0 million	LIBOR plus 60.0 basis points	July 2012
Export Development Canada	U.S.$250.0 million	LIBOR plus 50.0 basis points	October 2012

As of March 31, 2017, CODELCO has paid back the abovementioned loans with Sumitomo Mitsui, Mizuho Bank, Ltd. and HSBC Bank USA, National Association, each of which matured, or was scheduled to mature, during 2016. However, between October and November 2016, CODELCO rolled over the loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd. for U.S.$250.0 million and the loan with Export Development Canada for U.S.$300 million, increasing the original principal by an additional U.S.$50 million. The loans mature in five years and the terms are described below:

	Credit Amount	Interest Rate
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.$250.0 million	LIBOR plus 75.0 basis points
Export Development Canada	U.S.$300.0 million	LIBOR plus 62.0 basis points

In May 2012, CODELCO entered into a two-tranche U.S. dollar unsecured bilateral loan, each tranche with a commitment fee of 15.0 basis points per annum with a maturity date of (i) ten years for the Japan Bank for International Cooperation loan and (ii) seven years for The Bank of Tokyo-Mitsubishi UFJ, Ltd., to be disbursed by the lenders on a *pro rata* basis, for the development, construction and operation of a metals processing plant to be constructed in Mejillones and the export of certain metals to Japanese customers pursuant to long-term offtake agreements. The terms of the loans are described below:

	Credit Amount	Interest Rate	Availability Period
Japan Bank for International Cooperation	U.S.$224.0 million	LIBOR plus 45.0 basis points	36 months
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.$96.0 million	LIBOR plus 55.0 basis points	36 months

As of March 31, 2017, U.S.$176 million was outstanding under the loan described above with Japan Bank for International Cooperation and U.S.$60 million was outstanding under the loan described above with The Bank of Tokyo-Mitsubishi UFJ, Ltd. As of December 31, 2016, CODELCO had amortized U.S.$48 million of the loan with the Japan Bank for International Cooperation and U.S.$36 million of the loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd. During the first three months of 2017, there were no payments made related to these loans.

Between July and September 2013, CODELCO entered into four five-year U.S. dollar unsecured bilateral bank loans, each with a commitment fee of 10.0 basis points, with the banks and terms described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Mizuho Bank, Ltd.	U.S.$300.0 million	LIBOR plus 62.0 basis points	September 2013
Bank of America N.A.	U.S.$300.0 million	LIBOR plus 65.0 basis points	October 2013
The Bank of Tokyo–Mitsubishi UFJ, Ltd.	U.S.$300.0 million	LIBOR plus 62.5 basis points	January 2014
Export Development Canada	U.S.$300.0 million	LIBOR plus 62.5 basis points	January 2014

As of March 31, 2017, each of the loans with Mizuho Bank, Ltd., Bank of America N.A., The Bank of Tokyo–Mitsubishi UFJ, Ltd. and Export Development Canada had an outstanding amount of U.S.$300 million. In April 2017, CODELCO prepaid the Bank of America N.A. loan for U.S.$300 million.

In June 2014, CODELCO entered into two five-year U.S. dollar unsecured bilateral loans with the banks and terms described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Mizuho Bank, Ltd.	U.S.$95.0 million	LIBOR plus 62.0 basis points	June 2014
Export Development Canada	U.S.$300.0 million	LIBOR plus 62.0 basis points	October 2014

As of March 31, 2017, U.S.$95 million was outstanding under the loan with Mizuho Bank, Ltd. and U.S.$300 million was outstanding under the loan with Export Development Canada.

In April 2017, CODELCO entered into a short-term U.S. dollar unsecured bilateral bank loan with Scotiabank & Trust (Cayman) Ltd. and used the proceeds to prepay the Bank of America N.A. loan for U.S.$300 million in full, as mentioned above. In May 2017, CODELCO exchanged the short-term loan with Scotiabank & Trust (Cayman) Ltd. for a five-year U.S. dollar unsecured bilateral bank loan with the same terms and interest rate described below:

	Credit Amount	Interest Rate
Scotiabank	U.S.$300.0 million	LIBOR plus 65.0 basis points

Additionally, apart from the committed unsecured bilateral bank loans mentioned above, CODELCO has uncommitted short-term lines of credit available for U.S.$1.5 billion. The Government of Chile authorized CODELCO to use up to U.S.$1 billion of these short-term lines. However, as of March 31, 2017, there is no amount outstanding under these short-term lines of credit.

Codelco-Kupferhandel GmbH has a short-term line of credit for €80 million, with a guarantee letter provided by CODELCO. As of March 31, 2017, €66 million was outstanding under this short-term line of credit.

Other Debt. The following table shows amounts due by CODELCO under notes issued in both international and local markets:

Type of Issuance	Maturity	Principal Amount	Outstanding Principal Amount as of March 31, 2017	Interest Rate
International	January 15, 2019	U.S.$600 million	U.S.$607 million	7.50%
International	November 4, 2020	U.S.$1.00 billion	U.S.$1.01 billion	3.75%
International	November 4, 2021	U.S.$1.15 billion	U.S.$1.16 billion	3.88%
International	July 17, 2022	U.S.$1.25 billion	U.S.$1.25 billion	3.00%
International	August 13, 2023	U.S.$750 million	U.S.$744 million	4.50%
International	July 9, 2024	€600 million	U.S.$642 million	2.25%
International	September 16, 2025	U.S.$2.00 billion	U.S.$1.97 billion	4.50%
Local	April 1, 2025	6.9 million UF	U.S.$289 million	4.00%
Local	August 24, 2026	10 million UF	U.S.$424 million	2.50%
International	September 21, 2035	U.S.$500 million	U.S.$492 million	5.63%
International	October 24, 2036	U.S.$500 million	U.S.$510 million	6.15%
International	July 17, 2042	U.S.$750 million	U.S.$739 million	4.25%
International	October 18, 2043	U.S.$950 million	U.S.$957 million	5.63%
International	November 4, 2044	U.S.$980 million	U.S.$980 million	4.88%

The following table sets forth the scheduled maturities of CODELCO's bank and secured note obligations as of March 31, 2017:

	Bank and Secured Note Obligations Outstanding (in millions of U.S.$)						
	Total	Less than 1 year	1-2 years	2-3 years	3-5 years	More than 5 years	Average Annual Interest Rate
Loans from financial institutions	$ 3,203	$ 204	$ 1,200	$ 430	$ 575	$ 796	LIBOR + 0.62%
Bonds issued	11,763	135	597	—	2,133	8,898	4.52%
Total	$ 14,966	$ 339	$ 1,797	$ 430	$ 2,708	$ 9,694	

In addition to the obligations set forth in the table above, CODELCO was a party to certain commitments primarily to secure the payment of (i) deferred customs duties and (ii) staff severance indemnities payable upon the retirement of individual employees, amounting to U.S.$22.0 million and U.S.$778.0 million, respectively, as of December 31, 2016, and to U.S.$13.0 million and U.S.$763 million, respectively, as of March 31, 2017. See Notes 17 and 18 to the 2015-2016 Year-end Consolidated Financial Statements and Notes 17 and 18 to the Unaudited Interim Consolidated Financial Statements. In addition, as of March 31, 2017, CODELCO has deferred tax assets of U.S.$460 million in 2017, U.S.$253 million in 2018 and U.S.$12 million in 2019, and tax obligations of U.S.$56 million in 2020 and U.S.$4,032 million after 2021. CODELCO currently has no hedges related to its production of copper through 2017. See "Business and Properties—Marketing—Pricing and Hedging" and "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO."

CODELCO entered into an agreement with Mitsui on October 12, 2011, pursuant to which Mitsui made available to Inversiones Mineras Acrux SpA ("Acrux") a short-term bridge financing facility of up to U.S.$6.75 billion, guaranteed by CODELCO and subsidiaries of Acrux, as a possible means to fund the exercise of the Sur Option (as defined in "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships"). CODELCO also entered into a separate agreement with Mitsui that provided CODELCO with the option to repay a portion of the bridge loan from Mitsui through a put option for an indirect 50% stake in the Anglo

American Sur interest acquired, assuming a pre-determined value of U.S.$9.76 billion for the 49% interest in Anglo American Sur. The balance of the bridge loan would convert into a non-recourse five-year term loan between Acrux and Mitsui, which would not be guaranteed by CODELCO, and would be repayable only from cash distributions on the Anglo American Sur shares held by Acrux. In addition, CODELCO and Mitsui entered into a 10-year sale and purchase agreement for the equivalent of 30,000 tons of fine copper per year subject to market-based pricing terms.

On August 23, 2012, the parties amended and restated the loan agreement described above (the "A&R Mitsui Bridge Loan Facility") pursuant to which an affiliate of Mitsui agreed to make available to a wholly-owned subsidiary of CODELCO a bridge loan denominated in U.S. dollars. On August 24, 2012, the subsidiary of CODELCO drew down an amount equal to U.S.$1,867 million to finance the acquisition by Inversiones Mineras Becrux SpA ("Becrux") of equity interests of Anglo American Sur as described below under "Business and Properties— Copper Production—Associations, Joint Ventures and Partnerships—Anglo American Sur" and to pay certain taxes, costs and expenses relating to the financing. On October 31, 2012, CODELCO and Mitsui entered into an agreement to refinance the U.S.$1,867 million bridge loan with a U.S.$875 million non-recourse term loan with a 3.25% fixed interest rate and a 20-year amortization (the "Mitsui Term Loan") that is secured by a pledge of the equity interests in Acrux held by such subsidiary of CODELCO. As part of this refinancing, CODELCO sold to Mitsui the equivalent of a 4.5% stake of Anglo American Sur for U.S.$998 million and used the proceeds of this sale to prepay a portion of the bridge loan. At March 31, 2017 the balance payable by CODELCO under the Mitsui Term Loan is U.S.$749.6 million.

Capital Expenditure Program. We seek to maintain and improve our competitive position in the industry through our three-year capital expenditure program, which replaces our previous five-year capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of CODELCO's new Mina Ministro Hales, the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at the El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company expects to make capital expenditures of approximately U.S.$12.0 billion over the next three years on major projects, transforming its main mining operations with a view towards the long-term development of its resources. The Company is reformulating the Andina expansion project and addressing the geomechanical challenges of the new mine level at El Teniente, which has led to both a decrease in the amount and a change in the timing of our capital expenditure program, when compared to what was previously announced. We expect these expenditures to be funded with a combination of internal and external resources. CODELCO's expansion and development of major projects over the next three years are expected to include:

- The gradual transformation of the Chuquicamata mine from an open pit mine to an underground operation, which we expect will enable Chuquicamata to maintain its annual copper production at its current level starting in 2019 (an approximate investment of U.S.$3.2 billion over the next three years). Environmental approvals were obtained in September 2010, and the project is 47.8% complete as of March 31, 2017.

- The reallocation of the Andina plant, which involves maintaining the treatment capacity of the concentrator plant in the long-term (an approximate investment of U.S.$590 million over the next three years). Operations are expected to begin in 2020, and the project is 36.8% complete as of March 31, 2017.

- The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$905 million over the next three years) to maintain El Teniente's annual copper production at its current level. Environmental approvals were obtained in March 2011. However, based on geomechanical challenges that need to be addressed, an alternative development plan was approved that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023.

- The upgrade of CODELCO's smelters to new emission standards (DS N°28) is required to maintain our operating licenses in Chuquicamata, El Teniente and Salvador, and such upgrade will require an approximate investment of U.S.$800 million in Chuquicamata, U.S.$600 million in El Teniente and U.S.$300 million in Salvador for a total approximate investment of U.S.$1.7 billion over the next three years. The upgrade of our smelters at each location is expected to be completed by December 2018.

- The development of the Inca Pit project is designed to extend the life of the current underground mine operation in the Salvador Division and enable it to maintain its annual production at its current level starting in 2021 and the analysis for a future expansion (an approximate investment of U.S.$308 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

- The expansion of the existing Andina open pit, an initiative that will involve reformulating the plan for the project to require less investment, while at the same time seeking to minimize the environmental impact and prolong the life of the Andina Division (an approximate investment of U.S.$54 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

CODELCO has already begun investing in the aforementioned projects. In 2016, CODELCO invested U.S.$2.7 billion principally in expansion and development projects, including the new El Teniente mine level, the Chuquicamata underground mine expansion, the reallocation of the Andina mine-plant pursuant to the Andina expansion project, the second phase of Radomiro Tomic sulfides and maintenance. CODELCO invested U.S.$3.3 billion in 2015 and U.S.$3.4 billion in 2014. For an additional description of CODELCO's principal planned capital expenditures, see "Business and Properties—Copper Production—Operations."

CODELCO expects that it will have sufficient resources from operations, including cash flows, capitalization and retention of profits, in addition to new borrowings from banks and the capital markets to fund its anticipated capital expenditures and investments.

As described under "Regulatory Framework—Overview of the Regulatory Regime" below, the Ministries of Finance and Mining are required to determine, by means of a joint decree, the amount, if any, that the Company shall allocate to the creation of capitalization and reserve funds. In June 2014, the Ministries of Finance and Mining approved the capitalization of U.S.$200 million through a retention of profits from 2013 profits. In October 2014, the multi-year capitalization law approved by the Chilean Congress was promulgated and became effective following its publication in the Official Gazette on October 30, 2014. This law allocates a maximum of U.S.$3 billion to CODELCO in the form of a capital injection by the Chilean Treasury over the period from 2014 to 2018. Pursuant to this law, CODELCO must present a yearly progress report on the BDP for the 2014-2018 period to the Ministries of Finance and Mining and to the Finance Committee of both the Upper House and the Lower House of Congress by March 30 of each year. The BDP report details the progress of CODELCO's investments, including information regarding their financing and execution, covering each of the structural projects and their corresponding investments. The BDP report also discusses CODELCO's progress with respect to production, costs and results. On the same date that the multi-year capitalization law was promulgated, the President of Chile announced a commitment to authorize the retention by CODELCO of up to an additional U.S.$1 billion of profit (which includes the U.S.$200 million that had been authorized in June 2014) over the 2014-2018 period.

In accordance with this commitment, in June 2015, the Ministries of Finance and Mining approved the capitalization of U.S.$225 million of 2014 profit, but charged to 2015 profits. However, due to CODELCO's operating losses in 2015, this capitalization has not been implemented. Nonetheless, pursuant to the multi-year capitalization law, the Government of Chile authorized a capital injection of U.S.$600 million (out of the maximum U.S.$3 billion for the 2014-2018 period), which was received in U.S. dollars in December 2015. In December 2016, the Ministries of Finance and Mining authorized the capitalization of U.S.$975 million, U.S.$500 million of which was a capital injection to finance CODELCO's investment plan. The remaining U.S.$475 million compensated the Company for funds authorized to be received pursuant to the Copper Reserve Law. A new law (Law 20.989) effective as of January 2017 authorized the additional capitalization up to a maximum of U.S.$950 million for both 2016 and 2017 (up to U.S.$475 million for each year) in the form of a capital injection to the Company for the funds authorized pursuant to the Copper Reserve Law. In April 2017, CODELCO received the U.S.$475 million capital injection in U.S. dollars for 2016. Law 20.989 also extended the U.S.$3 billion capitalization commitment for the 2014-2018 period to 2019. During 2017, based on current copper prices, CODELCO does not expect additional capital injections in connection with Law 20.989. See "Management's Discussion and Analysis of Financial Condition and Result of Operations—Liquidity and Capital Resources" and "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO's funding through retention of profits is restricted and is subject to the approval of the Ministries of Finance and Mining."

Since 2014, the Government of Chile has authorized the capitalization and retention of U.S.$1.8 billion within CODELCO, U.S.$225 million of which has not been implemented.

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

Environmental. An important part of CODELCO's investment policy is its pollution abatement plan, which includes several environmental projects undertaken to comply with Chilean law and to achieve its own environmental performance goals. See "Regulatory Framework—Environmental Regulations."

CODELCO invested U.S.$1.36 billion in these projects from 2010 to 2016 and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$1.26 billion from 2017 through 2018. In 2016, CODELCO invested U.S.$382 million in environmental projects, including new phases of the planned enlargements of the Talabre, Ovejería and Carén tailings dams in the Chuquicamata, Andina and El Teniente Divisions and various projects in the Chuquicamata, Ventanas, Salvador and El Teniente Divisions in order to comply with the new regulation on atmospheric emissions from the smelters. This figure includes the investment made in the Gabriela Mistral Division. CODELCO's planned investment of approximately U.S.$630 million in 2017 includes the continuation of the enlargement of the Carén, Ovejería and Talabre tailings dams in the El Teniente, Andina and Chuquicamata Divisions and various projects in all the smelters (Chuquicamata, Salvador, Ventanas and El Teniente Divisions) for the abatement of atmospheric emissions, among others. In 2018, planned investments include the continuation of the projects for the abatement of atmospheric emissions in the smelters and the continued enlargement of the tailings dams, among others. Further, a new air emission standard for smelters was enacted by the Ministry of the Environment in December 2013. CODELCO has estimated that the cost of complying with this new standard will be U.S.$1.8 billion, which will be incurred over a period of approximately five years and which started in 2013, but the full cost will be determined when all the necessary engineering projects are finished and implemented in order to ensure compliance.

The following table sets forth CODELCO's principal environmental investments in the years 2014-2016:

	Environmental Investments (in millions of U.S.$)			
	2014	**2015**	**2016**	**Total**
Decontamination plans	39.9	113.8	185.0	338.7
Tailing dams	79.0	109.9	125.1	314.0
Solid wastes	0.8	18.3	8.2	27.2
Liquid wastes and water management	79.3	33.6	31.5	144.4
Others	6.5	19.4	32.3	58.2
Total	205.5	295.0	382.1	882.5

Distributions to the Chilean Treasury. As a state-owned enterprise and according to its governing law, CODELCO's profit is due to be transferred to the Chilean Treasury. Before June 30 of each year, the Ministries of Finance and Mining determine, by means of a joint decree, the amount, if any, that the Company must allocate to the creation of capitalization and reserve funds. Amounts not allocated to the creation of capitalization and reserve funds are distributed to the Chilean Treasury.

In 2014, 2015 and 2016, CODELCO distributed U.S.$2.2 billion, U.S.$1.1 billion and U.S.$942 million, respectively, to the Chilean Treasury. While CODELCO makes advance payments to the Chilean Treasury throughout the year, funded by cash flows from operating activities, it generally has distributions payable to the Chilean Treasury at the end of each year. These distributions are paid in the first quarter of the following year but are reflected in the prior year's financial statements.

The following table sets forth amounts paid in taxes (which due to the timing of payments may be different from tax amounts accrued) and payments and profit distributions made by CODELCO to the Chilean Treasury for each of the three years ended December 31, 2016 and for the three months ended March 31, 2017.

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

	Year Ended December 31,			For the three months ended March 31,
	2014	2015	2016	2017
Income tax payments	$ 584	$ 248	$ 25	$ 2
Law 13.196	989	867	917	257
Subtotal	$ 1,573	$ 1,088	$ 942	$ 259
Dividends	661	-	-	-
Total	$ 2,234	$ 1,088	$ 942	$ 259

Production Hedging. CODELCO has hedged certain future copper delivery commitments and production in order to manage the risks associated with copper price volatility in the past. CODELCO currently does not have any hedged production commitments and therefore there is no relevant impact from hedging. See Notes 28 and 29 to the 2015-2016 Year end Consolidated Financial Statements and Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements. In 2016, CODELCO's production hedging activities had no negative impact on pre-tax income.

CODELCO's future production hedging activities could cause it to lose some of the benefit of an increase in copper prices if copper prices increase over the level of CODELCO's hedge position, as occurred in 2012. The cash flows from the mark-to-market values of CODELCO's production hedges can be affected by factors such as the market price of copper, copper price volatility and interest rates, which are not under CODELCO's control.

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

See "Business and Properties—Marketing—Pricing and Hedging," "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO," Note 29 to the 2015-2016 Year-end Consolidated Financial Statements and Note 29 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

Exchange Rates and Interest Rates. CODELCO's main currency exposure is between the Chilean peso and the U.S. dollar due to the fact that a significant portion of CODELCO's operating costs are denominated in Chilean pesos and paid pursuant to contracts providing for indexation to Chilean inflation, and approximately 100% of revenue is denominated in U.S. dollars or other foreign currencies. To minimize the risks associated with currency exposures and fluctuations in interest rates, CODELCO enters into interest rate futures contracts and foreign exchange forward contracts which reduce exposure to fluctuations in the Chilean peso to U.S. dollar exchange rate.

As of March 31, 2017, CODELCO had swap contracts in place to hedge the risk of future UF/U.S.$ and Euro/U.S.$ exchange rate fluctuations with respect to a notional amount of U.S.$615 million and U.S.$819 million, respectively, which were equivalent to, and sufficient to cover, 100% of CODELCO's foreign currency-denominated bonds outstanding as of March 31, 2017.

As of March 31, 2017, 16% of CODELCO's financial debt was at a variable interest rate and 84% had a fixed rate.

Controls and Procedures

CODELCO's management conducted an assessment utilizing The Committee of Sponsoring Organizations (COSO) criteria of the effectiveness of its internal controls as of the year ended December 31, 2016. Based on the assessment performed, CODELCO's management has not identified any material weakness in its control environment. As a result of measures implemented by the Company, the previously identified deficiency classified as a "significant deficiency" for the year ended December 31, 2015 has been eliminated. This significant deficiency related to the errors in the distribution of user access information and profiles to the Company's SAP enterprise resource planning applications.

In response to the results of CODELCO's evaluation, management continues to undertake remedial measures to implement additional controls and improve its control environment. In July 2016, a new corporate risk and control task force was created to implement a corporate risk model and ensure that the appropriate measurements are taken to improve its control environment.

The significant deficiency identified by CODELCO did not result in any impact on CODELCO's 2015-2016 Year-end Consolidated Financial Statements or the Unaudited Interim Consolidated Financial Statements, or require the correction of any material misstatement in the Company's disclosures.

New Accounting Standards

See Section II of the Unaudited Interim Consolidated Financial Statements for information regarding new accounting standards that have been issued but are not yet effective.

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with the IFRS requires the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of financial statements and the amounts of income and expenses during the reporting period. It also requires CODELCO's management to exercise its judgment in the process of applying CODELCO's accounting principles. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are below. For a full description of CODELCO's accounting policies, see Section II to the Year-end Consolidated Financial Statements and Section II to the Unaudited Interim Consolidated Financial Statements.

Useful Economic Lives and Residual Values of Property, Plant and Equipment. The useful lives and residual values of property, plant and equipment assets that are used for calculating depreciation are determined based on technical studies prepared by specialists (internal or external). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined by using technical estimates considering specific factors related to the use of the assets. The amounts recognized in property, plant and equipment are depreciated, as a general rule, under a units-of-production method, allowing for the depreciation of an asset when it can be clearly identified as being a part of a production process relating to copper extraction. For all other assets, however, a straight-line depreciation method is still being used.

Depreciation Method. In 2014, CODELCO changed its depreciation method for assets related to production from a straight-line method to a units of production method. The total impact of the change in the depreciation method was U.S.$135 million. See Note 7 to the 2014-2015 Year-end Consolidated Financial Statements for further information on CODELCO's depreciation methodology.

Estimated useful lives, residual values and our depreciation method are reviewed at the end of each year, and we record the effect of any change in estimates prospectively.

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

This review can happen at any time if the conditions of ore reserves change significantly as a result of new information, confirmed and officially recognized by us.

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

CODELCO applies its judgment in determining its ore reserves and, as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. For such reason, these changes would lead to modifications in the usage estimates of certain assets and of the amount of certain decommissioning and restoration costs.

CODELCO estimates its reserves and mineral resources based on the information prepared by the Competent Persons of the Company, as defined and regulated by Chilean Law No. 20.235. The estimates are based on the Joint Ore Reserves Committee (JORC) methodology, taking into consideration the historical information of the cost of goods sold and copper prices in the international market.

CODELCO also periodically reviews such estimates supported by world-class external experts, who certify the determined reserves.

Impairment of Assets. CODELCO 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 with regard to the carrying amount. In the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is less than their carrying amount, an impairment loss exists.

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

Estimates of factors 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 Company, which are in turn supported by certain standards over time. Any changes to these criteria may impact the recoverable amount of the assets on which is performing the impairment tests. CODELCO's evaluations and definition of the CGUs are made at the level of each of its current operating divisions.

CODELCO has assessed and defined the CGUs that are constituted at the level of each of its current operating divisions.

The review for impairment includes its subsidiaries, associates and joint arrangements.

Provisions for Decommissioning and Site Restoration Costs. CODELCO is obligated to incur decommissioning and site restoration costs when an 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.

Significant estimates and assumptions are made in determining the provision for decommissioning and site restoration costs, as there are numerous factors that will affect the ultimate liability payable. In order to establish

such estimates, CODELCO: (i) creates a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile; (ii) evaluates the assets that will be subject to removal and restoration, weighted by a structure of market prices of goods and services, and reflecting the best knowledge at the time to carry out such activities; and (iii) examines the techniques and more efficient construction procedures to date. In addition, CODELCO must make certain assumptions about the exchange rate for tradable goods and services and the discount rate applied to update the relevant cash flows over time, which reflects the time value of money and includes the risks associated with liabilities, which is based on the currency in which disbursements will be made.

The provision as of a reporting date represents management's best estimate of the present value of the future decommissioning and site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 "Property, Plant and Equipment." Any reduction in the decommissioning and site restoration liability, and therefore any deduction from the decommissioning and site restoration asset, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is immediately accounted for as profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability, and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36 "Impairment of Assets." If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. Any decommissioning and site restoration costs that arose as a result of the production phase of a mine should be expensed as incurred.

The costs arising from the installation of a plant or other site preparation projects are discounted at net present value, provided for and capitalized at the beginning of each project, as soon as the obligation to incur such costs arises. These decommissioning costs are charged to profit over the life of the mine through depreciation of the asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

Accrual for Employee Benefits. Employee benefits costs for severance payments and health benefits for services rendered by the employees are determined based on actuarial calculations using the projected credit unit method and are charged to profit or loss on an accrual basis.

We use assumptions to determine the best estimate for these benefits. Such estimates, as well as assumptions, are determined together with an external actuary. These assumptions include demographic assumptions, mortality and morbidity, discount rate and expected salary increases and rotation levels, among other factors. Although we believe that the assumptions used are appropriate, a change in these assumptions could affect profit.

Provisional Pricing Arrangements. The substantial majority of copper produced by CODELCO is sold under annual contracts. Pricing on such contracts is based on prevailing monthly average prices quoted on the LME for a quotation period, generally the month following the scheduled month of shipment. CODELCO uses information on future copper prices, through which it recognizes adjustments to its revenues and trade receivables due to its provisional invoicing. These adjustments are updated on a monthly basis. At the end of each month, CODELCO estimates and accounts for any reduction in the provisional sales price using information available at the time financial statements are generated. However, the amount estimated may differ from the amount received at settlement. Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed-upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, which final price is generally based on the price recorded in the LME. In the majority of cases, the recognition of sales revenue for copper and other

commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue." The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in the LME up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and nine months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Sales in the national market are recorded 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 the sales price for the internal market.

Additionally, we recognize revenue for providing services, mainly related to the processing of minerals bought from third parties. Revenue is recognized when the amounts can be measured reliably and when the services have been provided.

See "Business and Properties—Marketing—Pricing and Hedging" for information regarding hedge accounting.

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

Lawsuits and Contingencies. We assess the probability of lawsuits and contingency losses on an ongoing basis according to estimates performed by our legal advisors. For cases in which management and our legal advisors believe that a favorable outcome will be obtained or when the results are uncertain and the lawsuits are still pending resolution, no provisions are recognized.

BUSINESS AND PROPERTIES

CODELCO is the world's largest copper producer and one of the largest companies in Chile in terms of revenues. As of December 31, 2016, CODELCO's total assets and equity amounted to U.S.$33.4 billion and U.S.$9.9 billion, respectively, without including the value of CODELCO's mining concessions and ore deposits (as of March 31, 2017, such amounts were U.S.$33.4 billion and U.S.$9.9 billion, respectively). CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and by-products, the processing of ore into refined copper and the international sale of refined copper and by-products. CODELCO is 100% owned by the Government of Chile and controls approximately 7% of the world's proven and probable copper reserves, as such term is defined by the U.S. Geological Survey. In 2016, CODELCO had an estimated 9% share of the total world copper production, with production amounting to approximately 1.83 million metric tons (including CODELCO's share of the El Abra deposit, which is mined by Sociedad Contractual Minera El Abra, 49% of which is owned by CODELCO and 51% by Cyprus El Abra Corporation (a subsidiary of Freeport-McMoRan Inc.), as well as CODELCO's indirect 20% share of Anglo American Sur) and an estimated 11% share of the world's molybdenum production with production amounting to approximately 30,641 metric tons.

CODELCO's main commercial product is Grade A cathode copper. In 2016, CODELCO derived 91% of its total sales from copper and 9% of its total sales from by-products of its copper production or, for the three-month period ended March 31, 2017, 93% and 7%, respectively.

The following table sets forth certain production, cost and price information relating to CODELCO for the three-year period ended December 31, 2016 and the three-month period ended March 31, 2016 and 2017:

Copper Production, Cash Cost of Production and Price Information
(excluding El Abra and Anglo American Sur)
(production in thousands of metric tons and cash costs and prices in cents per pound)

	Year ended December 31,			Three months ended March 31,	
	2014	2015	2016	2016	2017
CODELCO's Copper Production	1,672	1,732	1,707	437	390
CODELCO's Cash Cost of Production	150.4	138.7	126.1	125.4	134.4
Average LME Price[(1)]	311.3	249.2	220.6	211.9	264.5

(1) Price for Grade A cathode copper.

CODELCO's mission is to maximize the value of its mineral resources for the benefit of its shareholder, the Chilean state, by fully developing its vast mining resources on a timely basis, leveraging the Company's experienced workforce, utilizing its advanced technological holds in key areas and by executing the following key strategic initiatives:

Capital Expenditure Program. We seek to maintain and improve our competitive position in the industry through our three-year capital expenditure program, which replaced our previous five-year capital expenditure program. Following the completion of a number of significant projects in recent years, such as the development of CODELCO's new Mina Ministro Hales, the development of sulfide ores at the Radomiro Tomic mine, the expansion at the Andina mine and the development of the Pilar Norte area at the El Teniente mine, CODELCO intends to continue its development program. Accordingly, the Company expects to make capital expenditures of approximately U.S.$12.6 billion over the next three years on major projects, transforming its main mining operations with a view towards the long-term development of its resources. The Company is reformulating the Andina expansion project and addressing the geomechanical challenges of the new mine level at El Teniente, which has led to both a decrease in the amount and a change in the timing of our capital expenditure program, when compared to what was previously announced. We expect these expenditures to be funded with a combination of internal and external resources. CODELCO's expansion and development of major projects over the next three years are expected to include:

- The gradual transformation of the Chuquicamata mine from an open pit mine to an underground operation, which we expect will enable Chuquicamata to maintain its annual copper production at its current level starting in 2019 (an approximate investment of U.S.$3.2 billion over the next three years). Environmental approvals were obtained in September 2010, and the project is 47.8% complete as of March 31, 2017.

- The reallocation of the Andina plant, which involves maintaining the treatment capacity of the concentrator plant in the long-term (an approximate investment of U.S.$590 million over the next three years). Operations are expected to begin in 2020, and the project is 36.8% complete as of March 31, 2017.

- The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$905 million over the next three years) to maintain El Teniente's annual copper production at its current level. Environmental approvals were obtained in March 2011. However, based on geomechanical challenges that need to be addressed, an alternative development plan was approved that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023.

- The upgrade of CODELCO's smelters to new emission standards (DS N°28) is required to maintain our operating licenses in Chuquicamata, El Teniente and Salvador, and such upgrade will require an approximate investment of U.S.$800 million in Chuquicamata, U.S.$600 million in El Teniente and U.S.$300 million in Salvador for a total approximate investment of U.S.$1.7 billion over the next three years. The upgrade of our smelters at each location is expected to be completed by December 2018.

- The development of the Inca Pit project is designed to extend the life of the current underground mine operation in the Salvador Division and enable it to maintain its annual production at its current level starting in 2021 and the analysis for a future expansion (an approximate investment of U.S.$308 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

- The expansion of the existing Andina open pit, an initiative that will involve reformulating the plan for the project to require less investment, while at the same time seeking to minimize the environmental impact and prolong the life of the Andina Division (an approximate investment of U.S.$54 million over the next three years). Prefeasibility studies have been completed, and we are making preparations to enter the feasibility studies stage.

Improvement in operations. A number of improvement initiatives are underway to adopt best industry practices, most notably in the areas of labor productivity, asset utilization rates and process efficiency. Together with its capital expenditure investment program, CODELCO expects these initiatives to enhance its competitive position. CODELCO operates in a cyclical business and its strategy is to ensure that it is able to take full advantage of high copper prices. CODELCO is developing a number of plans to achieve production targets in the coming years. These plans mainly focus on reducing the risk of disruptions to production and providing increased flexibility to its operations.

Exploration Efforts. CODELCO controls the largest copper reserves worldwide, the Company's single most important long-term competitive advantage. The discovery of new mining resources and improving its ability to locate existing ore bodies and prospects are critical to CODELCO maintaining its preeminent position in the industry. Accordingly, the Company's exploration program will continue to be a key part of its business strategy.

Investment in Human Capital. The successful execution of CODELCO's business strategy relies on continuing to attract and retain a world-class management team and professionals of the highest caliber. The mining industry faces increased competition for workforce talent. As a result, the Company intends to continue improving career development opportunities for its staff and the overall attractiveness of CODELCO as a preferred employer.

Mining Association with Third Parties. CODELCO seeks to continue to develop and operate assets in association with third parties where these associations will add value to CODELCO's business. A few examples of the Company's willingness and ability to do so are (i) the association with Freeport-McMoRan Inc. in the El Abra

copper mine (CODELCO owns 49%) and (ii) the association with Anglo American, Mitsui and Mitsubishi Corporation in Anglo American Sur (CODELCO owns an indirect 20% interest). CODELCO believes its large mining reserve is a strong platform from which to establish such associations.

Copper Production

General

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

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

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

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

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

Operations

CODELCO's copper operations are divided into the following eight divisions:

- The El Teniente Division is the operator of the El Teniente mine, which is the world's largest underground copper mine and has been in operation for more than 100 years. The El Teniente Division includes the Caletones smelter. In 2016, this division produced 475,340 metric tons of copper, or 26.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 97.2 cents per pound, compared to 100.7 cents per pound in 2015, and a total cash cost of U.S.$1.0 billion, compared to U.S.$1.0 billion in 2015. During the first three months of 2017, this division produced 101,589 metric tons of copper with a cash cost of 122.6 cents per pound and a total cash cost of U.S.$271 million.

- The Radomiro Tomic Division operates the Radomiro Tomic mine, which began its first full year of production in 1998 and is ranked among the world's top three largest producers of copper using SX-EW technology in 2016. In 2016, this division produced 318,255 metric tons of copper cathodes, or 17.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 134.8 cents per pound, compared to 140.6 cents per pound in 2015, and a total cash cost of U.S.$936 million in 2016 compared to U.S.$969 million in 2015. During the first three months of 2017, this division produced 74,689 metric tons of copper with a cash cost of 130.2 cents per pound and a total cash cost of U.S.$212 million.

- The Chuquicamata Division operates the Chuquicamata mine, one of the largest copper-producing mines in the world, which began its operations in 1915 and currently includes smelting and refining capacities. In 2016, this division produced 302,010 metric tons of copper cathodes, or 16.5% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 118.3 cents per pound, compared to 150.0 cents per pound in 2015, and a total cash cost of U.S.$774 million in 2016, compared to U.S.$1.0 billion in 2015. During the first three months of 2017, this division produced 53,080 metric tons of copper with a cash cost of 101.9 cents per pound and a total cash cost of U.S.$116 million.

- The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body, which first began producing copper at the end of 2013. In 2016, this division produced 237,020 metric tons of copper, or 13.0% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 115.3 cents per pound, compared to 141.4 cents per pound in 2015, and a total cash cost of U.S.$584 million in 2016, compared to U.S.$721 million in 2015. During the first three months of 2017, this division produced 62,002 metric tons of copper with a cash cost of 112.1 cents per pound and a total cash cost of U.S.$149 million.

- The Andina Division operates the Andina and Sur-Sur mines with production split among open-pit and underground mines. It does not have independent smelting capacity. Andina has been in operation since 1970. In 2016, this division produced 193,341 metric tons of copper, or 10.6% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 146.6 cents per pound, compared to 145.0 cents per pound in 2015, and a total cash cost of U.S.$603 million in 2016, compared to U.S.$692 million in 2015. During the first three months of 2017, this division produced 57,620 metric tons of copper with a cash cost of 134.6 cents per pound and a total cash cost of U.S.$165 million.

- The Gabriela Mistral Division was created in January 2013 and operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in May 2008 after a 26-month construction period. In 2016, this division produced 121,712 metric tons of copper, or 6.7% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 144.2 cents per pound, compared to 159.7 cents per pound in 2015, and a total cash cost of U.S.$387 million in 2016, compared to U.S.$440 million in

2015. During the first three months of 2017, this division produced 27,289 metric tons of copper with a cash cost of 154.0 cents per pound and a total cash cost of U.S.$93 million.

- The Salvador Division operates the Salvador mine and concentrator and the smelter/refinery complex at Potrerillos, which has the capacity to treat 671,000 metric tons of concentrate. In 2016, this division produced 59,796 metric tons of copper cathodes, or 3.3% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 182.3 cents per pound, compared to 248.1 cents per pound in 2015, and a total cash cost of U.S.$239 million in 2016, compared to U.S.$264 million in 2015. During the first three months of 2017, this division produced 13,522 metric tons of copper with a cash cost of 220.9 cents per pound and a total cash cost of U.S.$65 million. Unless the Inca Pit project (as described below) enters the execution stage, CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2021, or sooner, if warranted by market and operational conditions, specifically marketability of its copper, cash costs and annual reviews of performance. The Potrerillos smelter and refinery would continue to operate upon any cessation of the mining operations at Salvador.

- The Ventanas Division was created in connection with the acquisition of the Ventanas smelter/refinery complex from Chile's state-owned mining company Empresa Nacional de Minería ("ENAMI") in May 2005. The Ventanas smelter has the capacity to treat 400,000 metric tons of concentrate. In 2016, this division refined 407,272 metric tons of copper, compared to 407,002 metric tons of copper in 2015. Pursuant to the terms of the acquisition, CODELCO is required to provide on market terms the necessary smelting and refining capacity for the treatment of copper concentrate delivered by the small- and medium-sized mining industry that ENAMI serves.

For a description of CODELCO's associations with other companies, see "Business and Properties—Copper Production—Associations, Joint Ventures and Partnerships" below.

Beginning in late 2010, CODELCO implemented a corporate reorganization plan which divided the management of the Company's operations into Northern Operations (*Operaciones Norte*) and Central Southern Operations (*Operaciones Centro Sur*), to supervise the divisions in the north and center-southern regions, respectively. Pursuant to the plan, CODELCO created a new mining division in the north (the Mina Ministro Hales Division) to manage the operations of the Mina Ministro Hales ore body and divided the CODELCO Norte Division into the Chuquicamata and Radomiro Tomic Divisions. In addition, the reorganization was intended to simplify the organizational structure by causing all corporate administrative and support functions to report to a single vice president, and the productive divisions to concentrate on maximizing production, controlling costs and implementing safety measures. The Chuquicamata Division, the Radomiro Tomic Division, the Mina Ministro Hales Division and the Salvador Division (first moved from Northern Operations (*Operaciones Norte*) in early 2012 to Central Southern Operations (*Operaciones Centro Sur*), and moved back to Northern Operations (*Operaciones Norte*) in April 2016) are now supervised by the Vice President of Northern Operations (*Operaciones Norte*). The Andina Division, the El Teniente Division and the Ventanas Division are now supervised by the Vice President of Central Southern Operations (*Operaciones Centro Sur*).

CODELCO's copper production, including its share of the El Abra deposit and of Anglo American Sur, decreased to 416,274 metric tons during the first three months of 2017 from 469,767 metric tons in the first three months of 2016. This decrease was mainly due to lower production in all CODELCO divisions, except for Andina, in addition to the decrease in production in Anglo American Sur and El Abra. The El Teniente Division experienced the most significant decrease mainly due the decrease in the mineral ore mined as a consequence of operational maintenance needs in the concentrator plant. This decrease in overall production was partially offset by an increase in production levels at the Andina Division due to higher mineral ore processed. Molybdenum production decreased by 6.6% in the first three months of 2017 mainly due to the decrease in production, especially in the El Teniente and Chuquicamata Divisions.

The table below shows the production of copper from CODELCO's mines, as compared to private sector production in Chile, for the three-year period ended December 31, 2016 and the three-month period ended March 31, 2017:

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

	Year ended December 31,			Three months ended March 31,
	2014	**2015**	**2016**	**2017**
El Teniente Division	455	471	475	102
Radomiro Tomic Division	327	316	318	75
Chuquicamta Division	340	309	302	53
Mina Ministro Hales	141	238	237	62
Andina Division	232	224	193	58
Gabriela Mistral Division	121	125	122	27
Salvador Division	54	49	60	14
El Abra[(1)]	81	88	49	10
Anglo American Sur[(2)]	87	72	71	17
CODELCO Total Production	1,841	1,891	1,827	416
Chilean Private Sector[(3)]	3,909	3,873	3,725	775
Total Chilean Production	5,750	5,764	5,553	1,192

(1) CODELCO's figures presented for El Abra include 49% of the mine's total production (the share of production which corresponds to CODELCO's 49% direct ownership interest in the mine). The balance of El Abra's production is included in the private sector figures.

(2) CODELCO's figures presented for Anglo American Sur include 20% of the mine's total production (the share of production which corresponds to CODELCO's 20% ownership interest in the mine). The balance of Anglo American Sur production is included in the private sector figures.

(3) Source: Chilean Copper Commission.

The table below shows the breakdown of CODELCO's own copper output for the three-year period ended December 31, 2016 and the three-month period ended March 31, 2017:

Copper Output of CODELCO (excluding El Abra and Anglo American Sur)
(in thousands of metric tons)

	Year ended December 31,			Three months ended March 31,
	2014	**2015**	**2016**	**2017**
Cathodes	651	540	534	113
Blister and anodes	357	401	394	73
Calcines	40	135	166	42
Concentrates	624	655	613	162
Total	**1,672**	**1,732**	**1,707**	**390**

The following table sets forth CODELCO's initial capital expenditures budget for the period 2017-2019 by division, and for the executive offices, as approved by the Company's Board of Directors as part of the Company's BDP report, which is subject to the approval of the Ministries of Finance and Mining (capital expenditures are subject to change at the discretion of the Company). The capital expenditures budget is subject to an annual review and therefore may be subject to change.

Division	Estimated Investment[1]
	(in millions of U.S.$)
Chuquicamata	$ 5,081
El Teniente	2,384
Andina	1,403
Radomiro Tomic	380
Salvador	586
Mina Ministro Hales	267
Gabriela Mistral	153
Ventanas	108
Executive Offices	259
Subsidiaries	82
Deferred expenses	1,924
Total	**$ 12,629**

(1) Includes equipment replacement and facilities repair, contributions to subsidiaries and other. Current currency, CODELCO's commercial guidelines May 2016.

The following table sets forth the estimated investment cost for each of CODELCO's principal expansion and development projects in each division (projects are subject to change at the discretion of the Company):

Division	Project	Status	Estimated Investment
			(in millions of U.S.$)
Radomiro Tomic	Sulfides phase II (N.A.)	Feasibility	$ 4,097
El Teniente	New mining level (2023)	Execution[1]	4,695
Chuquicamata	Chuquicamata Underground (2019)	Execution[1]	4,931
Andina	Expansion phase II (N.A.)	Feasibility	3,109
	Reallocation Plant (2020)	Execution[1]	1,286
Salvador	Inca Pit (2021)	Feasibility	715
		Total	**$ 18,833**

(1)Expenditures have been invested in projects in the execution stage.

Nonetheless, the figures above reflect the estimated investments that the Company expected to make under its 2017 updated BDP report. The Company continues to reformulate the Andina expansion project and the new mine level at El Teniente, and is also experiencing additional delays in projects, which should decrease the medium-term capital expenditure program. Therefore, this medium-term period more reliably reflects the Company's commitments than a longer-term period, especially considering current industry trends.

El Teniente Division

Mining Operations. The El Teniente Division is the largest division of CODELCO, based on 2016 production, and operates the El Teniente underground mine located 80 kilometers southeast of Santiago. With the production of 475,340 metric tons in 2016, it is the world's largest underground copper mine. For information regarding the new mine level at the El Teniente mine, see "Summary—Competitive Strengths."

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

El Teniente primarily produces concentrates that are smelted at the Caletones smelter. In addition to the principal mine at El Teniente, the division performs mining operations at several other areas of the main deposit, with a production of approximately 141,000 metric tons of ore per day. The Reservas Norte area of the mine is the main producing mine area, producing approximately 41,300 metric tons of ore per day.

As of March 31, 2017, the El Teniente Division employed 4,525 persons and produced 101,589 metric tons of copper at a cash cost of 122.6 cents per pound and a total cash cost of U.S.$271 million, as compared to a cash cost of 95.3 cents per pound and a total cash cost of U.S.$266 million during the first three months of 2016. In 2016, this division had a cash cost of 97.2 cents per pound, compared to 100.7 cents per pound in 2015 and 114.6 cents per pound in 2014, and a total cash cost of U.S.$1.01 million in 2016, compared to U.S.$1.04 million in 2015 and U.S.$1.14 million in 2014.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production	455.0	471.0	475.0	102.0
Cash Cost	114.6	100.7	97.2	122.6

Smelting Operations. The El Teniente Division includes the Caletones smelter, which has the capacity to smelt 1.25 million metric tons of concentrate per year. The El Teniente mine supplies 1.31 million metric tons of concentrate per year to the Caletones smelter. The balance of concentrate processed by the smelter is brought by railway from the Andina Division, 300 kilometers away.

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

Radomiro Tomic Division

Radomiro Tomic. The Radomiro Tomic deposit lies five kilometers north of the main pit at Chuquicamata. Radomiro Tomic began production at the end of 1997. The Radomiro Tomic mine is a state of the art facility, and the world's largest producer of copper using the highly efficient SX-EW process.

During the first half of 2010, the Sulfide Phase I project was completed, which enables the treatment of 100,000 metric tons per day of sulfides from Radomiro Tomic in the Chuquicamata processing plants. In 2016, the Radomiro Tomic Division produced 318,255 metric tons of copper.

As of March 31, 2017, the Radomiro Tomic Division employed 1,226 persons and produced 74,689 metric tons of copper at a cash cost of 130.2 cents per pound and a total cash cost of U.S.$212 million, compared to a cash cost of 124.9 cents per pound and a total cash cost of U.S.$228 million during the first three months of 2016. In 2016, this division had a cash cost of 134.8 cents per pound, compared to 140.6 cents per pound in 2015 and 155.0 cents per pound in 2014, and a total cash cost of U.S.$936 million, compared to U.S.$969 million in 2015 and U.S.$1.1 billion in 2014.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production Radomiro Tomic	327	316	318	75
Cash Cost Radomiro Tomic	155.0	140.6	134.8	130.2

Chuquicamata Division

Chuquicamata—Mining Operations. Chuquicamata is one of the largest open pits in the world with a total production of 302,010 metric tons in 2016. Located in the Atacama Desert, 1,200 kilometers north of Santiago and 240 kilometers east of the Chilean city of Antofagasta, the mine has been in continuous operation since 1915. The Chuquicamata mine is an open-pit operation that produces predominantly sulfide concentrates, which are smelted and refined on site. The pit size of the Chuquicamata mine is almost nine kilometers long in a north-south direction by five kilometers wide and one kilometer deep.

The Chuquicamata deposit is a porphyry-type ore body. The most important feature of the ore body is a north-south regional fault, the west fissure fault, which cuts the ore on the west side and creates a sharp limit on the deposit. An oxide ore zone was a large part of the deposit and has been almost totally mined out. The mine contains a supergene enrichment layer (a redeposit of copper, by natural forces, from higher to lower layers), which has a thickness of almost 800 meters near the center of the mine. Five kilometers north of Chuquicamata, the ore body narrows and merges with the Radomiro Tomic ore body. For information regarding the transformation of the Chuquicamata mine from an open pit mine to an underground operation, see "Summary—Competitive Strengths."

Chuquicamata—Smelting Operations. Chuquicamata utilizes one Outokumpu flash furnace, five Pierce Smith converters and two Teniente converters to process 1.25 million metric tons of 29.6% copper concentrate per year. Chuquicamata performs all stages of copper production from the mining process through cathode production.

As of March 31, 2017, the Chuquicamata Division employed 5,735 persons and produced 53,080 metric tons of copper at a cash cost of 101.9 cents per pound and a total cash cost of U.S.$116 million, compared to a cash cost of 141.1 cents per pound and a total cash cost of U.S.$202 million during the first three months of 2016. In 2016, this division had a cash cost of 118.3 cents per pound, compared to 150.0 cents per pound in 2015 and 142.7 cents per pound in 2014, and a total cash cost of U.S.$774 million in 2016, compared to U.S.$1.0 billion in 2015 and U.S.$1.0 billion in 2014.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production Chuquicamata	340	309	302	53
Cash Cost Chuquicamata	142.7	150.0	118.3	101.9

Mina Ministro Hales Division

Mining Operations. The Mina Ministro Hales Division was created in September 2010 for the operation of the Mina Ministro Hales ore body, and delivered its first tons of copper during the last quarter of 2013. In 2016, it produced 237,020 metric tons of fine copper.

As of March 31, 2017, Mina Ministro Hales employed 763 persons and produced 62,002 metric tons of fine copper at a cash cost of 112.1 cents per pound and a total cash cost of U.S.$149 million, compared to a cash cost of 109.6 cents per pound and a total cash cost of U.S.$148 million during the first three months of 2016. In 2016, this

division had a cash cost of 115.3 cents per pound compared to 141.4 cents per pound in 2015 and 161.9 cents per pound in 2014 and a total cash cost of U.S.$584 million in 2016 compared to U.S.$721 million in 2015 and U.S.$239 million in 2014.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production	141	238	237	62
Cash Cost	161.9	141.4	115.3	112.1

Smelting and Refinery Operations. The processing of minerals will be carried out in a stand-alone concentrator with processing capacity of 50,000 tons per day. Copper concentrates will be processed in a new roasting plant. The project also includes a new acid plant.

Gabriela Mistral Division

The Gabriela Mistral ore body is located in Chile's Second Region and began production in May 2008. On January 1, 2013, CODELCO created the Gabriela Mistral Division, which operates the Gabriela Mistral mine. Gabriela Mistral uses SX-EW technology and produced its first copper cathodes in May 2008 after a 26-month construction period at a cost of U.S.$1.0 billion. In 2015, the Gabriela Mistral Deposit produced 121,712 metric tons of copper.

As of March 31, 2017, the Gabriela Mistral Division employed 552 persons and produced 27,289 metric tons of copper at a cash cost of 154.0 cents per pound and a total cash cost of U.S.$93 million, as compared to a cash cost of 141.4 cents per pound and a total cash cost of U.S.$92 million during the first three months of 2016. In 2016, this division had a total cash cost of 144.2 cents per pound, compared to 159.7 cents per pound in 2015 and 182.6 cents per pound in 2014, and a total cash cost of U.S.$387 million in 2016, compared to U.S.$440 million in 2015 and U.S.$487 million in 2014.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production	121	125	122	27
Cash Cost	182.6	159.7	144.2	154.0

Andina Division

Mining Operations. The Andina Division operates the Andina mine and the Sur-Sur mine, which are located 50 kilometers northeast of Santiago. Production at the Andina Division is split among open-pit and underground mines. For information regarding the Andina plant reallocation project, see "Summary—Competitive Strengths." The Andina Division does not operate a smelter. Its production is processed at the Caletones smelter of El Teniente, at the Ventanas refinery or at the Salvador Division, and some of its concentrate is sold to ENAMI or other purchasers. As of March 31, 2017, the Andina Division employed 1,674 persons and produced 57,620 metric tons of copper at a cash cost of 134.6 cents per pound and a total cash cost of U.S.$165 million, as compared to a cash cost of 144.4 cents per pound and a total cash cost of U.S.$159 million during the first three months of 2016. In 2016, this division produced 193,341 metric tons of copper and had a cash cost of 146.6 cents per pound, compared to 145.0 cents per pound in 2015 and 138.9 cents per pound in 2014, and a total cash cost of U.S.$603 million in 2016, compared to U.S.$692 million in 2015 and U.S.$688 million in 2014.

The Río Blanco-Los Bronces porphyry-type deposit, one of the largest copper ore bodies in Chile, is partially owned by the Andina Division. The northwest portion of this deposit is owned by the Andina Division;

Anglo Sur owns and operates the mines at Los Bronces and El Soldado along with the Chagres smelter and various mineral resources, including Los Sulfatos and San Enrique Monolito, located in the southwest portion of the deposit. The deposit is characterized by plentiful tourmaline and breccia rock bodies mineralized with copper sulfides, mostly chalcopyrite. CODELCO's portion of the deposit is four kilometers in length, in the northwest to southeast direction, with a maximum width of almost one kilometer.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production	232	224	193	58
Cash Cost	138.9	145.0	146.6	134.6

With the aim to increase the processing output of the Andina Division, CODELCO completed the Andina Phase I Expansion Project in 2010. While the Andina Division had plans to continue investing to expand the mine and increase copper production by an additional 350,000 tons of copper per year, the Company is currently reformulating its plans in order to create an alternative that should require less investment, while at the same time seeking to minimize the environmental impact and prolong the life of the Andina Division.

Salvador Division

Mining Operations. The Salvador Division is the smallest of CODELCO's divisions. In 2016, it produced 59,796 metric tons of fine copper. The complex includes the mine and concentrator at Salvador and a smelter/refinery at Potrerillos. The Salvador mine is located 900 kilometers north of Santiago and 120 kilometers east of the Chilean port of Chañaral. Concentrates are transported 67 kilometers from the mine to the smelter at Potrerillos via pipeline and truck.

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

As of March 31, 2017, Salvador employed 1,654 persons and produced 13,552 metric tons of fine copper at a cash cost of 220.9 cents per pound and a total cash cost of U.S.$65 million, compared to a cash cost of 180.6 cents per pound and a total cash cost of U.S.$59 million during the first three months of 2016. In 2016, this division had a cash cost of 182.3 cents per pound, compared to 248.1 cents per pound in 2015 and 250.8 cents per pound in 2014, and a total cash cost of U.S.$239 million in 2016, compared to U.S.$264 million in 2015 and U.S.$299 million in 2014.

Unless the Inca Pit project (as described below) enters the execution stage, CODELCO's Board of Directors has decided to phase out mining operations at the Salvador mine by 2021, or sooner, if warranted by market and operational conditions, specifically marketability of its copper, cash costs and annual reviews of performance. The Potrerillos smelter and refinery would continue to operate upon any cessation of the mining operations at Salvador.

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

	Year ended December 31,			Three months ended March 31,
	2014	2015	2016	2017
Copper Production	54	49	60	14
Cash Cost	250.8	248.1	182.3	220.9

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

Ventanas Division

Smelting and Refinery Operations. The Ventanas Division was created in connection with the acquisition of the Ventanas smelter and refinery from the Chilean state-owned mining company ENAMI in May 2005. The Ventanas smelter has the capacity to treat of over 400,000 metric tons of concentrate. Ventanas refined approximately 407,272 metric tons of copper in 2016. Pursuant to the terms of the acquisition, CODELCO is required to provide, on market terms, the necessary smelting and refining capacity for the treatment of products for the small- and medium-sized mining industry that ENAMI serves. As of March 31, 2017, the Ventanas Division employed 950 persons.

Associations, Joint Ventures and Partnerships

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

- *Copper Partners Investment Company Ltd.*: In March 2006, CODELCO and Minmetals created a joint venture company equally owned by both companies. Under a 15-year sales contract covering a total of 836,250 metric tons of copper, CODELCO sells cathodes to Copper Partners Investment Company Ltd. ("CuPIC"). The joint venture made an initial up-front payment of U.S.$550 million to CODELCO in March 2006 and pays a price balance on shipments during the term of the contract. In turn, the joint venture sells the cathodes to Minmetals at market prices. Shipments under the contract commenced in June 2006. CODELCO also granted Minmetals an option to acquire, at market price, a minority interest in a company that will be formed to exploit the Gabriela Mistral mineral deposit. In September 2008, CODELCO and Minmetals suspended the option indefinitely. The option may be revived upon the agreement of both parties. CODELCO and Minmetals also agreed to identify joint opportunities in the future. On April 7, 2016, CODELCO (i) reached an agreement with Minmetals to lower sale of copper from CODELCO to CuPIC by half and (ii) sold its 50% direct ownership interest in CuPIC. Under this arrangement, CODELCO no longer makes payments to, directly or indirectly, or receives payments from, directly or indirectly, Minmetals or CuPIC. Since 2012 and as of December 31, 2016, this company had delivered dividends to CODELCO in an aggregate amount of U.S.$606.58 million.

- *SCM El Abra*: In 1994, CODELCO (49%) formed a company, SCM El Abra, with Cyprus El Abra Corporation (51%), a subsidiary of Freeport-McMoRan Inc., to develop the El Abra mine in northern Chile. The mine is a porphyry copper open-pit facility located 105 kilometers north of the city of Calama at an altitude of 3,900 meters above sea level. El Abra started production seven months ahead of schedule in August 1996. Constructed at a cost of U.S.$1.1 billion, it is designed to produce 225,000 metric tons of copper per year and includes one of the world's largest SX-EW facilities. The El Abra project was originally financed by a U.S.$850 million syndicated loan, which was repaid in full in November 2004.

    - In October 2009, SCM El Abra approved resuming construction activities for the Sulfolix Project, which had been deferred as a result of market conditions at the end of 2008, to extract and process (by the leaching process) sulfide ores, which is expected to extend mine life by 13 years and enable El Abra to produce at least 125,000 metric tons of fine copper per year. This project contains approximately 1.2 billion metric tons of leachable oxide and sulfide copper, with an average ore grade of 0.43%. The project started producing sulfides, shifting from an oxide operation, during the first quarter of 2011 and includes milling mine ores until 2024, and is expected to generate the last cathode in 2029 by leaching heap remains. The Sulfolix Project requires approximately U.S.$565 million of initial equity and an additional U.S.$160 million to sustain the operations. The project is financed by SCM El Abra's retained earnings.

- In 2016, SCM El Abra produced 99,913 metric tons of fine copper at a cash cost of 149 cents per pound. For the three months ended March 31, 2017, the production was 19,394 metric tons of fine copper with a cash cost of 192 cents per pound.

- As of December 31, 2016, the project had delivered total dividends of U.S.$3.8 billion and CODELCO had received U.S.$1.9 billion in dividends. In the first three months of 2017, the project had delivered total dividends of U.S.$30 million and CODELCO had received U.S.$14.7 million in dividends. As of March 31, 2017 the value of SCM El Abra's ownership interest was equal to U.S.$616 million.

- *Anglo American Sur*: On December 19, 2008, CODELCO purchased from ENAMI for U.S.$175 million an option to purchase up to 49% of the equity interests of Anglo American Sur, a wholly-owned subsidiary of Anglo American, for a price to be determined by a prescribed formula based on a multiple of historic earnings (the "Sur Option"). Anglo American Sur owns and operates the mines at Los Bronces and El Soldado, the Chagres Smelter and various mineral resources, including Los Sulfatos and San Enrique Monolito. In October 2011, CODELCO announced that it had arranged for a bridge loan of up to U.S.$6.75 billion from Mitsui that would allow it to exercise the Sur Option and indicated its intent to exercise the Sur Option during the next window for its exercise, which would occur in January 2012. On November 9, 2011, Anglo American announced that it had sold 24.5% of the equity interests of Anglo American Sur to affiliates of Mitsubishi Corporation. Following this sale, CODELCO announced that it retained the right to acquire up to 49% of the equity interests of Anglo American Sur and requested from the Santiago Court of Appeals a legal order preventing further sales of equity interests of Anglo American Sur until CODELCO was able to exercise the Sur Option. The requested legal order was granted and, on January 2, 2012, CODELCO exercised the Sur Option to purchase 49% of the equity interests of Anglo American Sur. Prior to and after the exercise of the Sur Option, Anglo American and CODELCO were involved in additional legal proceedings relating to the exercise of the Sur Option, which were ultimately settled pursuant to the settlement agreement described below.

    - On August 23, 2012, CODELCO and Anglo American entered into a settlement agreement to settle their respective claims in relation to the Sur Option. In connection with this settlement agreement, CODELCO and Anglo American agreed that Becrux, a wholly-owned subsidiary of Acrux, an entity owned by CODELCO and Mitsui in the manner described below, would acquire 29.5% of the equity interests in Anglo American Sur pursuant to the following transactions:

        - On August 24, 2012, Becrux acquired (i) shares representing 24.5% of the equity interests of Anglo American Sur for a purchase price of U.S.$1.7 billion, which was financed through a draw down by an affiliate of CODELCO on the A&R Mitsui Bridge Loan Facility described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt;" and (ii) shares representing 0.94% of the equity interests of Anglo American Sur for a purchase price of U.S.$206.8 million, which was financed by cash contributions made by Mitsui; and

        - On September 14, 2012, Becrux acquired shares representing 4.0% of the equity interests of Anglo American Sur for a purchase price of U.S.$893.2 million, which was financed by cash contributions made by Mitsui.

    - As part of the settlement agreement, Anglo American Sur transferred to CODELCO certain undeveloped mining properties, Los Leones and Profundo, which are located to the east of CODELCO's Andina mine, and the shareholders of Anglo American Sur entered into a shareholders' agreement that provides a framework for the ongoing governance of Anglo American Sur, which includes board representation and participation in certain decisions for Becrux.

- Immediately following the acquisition of 29.5% of the equity interests of Anglo American Sur, affiliates of CODELCO and Mitsui owned approximately 83% and 17%, respectively, of the equity interests of Acrux. In connection with the refinancing of the A&R Mitsui Bridge Loan Facility described above under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt," an affiliate of Mitsui exercised its right to acquire from an affiliate of CODELCO at the closing of the refinancing a number of equity interests of Acrux representing a 4.5% stake in Anglo American Sur for a purchase price equal to U.S.$998 million. This amount was used to prepay a portion of the bridge loan previously drawn down by an affiliate of CODELCO under the A&R Mitsui Bridge Loan Facility in connection with the transactions described above. Following the consummation of this transaction, affiliates of CODELCO and Mitsui owned approximately 67.8% and 32.2%, respectively, of the equity interests of Acrux. Consequently, CODELCO indirectly owns a 20% interest in Anglo American Sur.

- Anglo American Sur fine copper production was 354,178 metric tons in 2016 with a cash cost of 157 cents per pound, compared to 437,783 metric tons in 2015 with a cash cost of 150 cents per pound and 436,923 metric tons in 2014 with a cash cost of 162 cents per pound. For the three months ended March 31, 2017, the production was 84,907 metric tons of fine copper with a cash cost of 164 cents per pound. Anglo American Sur has distributed U.S.$280.3 million in 2013, U.S.$68.5 million in 2014, U.S.$36.9 million in 2015, U.S.$0 in 2016 and U.S.$13.3 million in 2017 in cash dividends to Becrux, and CODELCO has a 67.8% indirect participation in Becrux. As of March 31, 2017, the carrying value of equity of Anglo American Sur was equal to U.S.$3.0 billion, of which CODELCO has a 20% indirect participation. See "Risk Factors." A substantial amount of our total assets are property, plant and equipment. We have recently recognized a significant impairment charge for certain assets and, if market and industry conditions continue to deteriorate, further impairment charges may be recognized" for information regarding the recorded impairment related to CODELCO's equity investment in Anglo American Sur.

- *SCM Purén*: CODELCO (35%) and Compañía Mantos de Oro (65%), a subsidiary of Kinross Gold Corp., own SCM Purén. SCM Purén's mining activities, located in the Atacama Region, east of the city of Copiapó, began in November 2005, having produced over 801,839 ounces of equivalent gold. During 2014, this company did not issue dividends. In 2015, the company distributed U.S.$2.5 million in dividends to CODELCO. During 2016 and 2017, this company did not issue dividends. SCM Purén mines two gold and silver ore bodies through open pits. Currently, SCM Púren is evaluating a second phase of the project, which is expected to produce 295,419 ounces of gold equivalent over a four-year period.

- *Agua de la Falda S.A.*: CODELCO (43%) and Minera Meridian Limitada (57%), a subsidiary of Yamaha Gold Inc., own Agua de la Falda S.A., which was created to explore and exploit the Agua de la Falda deposit that was in production until 2005. This company has completed its feasibility study of the Jerónimo gold deposit, which contains over 2 million ounces of gold. The results of this study have not been satisfactory and the partners are studying alternatives for improvement.

- *Inca de Oro S.A.*: CODELCO (34%) and PanAust Minera Limited (66%) own Inca de Oro S.A., which was created in 2009 to explore, exploit and process mineral resources in Chile and abroad. The production of Inca de Oro S.A. is currently halted pending new market opportunities.

- *Deutsche Giessdraht GmbH*: CODELCO (40%) and Nordeutsche Affinerie Group (60%) own Deutsche Giessdraht GmbH, a German corporation located in Emmerich, Germany. The company, which has been in existence since 1975, produces continuous copper cast wire rod. CODELCO indirectly supplies copper to Deutsche Giessdraht GmbH.

- *GNL Mejillones S.A.*: Due to the decrease and eventual termination of natural gas supply from Argentina, electrical power generation companies have experienced diminished electricity generation. For this reason, CODELCO and Suez Energy Andino S.A. through GNL Mejillones constructed an LNG re-gasification plant, which has been operating since the beginning of 2010. GNL Mejillones has the capacity to receive,

process and store natural gas, with a send-out capacity of 5.5 million of cubic meters of gas per day, originating in Trinidad and Tobago and purchased from SUEZ Global LNG Ltd. under a long-term supply contract. The LNG storage tank is currently in operation. GNL has entered into a long-term agreement with E-CL for the re-gasification and storage of approximately 15 trillion BTU (British Thermal Unit).

  - GNL Mejillones provides gas required by the electricity power plant in the Sistema Interconectado del Norte Grande, known as the SING, which supplies power to CODELCO's operations. The project partners have financed this project under existing take-or-pay contracts with CODELCO and other mining companies.

  - In 2014, GNL Mejillones finished paying back CODELCO its debt in the amount of U.S.$272 million.

  - As of March 31, 2017, CODELCO owned 37% of the outstanding shares of the company, and Suez Energy Andino S.A. owned the remaining 63% of the shares.

- *Technology and Research and Development Partnerships and Associations*: CODELCO has entered into associations with companies and organizations that are world leaders in research and development to increase the integration of knowledge and innovation into mining processes. The following is a representative list of such associations:

  - *BioSigma S.A.*: CODELCO (66.67%) established BioSigma S.A. ("BioSigma") in 2002 with the Japanese company JX-Nippon Mining and Metals Corporation (33.33%). BioSigma's mission today is to be a company known for its competence in deploying and adapting full innovative biotechnology solutions, adding value to mining operations by way of using environmentally sustainable technologies. BioSigma plays a leading role in CODELCO's efforts to develop bioleaching technologies to improve the leaching process of primary copper sulfide ores operations that will add more copper to solvent extraction and electro-winning plants that are not being fully used due to depletion of oxidized mineral resources. In December 2012, a full industrial test of BioSigma's technologies commenced and was applied to mining resources in the Radomiro Tomic Division, which involves a pioneer biomass plant to supply leaching microorganisms into low grade primary sulfide ores heaps. The test was successfully finished in May 2014. Results indicate that BioSigma's bioleaching technology produced a significant improvement in copper recovery and profitability compared to those of conventional bioleaching technologies;

  - *Kairos Mining S.A.*: Kairos Mining S.A. is a company created in December 2006 in association with Honeywell Chile S.A., which owns 95% (CODELCO owns the remaining 5%). Kairos Mining S.A.'s purpose is to provide services for the automation and control of industrial and mining activities, and to supply related technology and software licenses;

  - *Ecosea Farming S.A.*: CODELCO, through its subsidiary Innovaciones en Cobre S.A., is an 91.32% shareholder in EcoSea Farming ("EcoSea"), a technology-driven company setting the standard for aquaculture on a global scale. The company's objective is to incorporate the use of metallic copper alloy meshes for fish cultivation systems, in order to take advantage of the various benefits of copper: antimicrobial, antifouling, anti-predator, mechanically strong and infinitely recyclable. In addition, EcoSea is discovering new properties that allow for lower operational costs and the expansion of offshore aquaculture in exposed areas. Today, CODELCO is seeking a strategic partner that can work with EcoSea to promote this technology on a global scale;

  - *CoMoTech S.A.*: CODELCO, through its subsidiary Innovaciones en Cobre S.A., owns 48.61% of CoMoTech, Molibdenos y Metales S.A. owns 48.61% and The University of Chile owns the remaining shares. CoMoTech was created for research and development purposes to increase molybdenum demand through new and enhanced applications. CoMoTech's results were not as expected and in April 2016 it was dissolved; and

- *Copper for Energy S.A. (C4E)*: CODELCO, through its subsidiary Innovaciones en Cobre S.A., along with the University of Chile, ICA and Fundación Chile formed the C4E consortium in 2010. C4E was created to develop renewable energy and water treatment technologies and products, using copper as the key material due to its superior conductivity and properties. C4E's results have not been as expected and the company is in the process of being wound up.

The following table sets forth the major mining and exploration agreements to which CODELCO is a party as of March 31, 2017:

Major Mining and Exploration Agreements
(As of March 31, 2017)

	Partner	Type
Mining Co-participation in Chile		
SCM El Abra	Freeport-McMoRan Inc. (USA)	Copper
Agua de la Falda S.A.	Meridian Gold Inc. (USA)	Gold
SCM Purén	Compañía Mantos de Oro (Chile)	Gold/Silver
Inca de Oro S.A.	PanAust Minera Limited (Australia)	Copper
Anglo American Sur S.A.	Inversiones Anglo American Sur S.A. (England); affiliates of Mitsubishi Corporation (Japan); and Mitsui & Co., Ltd. (Japan)	Copper
Exploration Agreement Projects Chile		
Anillo	Fortune Valley Resources (Chile)	Gold
Puntilla Galenosa	Pucobre (Chile)	Copper
Roberto	Anglo American Norte S.A.	Copper
International		
Liberdade	Pan Brazilian (Brazil)	Copper/Gold
JV Codelco-Xstrata	Xstrata Do Brasil (Brazil)	Copper
Grupo Propiedades	Ministerio de Minas y Petróleo del Ecuador (Ecuador)	Copper

CODELCO reports its inventory of mining assets, distinguishing mineral resources and mineral reserves, according to Chilean and international regulation. The system described below for categorizing mineral ore, which is widely used within the mining industry, is codified in Chilean Law No. 20.235 and is regulated by an independent Chilean private entity called the *Comisión Calificadora de Competencias en Recursos y Reservas Mineras* (the Commission for the Qualification of Competencies in Mineral Resources and Reserves, or "CQCMRR"). The CQCMRR is part of the Committee for Mineral Reserves International Reporting Standards (CRIRSCO).

Geological Resources

Geological resources are concentrations or occurrences of materials in such form, quantity (tonnage and ore grade) and quality, based on specific geological evidence and knowledge, which allow for the calculation of the amount, ore grade and quality of the material with some level of confidence. *Geological resources* are identified and evaluated through exploration, reconnaissance and sampling. They are estimated based on geological knowledge about the deposit, which is based on scientific concepts concerning the formation of minerals such as oxides, sulfides and mixed ores, as well as available knowledge concerning the geological continuity of the mineralized sectors. This is based on technical parameters, such as robustness of the genetic-geological model, and its validation through drillings. *Geological resources* are further categorized as *measured*, *indicated* and *inferred*.

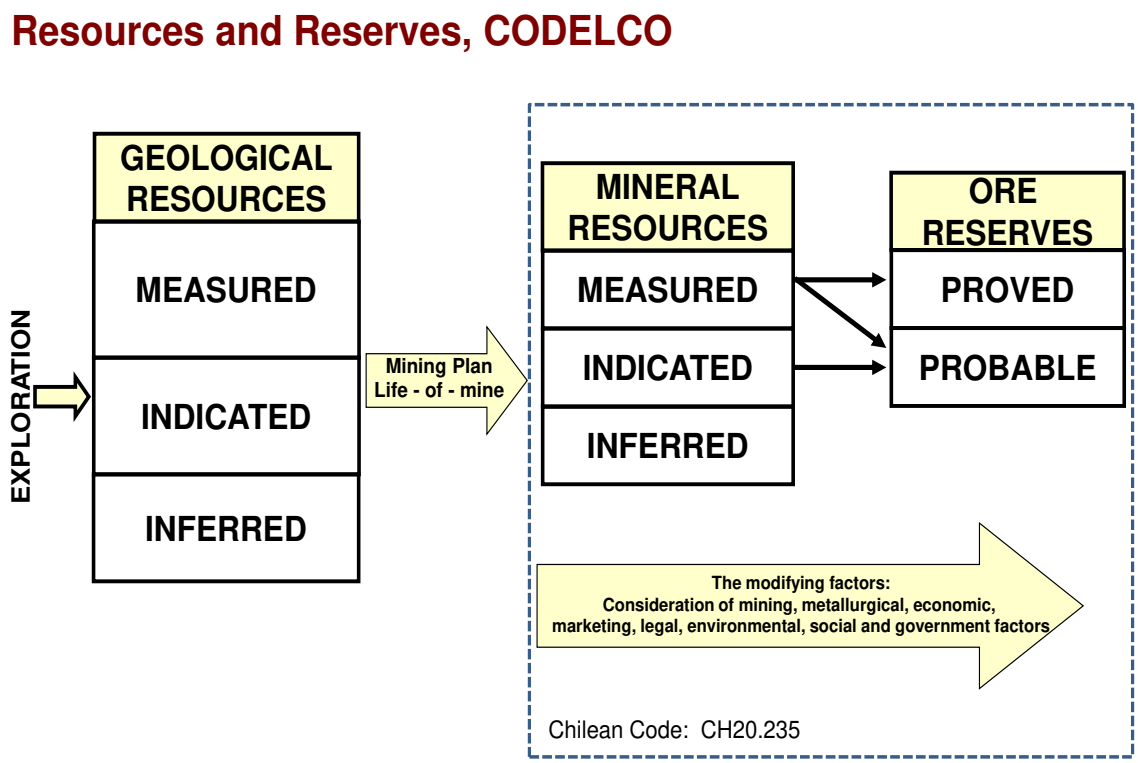
A resource is considered to be *measured* if CODELCO's knowledge of the resource is extensive and direct; if CODELCO's knowledge of the resource is substantial but less extensive, it is considered to be *indicated*; and if CODELCO's knowledge of the resource is only indirect, it is considered to be *inferred*.

Mineral Resources

Once CODELCO has achieved increased knowledge about its *geological resources*, it is able to generate a long-term mining plan for the exploitation of such resources, which are then considered to be *mineral resources*. Mineral resources, as well as geological resources, are sub-categorized as *measured*, *indicated* and *inferred*.

Ore Reserves

Ore reserves are defined as the economically mineable part of *mineral resources*. They include diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, which take into account rationally assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments address at the time of reporting whether extraction is justified. *Ore reserves* are sub-divided in order of increasing confidence from *probable ore reserves to proved ore reserves*. Ore reserves are a subset of *mineral resources* in the same way as *mineral resources* are a subset of *geological resources*. The following diagram sets forth the relationships among the different categories of resources and reserves:



Based on the methods and categories described above, CODELCO's proved and probable reserves include 48.2 million metric fine tons of copper, an amount that represents at least 28 years of future production at current levels. CODELCO's mineral resources include 135.6 million metric fine tons of copper, and its identified geological resources include 377.2 million metric tons of copper, for a cut-off grade of 0.2% copper.

CODELCO's proved and probable reserves decreased from 51.0 million metric tons in 2016 to 48.2 million metric tons in 2017, from 56.7 million metric tons in 2015 to 51.0 million metric tons in 2016, and from 61.2 million metric tons in 2014 to 56.7 million metric tons in 2015 primarily due to the impact on the calculation of reserves from the decrease in production at Andina mine, as a result of the reformulation of the Andina expansion project.

The following table sets forth the amount and grade of CODELCO's copper holdings by division according to the methodology described above, as of December 31, 2016:

	Geological Resources[1]			Mineral Resources[2]			Ore Reserves		
	Tonnage[3]	Grade copper	Fine copper[3]	Tonnage[3]	Grade copper	Fine copper[3]	Ore[3]	Grade copper	Fine copper[3]
Radomiro Tomic	7,599	0.41%	31.0	3,815	0.46%	17.6	2,125	0.50%	10.6
Chuquicamata	15,442	0.43%	65.8	2,066	0.67%	13.9	1,333	0.73%	9.8
Ministro Hales	1,837	0.76%	14.0	997	0.91%	9.1	225	1.03%	2.3
Gabriela Mistral	970	0.34%	3.3	431	0.35%	1.5	393	0.35%	1.4
Salvador	4,669	0.38%	18.4	866	0.48%	4.2	42	0.55%	0.2
Andina	22,323	0.61%	135.8	4,817	0.81%	39.2	965	0.75%	7.2
El Teniente	17,657	0.56%	98.6	4,252	0.81%	34.3	1,583	0.89%	14.1
Exploration/Business and Subsidiaries	3,000	0.34%	10.2	2,875	0.55%	15.8	533	0.50%	2.7
Total	**73,498**	**0.51%**	**377.2**	**20,118**	**0.67%**	**135.6**	**7,200**	**0.67%**	**48.2**

(1) Geological resources cut-off grade 0.2% copper.

(2) Mineral resources with variable cut-off grade.

(3) In millions of metric tons.

The following table sets forth the copper holdings of the world and of CODELCO using the U.S. Geological Survey system as of December 31, 2016:

	World (in millions of tons)	CODELCO (in millions of tons)	CODELCO's share (%)
Geological Resources	2,100[1]	377.2[2]	18
Proved and Probable Reserves	720[1]	48.2	7

(1) As defined by the U.S. Geological Survey (January 2017) and with reference to "identified resources."

(2) Refers to copper holdings that are measured, indicated and inferred.

Each year, the Board of Directors must approve a long-term BDP of the Company. The first three years are subject to the approval of the Ministries of Finance and Mining. This plan must include the annual investment and financing amounts in addition to the annual profits that the Company is estimated to generate during the period. The Ministries of Finance and Mining jointly issue a decree, pursuant to which a portion of CODELCO's profit may be allocated by CODELCO to the creation of capitalization and reserve funds.

The 2017 BDP enables CODELCO to develop a long-term mining plan. CODELCO reviews the terms of the BDP annually to update or modify it for changes in business trends.

The 2017 BDP uses inferred resources to define CODELCO's strategic vision for long-term resource development. However, the incorporation of such resources increases gradually over time, and the inferred resources become proved and probable reserves.

In the early stages of the 2017 BDP, production is almost exclusively based on proved and probable reserves and mining projects are at advanced stages of engineering or at the investment stage. Mining projects must support their economic evaluation based on pre-defined minimum proved and probable reserves in order to be approved for investment.

Resource Development

CODELCO controls approximately 7% of the world's proved and probable copper reserves, as such terms are defined by the U.S. Geological Survey.

Potential geological resources, which have been identified by our internal exploration division as the result of projects carried out through 2016, comprise resources incorporated at different stages of exploration and have not been added into CODELCO's copper holdings.

CODELCO's total potential geological resources, according to our internal estimates, are approximately 1.3 billion metric tons of ore with an average grade of 0.59% copper, equivalent to 7.41 million metric tons of fine copper. As explorations progress and further estimates are completed, these resources will be incorporated into CODELCO's copper holdings.

The following table shows the distribution of CODELCO's potential geological resources in all districts of CODELCO Norte, El Teniente and projects abroad, as of December 31, 2016:

	Potential Geological Reserves[1]		
Region	**Ore[2]**	**Grade Copper**	**Fine Copper[2]**
CODELCO Northern District (CND).....	104	0.51	0.53
Don Felipe			
San Andrés NW			
Carmen			
Jarosita			
El Teniente Division (DET).....	29	0.42	0.12
Acceso Puquios			
International Exploration	1,120	0.60	6.76
Liberdade (Brazil)			
Llurimagua (Ecuador)			
Total.....	1,253	0.59	7.41

(1) Geological resources cut-off grade 0.2% copper.

(2) In millions of metric tons.

Production Costs of Copper

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

In 2016, CODELCO's annual production of copper was 1.71 million metric tons, or 1.83 million metric tons including the El Abra and Anglo American Sur joint ventures. CODELCO continues to focus on controlling and limiting increases in production costs. In 2016, CODELCO's total costs and expenses were 214.6 cents per pound, compared to 210.4 cents per pound in 2015 and 230.6 cents per pound in 2014. The increase in 2016 as compared to 2015 was primarily attributable to the negative accounting effect of the foreign exchange rate differences resulting from the appreciation of the Chilean peso against the U.S. dollar as of December 30, 2016 compared to December 30, 2015, partially offset by decreases in operational costs as a result of CODELCO's cost control program. The decrease in 2015 as compared to 2014 were primarily attributable to lower fuel costs, favorable movements in the exchange rate and CODELCO's cost control program, which decreased costs related to third-party services, and the influence of the non-recurrence of El Teniente collective bargaining agreement bonuses signed in February 2014. During the three months ended March 31, 2017, CODELCO's total costs and expenses were 213.3 cents per pound, compared to 218.2 cents per pound during the three months ended March 31, 2016, primarily attributable to a decrease in the loss from foreign exchange rate differences between liabilities and assets in local currency due to the appreciation of the Chilean peso against the U.S. dollar, a decrease in products in process inventory, lower depreciation and amortization charges and a reduction in cost of materials, partially offset by an increase in energy and fuel expenses.

In 2013, CODELCO also implemented a productivity and cost structured project intended to lower costs and increase production. The initiative is comprised of: (i) performance optimization to minimize operational disruption; (ii) budget optimization to identify expendable and necessary contracts to control the budget for

third-party services costs; (iii) energy and input costs optimization marked by a review of energy and main inputs contracts; and (iv) a review of hygienic factors and costs, such as travel expenses and consulting services. Moreover, CODELCO has also created a new Vice President for Productivity and Costs position with the aim of increasing productivity, reducing costs and enhancing the cost control program.

In 2016, CODELCO's cash cost of production was 126.1 cents per pound, compared to 138.7 cents per pound in 2015 and 150.4 cents per pound in 2014. The lower cash cost in 2016 was primarily attributable to lower fuel costs, favorable movements in the exchange rate and CODELCO's cost control program, which decreased costs related to salaries, wages and third-party services, compared to the same period of 2015. The decrease in 2015 was primarily attributable to favorable exchange rate movements and lower operational costs relating to energy and fuel and third-party services, partially offset by lower by-product credits. For the three months ended March 31, 2017, CODELCO's cash cost was 134.4 cents per pound, compared to 125.4 cents per pound for three months ended March 31, 2016. This increase is primarily attributable to lower production, higher fuel and energy and oil expenses and unfavorable exchange rate movements, partially offset by lower expenses associated with materials used for production.

In 2016, CODELCO'S total cash cost was U.S.$4.7 billion, as compared to U.S.$5.2 billion in 2015 and U.S.$5.5 billion in 2014. For the three months ended March 31, 2017, CODELCO's total cash cost was U.S.$1.1 billion, as compared to U.S.$1.2 billion for the three months ended March 31, 2016. Because a significant portion of CODELCO's costs are denominated in Chilean pesos, the depreciation of the Chilean peso against the U.S. dollar reduces CODELCO's cash costs in U.S. dollar terms and, on the other hand, appreciation increases these costs. See "Exchange Rates."

The main energy sources for CODELCO's operations are electricity, liquid fuels (such as diesel, fuel oil and gasoline) and natural gas. Since 2004, there has been a restricted supply of natural gas from Argentina. CODELCO's production costs have increased due to these shortages, having to rely on electricity generated from more expensive sources, such as diesel, oil or coal, and these increased costs have adversely affected CODELCO's results of operations.

In late 2009 and early 2010, as a palliative measure given the adverse effects of Argentina's restriction and in order to stabilize future energy costs, CODELCO entered into electrical supply agreements at competitive prices for a 15-year period for its facilities in the Chuquicamata Division and for a 30-year period for facilities in the middle-south region of Chile. Both agreements include the creation of a new electrical generation capacity based on coal. Moreover, in early 2010, CODELCO entered into a five-year supply contract for liquid fuels with the main Chilean fuel distributors. In 2015, after the expiration of this contract, CODELCO entered into a new five-year supply contract for liquid fuels. In August 2011, CODELCO entered into two energy and power supply agreements with Norgener S.A. for the Mina Ministro Hales Division and the Radomiro Tomic Division. CODELCO began to receive energy under these contracts in 2011 for Mina Ministro Hales and is expected to begin in 2017 for Radomiro Tomic, in each case lasting until 2028. During 2014, AES Gener S.A. took over Norgener S.A., assigning CODELCO's contract to AES Gener S.A. These energy supply contracts are expected to meet all of CODELCO's power requirements. In April 2012, CODELCO renewed a contract with Pacific Hydro, involving the purchase of power generation of the Coya and Pangal hydroelectric plants, for 12 years. Since CODELCO's sale of the Coya and Pangal hydroelectric plants to Pacific Hydro in 2004, Pacific Hydro and CODELCO have entered into similar supply contracts to purchase the injected energy produced by these hydroelectric plants.

CODELCO continues to develop and refine its mine management practices and programs to limit and reduce its costs. These initiatives include the following: (i) improved deposit identification and mining techniques; (ii) the implementation of early retirement plans and workforce reduction programs; (iii) an investment in human capital and continuing to attract and retain a world-class management team and professionals of the highest caliber; (iv) improved utilization of equipment and inputs used in the processes of copper production to increase productivity and efficiency; and (v) the development of key projects, specifically the new mine level at El Teniente, the Andina plant reallocation and the Chuquicamata underground projects.

Marketing

General

Four of CODELCO's wholly-owned subsidiaries and 12 of its sales representatives cover over 35 countries around the world. The following table shows the breakdown of CODELCO's sales by product type including third-party products for the three years ended December 31, 2016 and the three months ended March 31, 2017:

Copper Sales by Product Type
(in thousands of metric tons)

	Year ended December 31,			Three months ended March 31,
	2014	**2015**	**2016**	**2017**
Cathodes	1,322	1,327	1,359	293
Blisters and Anodes	82	66	100	8
Concentrates	412	630	596	135
Total	1,816	2,024	2,054	436

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

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

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

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

Pricing and Hedging

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

CODELCO applies a premium policy in sales of its Grade A cathodes. Premium amounts for different markets are adjusted in accordance with prevailing ocean freight costs and keyed to the standard terms of payment in different markets, as well as to the individual characteristics and competitive conditions of those markets. For 2016, the base premium for CIF shipments (including shipping and insurance costs) to Rotterdam was set at U.S.$92 per metric ton, and U.S.$112 per metric ton established in 2015 and 2014. The estimated base premium for 2017 is U.S.$82 per metric ton.

CODELCO sells its copper concentrates under long-term contracts. These contracts generally have three-year terms with fixed volume. As a general rule, contracts covering one-third of the terms on one-third of the volume are negotiated on a yearly basis. The sale price is based on world metal prices and is generally tied to the LME settlement prices for Grade A copper cathodes minus certain treatment and refining costs.

Molybdenum is sold mainly to steel producers and merchants under annual sale contracts. Sales prices are based on prevailing monthly averages of molybdenum dealer oxide high/low prices as quoted in "Metals Week" for a quotation period, generally the month following the scheduled month of shipment.

CODELCO has hedged certain future copper delivery commitments and production in order to manage the risks associated with copper price volatility in the past. CODELCO currently does not have any hedged production

commitments and therefore there is no relevant impact from hedging. See Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements.

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

See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO engages in hedging activity from time to time, particularly with respect to its copper production, which may not be successful and may result in losses to CODELCO," Notes 28 and 29 to the 2015-2016 Year-end Consolidated Financial Statements and Notes 28 and 29 to the Unaudited Interim Consolidated Financial Statements for further details regarding CODELCO's hedging activity.

Major Export Customers

As discussed above, most of CODELCO's customers receive shipments on a monthly basis. Consequently, CODELCO's sales volume is relatively consistent throughout the year. CODELCO's sales of copper in 2016 were geographically diversified, with approximately 63% of sales made to Asia, including 46% to China, 14% of sales made to Europe, 23% to North and South America and the remainder to Africa. CODELCO's top ten customers purchased approximately 37.9% of its total copper sales volume in 2016.

The following table shows CODELCO's copper sales for the three years ended December 31, 2016 to CODELCO's top export markets and in Chile:

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

	2014	2015	2016
China	655	881	943
United States	176	152	203
South Korea	173	139	173
Chile	168	132	144
France	107	86	103
Brazil	71	73	78
Germany	44	61	65
India	76	73	48
Japan	36	40	44
Others	54	50	41
Taiwan	50	85	41
Spain	11	36	30
Bulgaria	21	36	22
Turkey	35	31	21
Greece	22	19	15
Mexico	16	22	15
Malaysia	15	24	14
Thailand	6	21	11
Oman	-	20	11
Vietnam	22	22	10
Namibia	18	14	9
Australia	-	14	3
Italy	52	14	2
Total	1,828	2,041	2,047

The increase in sales to China during 2016 as compared to 2015 and 2014 reveals the market trend of China being the largest worldwide refined copper consumer in the world, with a share of approximately 46% of CODELCO's copper sales in 2016.

Competition

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

Employees

On December 31, 2016, CODELCO employed 18,605 employees as compared to 19,117 employees as of December 31, 2015. CODELCO spent U.S.$11.70 million during 2016 on staff development and training. A total of 8,477 training sessions were held, with many employees attending multiple courses, for a total of approximately 58,575 participants. CODELCO employed an average work force of 18,394 persons during the first three months of 2017.

As of December 31, 2016, approximately 89.3% of CODELCO's employees were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to four years.

CODELCO was involved in negotiating seven collective bargaining agreements in 2016. Five of these collective bargaining agreements, covering a total of 6,797 employees at the Andina, Headquarters, Shared Services and Chiquicamata Divisions, were negotiated in advance of schedule without any conflicts or work stoppages. The two remaining collective bargaining agreements, covering a total of 1,060 employees at the Salvador Division, were negotiated according to schedule. One of the two was negotiated without conflict and the other was finalized after a five-day strike that did not affect production levels.

CODELCO has experienced material work slowdowns, work stoppages and strikes in the past.

In July 2015, the Copper Workers Confederation (the "CTC") organized an illegal 22-day strike that primarily affected the Salvador Division and, to a lesser extent, the Mina Ministro Hales Division. In August 2015, the CTC, AGEMA and CODELCO, in its role as facilitator, agreed to a protocol for the commencement of a dialogue. Since then, there have been additional conversations, none of which have resulted in a review or extension of the existing agreement, as intended by CTC. There can be no assurance that further work slowdowns or stoppages will not occur in the future.

As of March 31, 2017, there were 35,836 employees of regular independent operating contractors and 14,955 employees of contractors involved in the development of CODELCO's investment projects.

Work slowdowns, stoppages and other labor-related events could increase CODELCO's independent contracting costs, which could have a material adverse effect on the business, financial condition, results of operations or prospects of CODELCO. See "Risk Factors—Risks Relating to CODELCO's Operations—Labor disruptions involving CODELCO's employees or the employees of its independent contractors could affect CODELCO's production levels and costs." In addition, pursuant to the Labor Code of Chile, CODELCO could be held liable for the payment of labor and social security obligations owed to the employees of independent contractors (or their subcontractors) if the independent contractors (or their subcontractors) do not fulfill those payment obligations. CODELCO has agreed with a Government of Chile agency to provide a framework to facilitate this agency's supervision of the labor and social security obligations owed by the independent contractors to their employees.

As part of its compensation plan, CODELCO offers each employee the opportunity to partially finance the purchase of a first home or to obtain other personal loans granted through each employee's severance plan. Such home loans have a term of up to 15 years, and such personal loans have a term of less than one year. Loans of both kinds provide for interest rates of actual inflation plus a margin of between 1% and 5%. As of March 31, 2017, an aggregate principal amount of U.S.$186 million of these loans was outstanding.

Number of Employees by Division[(1)]

Divisions	January-December 2014	2015	2016	Variation (%) 2015/2016	January-March 2017
Chuquicamata	6,211	6,261	6,126	(2.2)%	5,726
Radomiro Tomic	1,166	1,269	1,252	(1.3)%	1,234
Gabriela Mistral	524	549	561	2.2%	553
Mina Ministro Hales	739	789	764	(3 2)%	763
Salvador	1,448	1,411	1,503	5.3%	1,642
Andina	1,634	1,668	1,692	1.4%	1,673
El Teniente	4,932	4,791	4,549	(5.1)%	4,518
Headquarters	499	509	460	(9.6)%	477
Ventanas	967	973	952	(2.2)%	953
Shared Services (Vice Presidency of Projects)	793	896	872	(2.7)%	832
Internal Auditing	-	-	28	-	24
Total	18,909	19,111	18,758	(1.8)%	18,394

(1) Average number of employees for the periods presented.

Chile Law No. 20.123 of 2007 (the "Chile Subcontracting Law") governing subcontractors provides incentives for companies to ensure that contractors and subcontractors comply with labor, health and safety regulations and standards with respect to their own employees. The Chile Subcontracting Law gives companies the right to request that contractors provide information on the status of their payment of labor and social security obligations to their employees prior to the company's payment of amounts due to contractors. Additionally, companies have the right to withhold payments due if the contractors cannot provide evidence that they have fulfilled their labor and social security obligations. Finally, companies are required to pay contractors' pending labor and social security obligations with the amounts withheld from the contractors. It also regulates the provision of temporary services by contractors and subcontractors, enabling the creation of specialized and regulated companies for this specific purpose (*Empresas de Servicios Transitorios*) and defining the specific events under which companies may hire for temporary services.

Occupational Health and Safety

CODELCO, through its structural project on occupational safety and health, has established occupational health and safety performance indicators aimed at avoiding serious and fatal accidents and occupational illnesses. In 2016, there were four fatalities involving CODELCO personnel and CODELCO contractors. The total number of "lost time" accidents in 2016 was 263 and the accident frequency rate was 0.94 accidents per million hours worked. During 2017 to date, there have been two fatalities involving CODELCO personnel. CODELCO is currently investigating the causes of the fatalities involving CODELCO personnel.

Comptroller General of the Republic

During 2017, the Comptroller General of the Republic of Chile (the "Comptroller") issued three statements (Opinions No. 15.759 and No. 18.850, both from 2017, and Final Auditor Report (*Informe Final de Auditoria*) No. 900/2016, from a 2016 audit) that affect CODELCO. Two of these statements are opinions related to labor relations that: (i) query whether CODELCO could provide greater benefits to its employees than those currently established by law and (ii) state that, although CODELCO may continue to engage in collective bargaining with its employees, the Comptroller reserves the right to evaluate the amounts agreed upon. The third statement was the result of an audit report, which maintained that CODELCO was subject to the provisions of the Public Procurement Law (Law No. 19.886) that relates to: (i) the prohibition on contracts between related parties and (ii) the mandatory public tender of contracts through the rules that apply to public services. CODELCO has filed administrative appeals against all three statements issued, and it is evaluating other legal options. Although CODELCO does not question the competence of the Comptroller, CODELCO disputes the standard on which the Comptroller is basing its conclusions. As of the date of this offering memorandum, CODELCO has estimated a negative effect of approximately U.S.$100 million due to a reduction in production related to the delay in awarding specific contracts and the delay of investments. A final decision regarding this matter is pending.

Legal Proceedings

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

In November 2015 and November 2016, CODELCO initiated a legal proceeding against a tax resolution of the SII seeking a rebate of approximately U.S.$9 million and U.S.$3 million in connection with the rejection of certain expenses related to derivative agreements executed in the years 2011, 2012 and 2013. A final decision regarding this matter is pending. There can be no assurance that the SII will not require CODELCO to make additional tax payments of relating to historical fiscal periods.

In October 2006, CODELCO initiated a legal proceeding against a tax resolution of the SII seeking a rebate of approximately U.S.$31 million in connection with the resolution of a tax claim related to fiscal years 2003, 2004 and 2005. A final decision regarding this matter is pending.

CODELCO has been subject to various proceedings in which workers and families of deceased workers allege that working conditions caused the workers to contract silicosis. CODELCO has a provision related to each of these claims. Each of these proceedings are referenced in further detail below:

- In May and July of 2009, 81 former workers from the Andina Division initiated two new civil legal proceedings for approximately U.S.$110 million. In August 2013, the lower court awarded U.S.$10.5 million to approximately two-thirds of the plaintiffs. A resolution issued by the Court of Appeals in September 2014 reduced the award to U.S.$3.7 million, and CODELCO appealed this judgment. A final decision by the Supreme Court was issued on July 22, 2015, which denied the appeal filed by CODELCO and therefore affirmed the award issued by the Court of Appeals in September of 2014. Subsequently, CODELCO fulfilled the payment and the claimants filed for a new liquidation of procedural costs which was denied on appeal bringing this proceeding to an end.

- In December 2010, 28 former workers of the Andina Division initiated a civil legal proceeding for approximately U.S.$43 million. The lower court awarded the plaintiffs approximately U.S.$4.4 million. CODELCO appealed this judgment, which was taken to the Supreme Court where the plaintiffs waived their rights to receive a payment of approximately U.S. $1 million from CODELCO and instead received a court approved payment, bringing this proceeding to an end.

- In March 2012, 62 former workers from the Salvador Division initiated a civil legal proceeding for approximately U.S.$64 million. In November 2014, the court ruled in favor of the claimants, who were awarded approximately U.S.$10 million. This award was subsequently appealed by both the claimants and CODELCO. In December 2016, both parties reached a settlement, which was upheld by the court, for a payment by CODELCO of approximately U.S.$4 million, to be paid in two installments, the last of which was paid in January 2017. As a result, the proceeding has ended.

- In September 2013, 24 former workers of the Andina Division and four families of deceased workers initiated a civil proceeding for approximately U.S.$20 million. A final resolution is pending.

- In April 2014, 23 former workers of a contractor hired by the Andina Division initiated civil proceedings seeking compensation for damages in the amount of U.S.$10 million. These proceedings are ongoing and a final resolution is pending. CODELCO filed an incidental motion to have the claim dismissed for having been abandoned by the claimants. This motion was granted by the first instance court. Subsequently, the claimants appealed to the Court of Appeals, which upheld the first instance resolution bringing this proceeding to an end.

In August 2015, CODELCO filed a claim against Minera Escondida Limitada ("MEL"), seeking specific performance and compensation for damages in respect to an agreement executed by CODELCO and MEL in January of 2007, whereby MEL undertook the obligation to sell copper concentrate from its operations, which

would be processed at CODELCO's smelter located in its Salvador Division. Under the suit, CODELCO claims that MEL did not deliver and convey ownership of the copper concentrates under the terms and conditions of the agreement executed in 2007, CODELCO seeks to recover approximately U.S.$10.4 million plus interest. This proceeding is in the final stages and awaiting final oral arguments, after which an award should be issued during 2017.

In January 2016, the FESUC filed a labor claim accusing CODELCO of anti-union conduct for having released 350 workers and claiming damages under several concepts that, in the aggregate, amount to approximately U.S.$45 million. As of July 29, 2016, the proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In March 2017, two labor unions from Chuquicamata Division filed a labor claim accusing CODELCO of violating fundamental labor rights and claiming payment of alleged overdue obligations that, in the aggregate, amount to approximately U.S.$14.2 million. The proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In April 2017, Sociedad Comercial IMS Ltda. filed a commercial claim against CODELCO requesting specific performance of an alleged agreement to supply uniforms specially tailored for female workers, as well as damages under several concepts that, in the aggregate, amount to approximately U.S.$14.3 million. The proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In May 2017, CODELCO and Minera Valle Aconcagua S.A. mutually decided to institute an arbitration proceeding against each other in connection with an agreement to build and operate a tailings treatment facility and treat tailings from CODELCO's Andina Division. CODELCO has requested specific performance plus a charge for power which, in the aggregate, amounts to approximately U.S.$16.1 million and alternatively has requested termination of the agreement plus a charge for power which, in the aggregate, amounts to approximately U.S.$140 million. In turn, Minera Valle Aconcagua S.A. has requested termination of the agreement and damages in the amount of approximately U.S.$79 million. To date, the proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

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

For additional details related to CODELCO's litigation and contingencies, see Note 30 to the Unaudited Interim Consolidated Financial Statements.

OVERVIEW OF THE COPPER MARKET

Copper is an internationally traded commodity, the price of which is effectively established on terminal markets including the LME and COMEX. The following table sets forth quarterly average prices for refined copper since 2014 on the LME:

Average Copper Price
(U.S.¢/Pound)

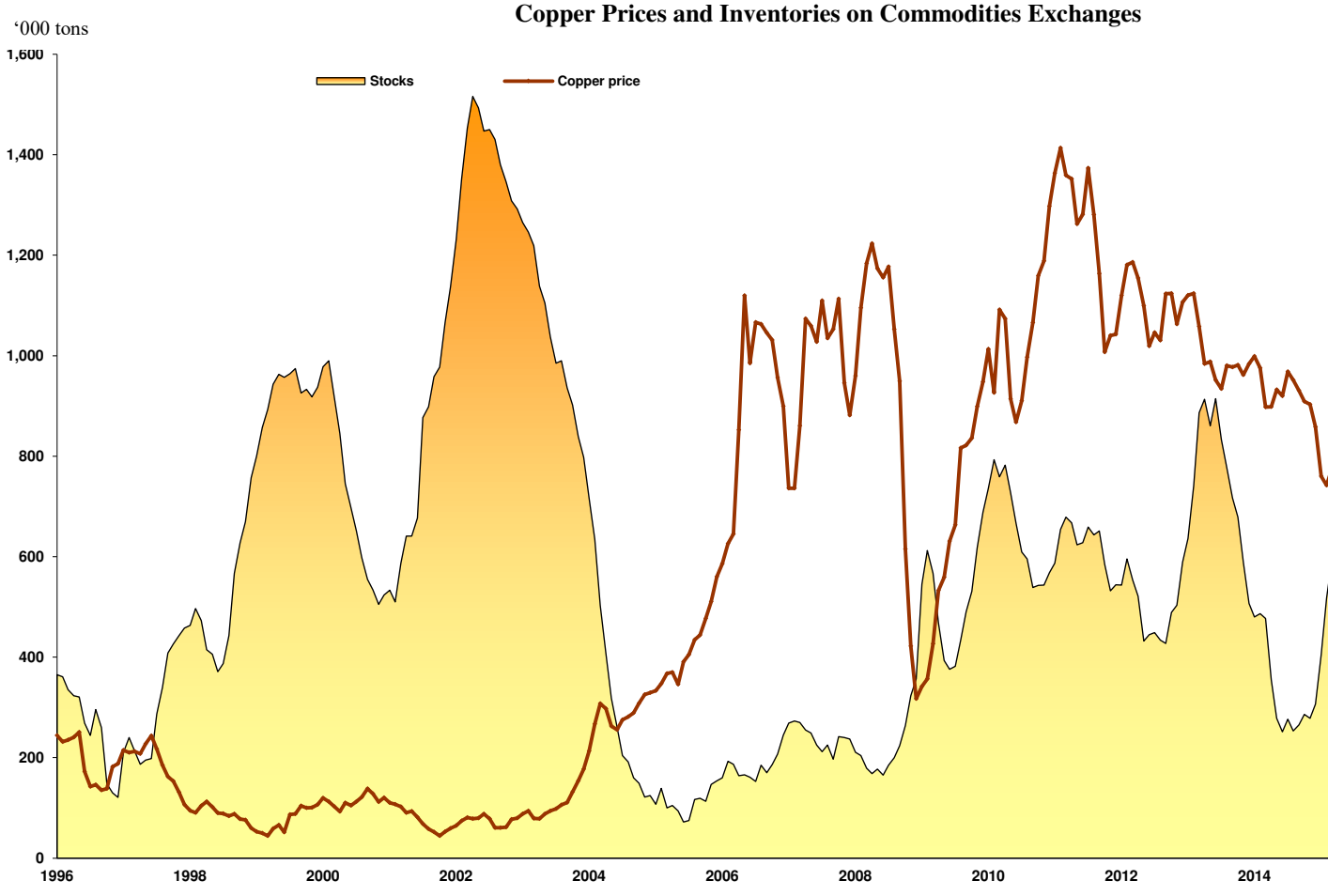
2014		
	First Quarter	319.4
	Second Quarter	307.9
	Third Quarter	317.2
	Fourth Quarter	300.4
2015		
	First Quarter	263.9
	Second Quarter	274.1
	Third Quarter	238.6
	Fourth Quarter	221.9
2016		
	First Quarter	211.9
	Second Quarter	214.5
	Third Quarter	216.5
	Fourth Quarter	239.4
2017		
	First Quarter	264.5
	Second Quarter	256.8
	Third Quarter (through July 24, 2017)	272.2

Source: London Metal Exchange, Monthly Average Settlement.

On July 24, 2017, the closing price for refined copper on the LME was 272.2 cents per pound.

The following graph compares average market prices for copper and the level of LME, Shanghai Metal Exchange and COMEX inventories from 1996 through May 5, 2017:

Copper Prices and Inventories on Commodities Exchanges



Source: Metal Exchanges: London, COMEX and Shanghai.

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

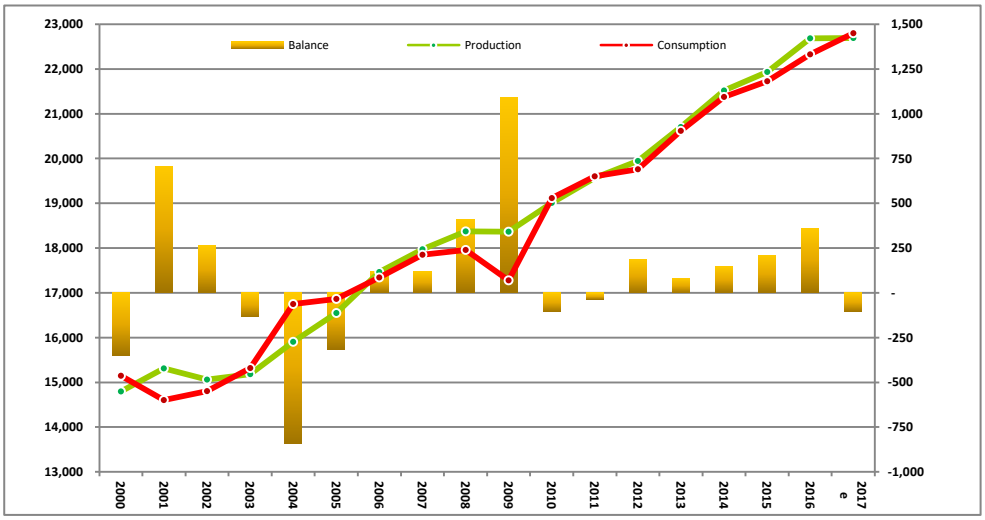
Opportunities for Copper

Since 2005, copper prices have experienced significant volatility. LME copper prices averaged 220.6 cents per pound in 2016, compared to 249.2 cents per pound in 2015 and 311.3 cents per pound in 2014. Lower copper prices in 2014, 2015 and 2016 reflect the global volatility, the European crisis and the fears regarding China. China's consumption was robust in 2014, driven by the expansion of its urbanization, power grid and strong auto and consumer appliances sales, among others. Nonetheless, demand for copper in 2015 increased by 1.3%, including a 3.5% for China. Global demand for copper in 2016 increased by 3.3%, including a 5.0% demand increase from China. Disruptions on the supply side, higher expectations in China and increased global demand contributed to average copper prices of 264.5 cents per pound in the first quarter of 2017. Copper demand remains strong, particularly in Asia, which drove the copper price to an unexpected increase at the end of 2016 to stabilize at a higher copper price range, despite the geopolitical and other global uncertainties. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's business is highly dependent upon the price of copper."

There is also increased general use of copper tubing, particularly in air conditioning systems. The quantity of copper consumed in electrical applications in cars, trains and other vehicles has also increased. In the electricity generation and transmission area, the control of energy losses and a growing concern for higher energy efficiency are factors that have tended to increase demand for copper, becoming the main copper usage. The termination of widespread substitution of aluminum for copper in overhead high-voltage transmission lines also bodes well for the metal's future.

Historically, demand and supply of copper have demonstrated continued growth during periods of oversupply as well as periods of overconsumption. The following graph shows the historical development of copper supply, demand and stocks in the world from 2000 through 2015 (in thousands of metric tons):

Refined Copper Supply and Demand Worldwide Balance



Sources: CODELCO, internal data (May 2017)

REGULATORY FRAMEWORK

Overview of the Regulatory Regime

CODELCO is a mining, industrial and commercial state-owned enterprise of indefinite duration with its own legal personality and capital. CODELCO's relationship with the Government of Chile is conducted through the Ministry of Mining. CODELCO was incorporated pursuant to Decree Law 1.350 of 1976, as amended by Law 20.392, published in the Official Gazette on November 14, 2009, and effective as of March 1, 2010. CODELCO is governed by Decree Law 1.350 and by Decree 146 of August 12, 1991, as amended (to conform the same with Law 20.392) by Decree No. 3 of January 13, 2012 issued jointly by the Ministries of Finance and Mining, and published in the Official Gazette on July 4, 2012, which sets forth CODELCO's current bylaws, and the general legal framework applicable to private companies regarding public disclosure (rules applicable to publicly held companies), and other applicable regulations. CODELCO's principal corporate purpose is to exercise all rights acquired by Chile pursuant to the nationalization of the Chilean mining industry, namely mining, exploration and the development of mining deposits and other rights belonging to Chile at the time of CODELCO's incorporation in 1976.

Principally, the amendments to Decree Law 1.350 contained in Law 20.392: (i) introduce best corporate governance practices in conformity with recommendations made by the Organization for Economic Co-operation and Development to CODELCO's legal framework; (ii) make applicable the provisions of Law 18.046, (the "Corporations Law"), to CODELCO; and (iii) vest in the President of Chile the authority and prerogatives afforded to the shareholders of a corporation (*sociedad anónima*) under Chilean law, who may delegate such authority to the Ministries of Finance and Mining, jointly. In addition, the amendments introduced significant changes to the structure, designation and authority of the Board of Directors of CODELCO: (i) there are no longer board member positions for the Ministers of Finance and Mining, nor for a representative of the armed forces; (ii) directors must (a) hold a professional degree granted by a State-run or State-recognized university or college or by an equivalent foreign university and (b) have at least five years' working experience as board members, managers, administrators or main executives at public or private companies; (iii) directors representing the workers and foremen are no longer appointed directly by the President of Chile, but rather are appointed by the President of Chile from short-lists presented by the FTC and both the FESUC and the ANSCO, respectively; and (iv) directors are subject to the rules governing the rights, obligations, responsibilities and prohibitions established in the Corporations Law.

CODELCO is subject to the supervision of: (i) the Chilean securities authority, SVS, on the same terms as publicly held corporations (CODELCO is registered under the Securities Registry No. 785 of the SVS) and (ii) the Chilean Commission of Copper (*Comisión Chilena del Cobre*, or "COCHILCO") or the governmental agencies that, among other authorities, are responsible for examining the compliance with certain regulations applicable to CODELCO's activities and report the relevant findings to its Chief Executive Officer. Furthermore, other government agencies in charge of specific areas, such as taxes and customs, exercise their legal authorities with respect to CODELCO as they do in regard to any other company of the Chilean private sector. The Lower House (*Cámara de Diputados*) of the Chilean Congress also maintains an overarching authority to oversee CODELCO in the exercise of its constitutional duties.

Chilean law requires CODELCO to obtain the approval of the Ministry of Finance before it can assume any financial indebtedness and before it can acquire assets outside Chile with financial or payment terms exceeding one year. Although CODELCO is 100% owned by it, the Government of Chile is not legally liable for CODELCO's obligations unless expressly guaranteed by the Government of Chile, nor do such obligations form any part of the direct public debt of the Government of Chile. A constitutional amendment would be required to allow private participation in CODELCO's ownership.

Each year, the Board of Directors must approve the BDP report of the Company for the following three years, subject to the approval of the Ministries of Finance and Mining. This plan must include the annual investment and financing amounts in addition to the annual profits that the Company is estimated to generate during the period. The Ministries of Finance and Mining jointly issue a decree pursuant to which a portion of CODELCO's profit may be allocated by CODELCO to the creation of capitalization and reserve funds.

CODELCO's Board of Directors must also submit its proposed annual budget to the Ministries of Finance and Mining for approval. In addition, Decree Law 1.350 requires CODELCO to include as part of its proposed annual budget a debt amortization budget that includes interest and principal payments on CODELCO's debts, including the notes. CODELCO's budget and financial statements are subject to both internal and external controls. CODELCO's Board of Directors is responsible for monitoring its operations, and CODELCO retains independent auditors to audit its consolidated financial statements and an internal comptroller to review its finances, accounting and administration.

CODELCO's Board of Directors approved corporate governance guidelines consistent with its high transparency, probity and accountability standards which: (i) establish limits and controls on the use of resources of the Board of Directors; (ii) implement a transparent and traceable system for the handling of hiring requests, promotions and redundancies of CODELCO's officers and employees; (iii) regulate the relationships between members and management of the Board of Directors with related parties; and (iv) establish guidelines for corporate speakers. CODELCO's Board of Directors also agreed to consider directives that: (i) regulate lobbying activities within CODELCO; (ii) strengthen and reform internal audit systems; and (iii) strengthen policies to avoid any conflicts of interest.

Mining Regulations

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

Mining concessions are transferable, mortgageable and irrevocable and regulated by the same civil law that regulates real estate rights generally. Generally, the owner of a mining concession may occupy as much of the surface land as is necessary for mining activities upon the creation of a mining easement or upon other authorization given by the land owner, such as a lease agreement or a license. Mining easements can be obtained by way of direct negotiation with the surface land owner or, if the latter opposes, by way of a summary procedure before the relevant court. Regardless of how the mining easement is obtained, the party granting the easement is entitled to compensation should the mining activities and works caused by the owner of the mining concession cause damage. Exploitation concessions have an indefinite duration. Exploration concessions are granted for two years and may be extended for a maximum of two additional years subject to waiving at least half of the area originally allocated. Prior to the expiration of the first or the second two-year period, exploration concessions can be converted to exploitation concessions. If they are not so converted, the exploration concession terminates.

Owners of mining concessions must pay an annual fee equivalent to approximately U.S.$1.3 per hectare in the case of exploration concessions and approximately U.S.$6.0 per hectare in the case of exploitation concessions. However, the latter fees, within certain limits, may be credited to income taxes originated through the exploitation of the concession. Payments of the annual fees must be made in March of each year. Failure to make the annual fee payments may result in the loss of title to the concession through its auction.

CODELCO owns mining concessions granted by the Chilean Ordinary Courts for its exploration and exploitation operations. Some of these concessions were previously held by foreign private mining companies before being transferred to Chile in 1971 and subsequently to CODELCO upon its incorporation in 1976. CODELCO's principal concessions are those which give rights to the mineral deposits of the Chuquicamata, El Teniente, Andina, Salvador, Radomiro Tomic, Gabriela Mistral and Mina Ministro Hales Divisions. CODELCO's concessions relating to land that is currently being mined essentially grant an indefinite right to conduct mining operations in that land, provided that annual concession fees are paid. In 2016, CODELCO paid total concession fees of U.S.$7.0 million. As of March 31, 2017, CODELCO has paid U.S.$7.5 million in total concession fees for 2017.

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

Environmental Regulations

CODELCO's operations are subject to national, regional and local regulations as well as international treaties subscribed by the Government of Chile and enacted as Chilean domestic law regarding the protection of the environment, natural resources and the effect of the environment on human health and safety, including laws and regulations concerning water, air and noise pollution, the handling, disposal and transportation of hazardous waste and occupational health and safety.

The General Environmental Law (Law 19.300), enacted in March 1994 and modified by Law 20.417, enacted in 2010, establishes the general environmental legal framework in Chile, including the establishment of a range of environmental management tools known as the Environmental Impact Assessment System (*Sistema de Evaluación de Impacto Ambiental*) and the Emission Standards and the Environmental Quality Standards, among others. Chilean environmental laws and regulations, and the enforcement thereof, have become increasingly stringent since 2010 and have become even more so due to recent changes. Such amendments include, among other significant modifications, the creation of a new institutional framework comprised by: (i) the Ministry of the Environment (*Ministerio del Medio Ambiente*); (ii) the Council of Ministers for Sustainability (*Consejo de Ministros para la Sustentabilidad*); (iii) the Environmental Assessment Service (*Servicio de Evaluación Ambiental*); (iv) the Bureau of the Environment (*Superintendencia del Medio Ambiente*); and (v) the Environmental Courts (*Tribunales Ambientales*), each of which are in charge of designing, evaluating and enforcing laws and regulations relating to projects and activities that could have an environmental impact. These institutions are fully operational. Recent legal and regulatory changes are likely to impose additional restrictions or costs on CODELCO and also increased fines due to non-compliance with such laws and regulations, relating to environmental litigation and protection of the environment, particularly those related to flora and fauna, wildlife protected areas, water quality standards, mine closure, air emissions, and soil pollution. Since the Bureau of the Environment became fully operational on December 28, 2012, infringement of environmental regulations may result in fines of up to approximately U.S.$8.7 million, the closure of facilities and the revocation of environmental approvals. As described in more detail below, CODELCO incurs, and may be required in the future to incur, substantial capital and operating costs related to environmental compliance. However, many of these costs are inextricably intertwined with the operation of CODELCO's business as a whole.

The General Environmental Law, as supplemented by additional regulations, permits the Government of Chile to: (i) bring administrative and judicial proceedings against companies that violate environmental laws; (ii) close non-complying facilities; (iii) revoke required operating licenses; (iv) require that companies submit their projects for environmental evaluation as required by applicable law; and (v) impose sanctions and fines when companies act negligently, recklessly or deliberately in connection with environmental matters. The General Environmental Law also grants citizens the right to bring civil actions against companies that are not in compliance with environmental laws and regulations when such companies have caused "environmental damage," as defined in such law, after such non-compliance has been established by a judicial proceeding.

In 2016, the Bureau of the Environment presented claims against the Ventanas Division for the infringement of environmental regulations and permits. In response, CODELCO presented a Compliance Plan (*Programa de Cumplimiento*), which allows the Ventanas Division to comply with the Bureau of the Environment's requirements in a specified term without being subject to fines or sanctions. This Compliance Plan was approved by the Bureau of the Environment in 2016 and is under implementation by CODELCO.

In 2016, the Bureau of the Environment also required information about the El Teniente Division due to the potential violation of environmental permits, to which CODELCO responded. A final decision regarding this procedure is still pending.

Additionally, citizens affected by environmental pollution may petition for relief to a Chilean Court of Appeal, which has the power to require the suspension of the offending activity and to adopt protective measures through a process called *recurso de protección* (protective action). If it determines that CODELCO violated its environmental permits, the Bureau of the Environment could impose a fine on CODELCO and could require that CODELCO implement environmental compensation and mitigation measures. There can be no assurance that the Bureau of the Environment will not impose additional fines or require that additional measures be taken. As of the date of this offering memorandum, CODELCO has not assessed a potential loss as probable or such loss is not estimable.

The General Environmental Law and its regulations contain certain rules on Environmental Impact Assessment, which have been in effect since April 1997, and that provide that CODELCO must evaluate the environmental impact of any future project or activity listed in Law 19.300 by means of a declaration or a study depending on the significance of the environmental impacts associated. CODELCO has conducted these environmental impact declarations and studies pursuant to the General Environmental Law.

Chile has adopted environmental regulations requiring companies operating in Chile, including CODELCO, to undertake programs to reduce, control and/or eliminate certain environmental impacts. CODELCO has undertaken a number of environmental initiatives to comply with such regulations. From 2006 to 2016, CODELCO invested U.S.$1,579 million in projects, and plans to continue implementing pollution abatement plans through additional capital investments amounting to U.S.$1,260 million from 2017 through 2018. In 2016, CODELCO allocated U.S.$382 million to environmental projects, including the expansion of the Talabre, Ovejería and Carén Tailings dams in the Chuquicamata, Andina and El Teniente Divisions and various projects in Chuquicamata, Potrerillos, Ventanas and Caletones smelters in order to comply with the new regulation regarding atmospheric emissions. Additionally, as part of its pollution abatement efforts, CODELCO continues to implement water recovery systems, the costs of which are also budgeted in CODELCO's pollution abatement plan, to conserve resources and minimize pollution of natural water sources.

To protect and improve environmental air quality in the country, the Ministry of the Environment has the authority to declare certain areas to be "latent zones" (*zonas latentes*) or "saturated zones" (*zonas saturadas*). Latent zones are areas in which there exists a high risk of excessive pollution – the pollutant concentration is greater than 80% of the corresponding quality standard in a certain area – and in which further emissions are highly restricted. Saturated zones are areas in which an excessive level of pollution already has been reached – the ambient concentration of the air pollutant exceeds 100% of the corresponding quality standard for a pollutant in a certain area – and in which emissions are required to be reduced and mitigation measures are required to be implemented. In connection with the declaration of a latent or saturated zone, the Ministry of the Environment begins an investigation and public-consultation process to develop a prevention or decontamination plan, as the case may be. The whole process for approving these plans may take more than two years. Upon publication of either type of plan, emission reduction targets and other environmental remediation actions may be required of specific industries located within the latent or saturated zone. Measures included in the pollution prevention or reduction plans governing CODELCO's operations are subject to change and may become more stringent if compliance with applicable air quality standards is not achieved.

The area surrounding the Potrerillos, Caletones and Ventanas smelting facilities have been declared saturated zones for particulate matter (PM_{10} and/or $MP_{2,5}$) and sulfur dioxide (SO_2). These areas are subject to decontamination plans, and the Ventanas decontamination plan is currently being reviewed by government authorities. In the area surrounding the Chuquicamata smelter, there is a decontamination plan for PM_{10} under review and a pollution prevention plan for SO_2 is under development. A new saturated area, which includes Calama and its surroundings, was declared for PM_{10} in 2009, and as a result, a new decontamination plan is under development and is expected to be completed in the near future.

In August 2013, the Ministry of the Environment enacted a decontamination plan for Chile's Sixth Region, Central Valley, which could potentially affect CODELCO's operations in the region. In addition, the

relevant Environmental Assessment Service may impose further requirements on CODELCO's projects. Under the various plans that cover the areas where CODELCO operates, net increases in emissions by industrial facilities in these zones, including any increased emissions from the Potrerillos, Caletones, Ventanas and Chuquicamata smelting plants, have been banned. To date, the impact of operating in latent and saturated zones has not been material for CODELCO; however, it could have a material effect in the future.

A new air quality standard for an additional pollutant, primary particulate matter $PM_{2.5}$, was enacted by the Ministry of the Environment in May 2011. This standard became effective on January 1, 2012 and leads to the declaration in 2015 of new saturated zone in Ventanas and, as a result, a new decontamination plan is under development and is expected to be completed in the near future. CODELCO is unable to fully assess at this time if any other new zones will be declared, what actions might be required in response or the cost of compliance.

In December 2013, the Government of Chile enacted the Emission Standard for Smelting Plants, which establishes maximum parameters of emission for PM_{10}, SO_2, arsenic (As) and mercury (Hg) generated by smelting plants. Certain aspects of the regulation became effective immediately while other provisions of the new emission standards must be complied with by a later date—within three years in the case of Ventanas smelter, and within five years in Chuquicamata, Potrerillos and Caletones smelters. CODELCO has preliminarily estimated that the cost of complying with this new standard will be U.S.$1 billion, which will be incurred over a period of approximately five years and which started in 2014, but the full cost will be determined when all the necessary engineering projects to ensure compliance are finished and implemented. Such additional costs could also be material. Additionally, Supreme Decree 10, dated June 9, 2015, declared the boroughs of Concón, Quintero and Puchuncaví (where Ventanas is located) as a saturated zone with regards to PM2.5 and as a latent zone with regards to PM10.

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

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

A new mine closure regulation, Law 20.551, which includes health, safety and environmental requirements along with mandatory provisions that require financial guarantees, was enacted in November 2011, and became effective in November 2012. According to this law, CODELCO and other mining companies in Chile were required to submit an assessment of the closure expenses of all its mines to the SERNAGEOMIN before November 2014. Once the assessment of closure expenses was approved, CODELCO had to provide the financial guarantee between the sixth months counted from the approval and two-thirds of the project life (less than 20 years), or 15 years of the project life (more than 20 years). CODELCO obtained the approval of the closure plans for all of its Divisions from SERNAGEOMIN and provided the financial guarantees in the term established by the law. CODELCO had total provisions amounting to U.S.$1.5 billion for future decommissioning and site restoration costs primarily related to tailing dams, closures of mine operations and other mining assets, including potential new governmental regulations, at December 31, 2016, and U.S.$1.6 billion at March 31, 2017. CODELCO is currently developing a project to estimate the additional costs of complying with this new regulation regarding mine closure, which could be material.

Future legislative or regulatory developments, private causes of action or the discovery of new facts relating to environmental matters may impose new restrictions or result in additional costs that may have a material adverse effect on CODELCO's business, financial condition, results of operations or prospects. See "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO's compliance with environmental, health

and safety laws may require increased costs, including capital commitments, and non-compliance may subject it to significant penalties."

Enforceability of Obligations

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

Payment of Obligations

Article 23 of Decree Law 1.350 provides that CODELCO has the obligation to return the total proceeds of its exports to Chile, but has no obligation to convert the proceeds to Chilean pesos in excess of its peso requirements. The proceeds from its exports are deposited at the Central Bank of Chile, and withdrawals against such foreign exchange deposits are made to cover CODELCO's expenses. In addition, Article 13 of Decree Law 1.350 directs CODELCO to prepare a Loan Amortization Budget which must include the payment of principal of CODELCO's debts and related interest payments, including the notes. This budget, as part of the general budget of CODELCO, is approved annually by joint decree of the Ministry of Mining and the Ministry of Finance and may be amended to meet non-budgeted expenses. The incurrence of any indebtedness by CODELCO must be authorized by an official letter from the Ministry of Finance. For loans with maturity at issuance of a duration of more than one year, this authorization is required to commence the relevant procedures. The Ministry of Finance of Chile authorized CODELCO to commence negotiations to issue bonds abroad through Resolution No. 1171 dated June 17, 2014. The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 2128 dated October 24, 2014.

Statutory Documents

The statutory documents of CODELCO are contained in Decree Law 1.350 published in the Official Gazette on February 28, 1976, as amended by Law 20.392 published in the Official Gazette on November 14, 2009, and Decree 146 published in the Official Gazette on October 25, 1991, as amended (to conform the same with Law 20.392) by Decree No. 3 of January 13, 2012 issued jointly by the Ministries of Finance and Mining, published in the Official Gazette on July 4, 2012. These gazettes may be seen on-line on the Library of the Chilean Congress website (http://www.bcn.cl/) or in a booklet that CODELCO will issue upon request, which contains free translations of the regulations into English.

MANAGEMENT

The Board of Directors is primarily responsible for the management and administration of CODELCO. The Board of Directors is composed of nine members, appointed as set forth in Law 20.392, enacted on November 4, 2009: (i) three directors are directly appointed by the President of Chile; (ii) four directors are appointed by the President of Chile from a short-list presented by the Council of Senior Public Management (*Consejo de la Alta Dirección Pública*), an entity within the National Civil Service Bureau that advises the President of Chile, ministers and heads of services departments on the appointment of high-ranking public positions; (iii) one director is appointed by the President of Chile from a short-list presented by the FTC; and (iv) one director is appointed by the President of Chile from a short-list presented by both the FESUC and ANSCO. All directors in CODELCO serve four year terms and may be reelected for new terms. The Board is renewed on a staggered basis and may not be revoked in its entirety.

The Board of Directors is vested with all the management and asset-disposal authority, except to the extent that Chilean law or CODELCO's bylaws establish such authority within the exclusive province of the President of Chile (as discussed below), and other than the authority delegated to the Chief Executive Officer. The main responsibilities of the Board of Directors of CODELCO are to: (i) designate and remove the Chief Executive Officer; (ii) approve and send to the Ministry of Finance an estimate of the revenues and surplus earnings that it will transfer to the Government of Chile in the following year's budget; (iii) prepare the annual budget of CODELCO and send for the approval of the Ministry of Finance; and (iv) approve the BDP report of the Company for the following three-year period.

The President of Chile is vested with authority analogous to that of the shareholders of a corporation (*sociedad anónima*) under Chilean law, which may be delegated in whole or in part to the Ministers of Finance and Mining, jointly. Pursuant to such authority, the President of Chile: (i) participates in the designation of the Board of Directors by designating three directors without external input and by electing six directors on the basis of third-party short-lists; (ii) appoints the Chairman of the Board of Directors; and (iii) may approve and amend the bylaws of the Company, by means of an executive decree issued jointly by the Ministries of Finance and Mining.

Senior management and administration of the Company are vested in its Board of Directors and Chief Executive Officer. The Board of Directors is in charge of the ultimate conduct and oversight of the Company. The Chief Executive Officer is named by the Board of Directors and remains in office so long as he/she maintains the confidence of the Board. The Chief Executive Officer is responsible for implementing the resolutions of the Board of Directors and supervising the activities of CODELCO. On July 31, 2014, the Board of Directors of CODELCO appointed Nelson Pizarro Contador as the new CEO, and he commenced his term on September 1, 2014.

The President of Chile also selected and appointed Blas Tomic Errázuriz from a short-list presented by the Council of Senior Public Management in May 2013. In May 2014, the President of Chile appointed Oscar Landerretche Moreno, Dante Contreras Guajardo and Laura Albornoz Pollmann as directors. In addition, the President of Chile appointed Oscar Landerretche Moreno as Chairman of the Board. In May 2015, the President of Chile appointed Juan Enrique Morales Jaramillo and Isidoro Palma Penco as directors replacing Marcos Büchi Buc and Marcos Lima Aravena, from a short-list presented by the Council of Senior Public Management. In May 2016, the President of Chile renewed the mandate of Raimundo Espinoza Concha. In April 2017, the President of Chile selected and appointed Ghassan Dayoub Pseli to fill the vacant position on our Board of Directors following the end of Augusto González Aguirre's term in May 2015. In May 2017, the President of Chile renewed the mandate of Blas Tomic Errázuriz and appointed Paul Schiodtz Obilinovich as director replacing Gerardo Jofré.

On August 29, 2014, CODELCO announced the resignation of Marcelo Villouta, Vice President of Northern Operations, and the appointment of Octavio Araneda Osés as Acting Vice President of Northern Operations. On September 8, 2014, CODELCO announced the voluntary resignation of Cristián Quinzio Santelices, CODELCO's General Counsel, but he subsequently rescinded his resignation.

On September 30, 2014, the Board of Directors of CODELCO approved the creation of the Vice Presidency of Mineral Resources Management and Development and appointed José Pesce Rosenthal to this role. In addition, CODELCO's Board of Directors replaced the general managers of the Chuquimata, Radomiro Tomic, Mina Ministro Hales and Salvador Divisions. On October 7, 2014, CODELCO's Board of Directors appointed Daniel Sierra Parra as Vice President of Human Resources and appointed Ricardo Montoya Peredo as General Manager of the Gabriela Mistral Division. On October 30, 2014, CODELCO's Board of Directors appointed Alvaro Aliaga Jobet as Vice President of Central Southern Operations (*Operaciones Centro Sur*) and appointed Gerhard von Borries Harms as Vice President of Projects. Finally, on February 27, 2015, CODELCO's Board of Directors appointed Alejandro Rivera Stambuck as Chief Financial Officer, Patricio Chávez Inostroza as Vice President of Corporate Affairs & Sustainability and César Correa Parker as General Auditor. On January 30, 2015, CODELCO announced the creation of the Vice President for Productivity and Costs position, to increase productivity and control costs. On February 27, 2015, CODELCO's Board of Directors appointed José Robles Becerra of the Vice President of Productivity and Costs.

On March 29, 2016, CODELCO announced the resignation of Cristián Quinzio Santelices as CODELCO's General Counsel, effective April 1, 2016. Moreover, the Board of Directors appointed Diego Ruidíaz Gómez as Acting General Counsel from the same date. On April 1, 2016, CODELCO announced a restructuring of its operations management in order to better respond to operational business challenges and take advantage of existing operational and territorial synergies. Through this restructuring, which was implemented beginning May 1, 2016, the Salvador Division became under the supervision of the Vice President of Northern Operations (*Operaciones Norte*). Moreover, Álvaro Aliaga Jobet was appointed as Vice President of Northern Operations (*Operaciones Norte*) and Octavio Araneda Osés was appointed as Vice President of Central Southern Operations (*Operaciones Centro Sur*). On August 3, 2016, CODELCO announced the appointment of Nicolai Bakovic Hudig as CODELCO's General Counsel, with his term beginning on October 1, 2016.

Directors and Executive Officers

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

Name	Position
Directors	
Oscar Landerretche Moreno	Chairman[1][2]
Juan Enrique Morales Jaramillo	Director[3][4]
Blas Tomic Errázuriz	Director[3][5]
Paul Schiodtz Obilinovich	Director[3][5]
Isidoro Palma Penco	Director[3][4]
Laura Albornoz Pollmann	Director[1][2]
Dante Contreras Guajardo	Director[1][2]
Raimundo Espinoza Concha	Director[6][7]
Ghassan Dayoub Pseli	Director[8][4]
Executive Officers	
Nelson Pizarro Contador	Chief Executive Officer and President
Alejandro Rivera Stambuk	Chief Financial Officer
Daniel Sierra Parra	Vice President Human Resources
Rodrigo Toro Ugarte	Vice President Sales
Gerhard von Borries Harms	Vice President Projects
José Pesce Rosenthal	Vice President Mining Resources Management and Development
Patricio Chavez Inostroza	Vice President Corporate Affairs & Sustainability
José Robles Becerra	Vice President Productivity and Costs
José Antonio Álvarez López	Executive Vice President of Finance
Nicolai Bakovic Hudig	General Counsel
César Correa Parker	General Auditor
Octavio Araneda Osés	Vice President – Central Southern Operations
Alvaro Aliaga Jobet	Vice President – Northern Operations
Mauricio Barraza Gallargo	General Manager – Chuquicamata Division
Lindor Quiroga Bugueño	General Manager – Radomiro Tomic Division
Jaime Rivera Machado	General Manager – Mina Ministro Hales Division
Ricardo Montoya Peredo	General Manager – Gabriela Mistral Division
Juan Carlos Avendaño	General Manager – Salvador Division
José Sanhueza Reyes	General Manager – Ventanas Division
André Sougarret Larroquete	General Manager – El Teniente Division
Roberto Cuadra Pesce	General Manager – Andina Division

(1) Directly appointed by the President of Chile

(2) Term expires May 2018.

(3) Appointed by the President of Chile from a short list presented by the Council of Senior Public Management (*Consejo de la Alta Dirección Pública*).

(4) Term expires May 2019.

(5) Term expires May 2021.

(6) Employee of CODELCO, appointed by the President of Chile from a short list presented by the Federation of Copper Workers.

(7) Raimundo Espinoza Concha was reappointed in May 2016 and his term expires May 2020.

(8) Employee of CODELCO, appointed by the President of Chile from a short list presented by the Federation of Copper Supervisors and the National Association of Copper Supervisors.

There is no family relationship between any director or executive officer and any other director or executive officer. The business address for the executives and directors previously listed is Huérfanos 1270, 6th floor, Santiago, Chile. No executive holds a position as an employee outside of CODELCO.

Committees of the Board of Directors

Audit, Benefits and Ethics Committee (Comité de Auditoría, Compensaciones y Ética)

CODELCO's audit, benefits and ethics committee consists of Blas Tomic Errázuriz (Chair), Isidoro Palma Penco and Juan Enrique Morales Jaramillo, who may invite others to assist in its work. The audit, benefits and ethics committee's primary responsibility is to support the Board of Directors by providing and improving internal controls by reviewing transactions with related parties and the work of CODELCO's internal audit department. The committee also analyzes and reviews the work and reports of the external auditors. The committee is also responsible for analyzing observations made by Chilean regulatory entities and for recommending measures to be taken by the management in response. CODELCO's audit, benefits and ethics committee is not subject to the independence and other requirements to which U.S. public companies are subject.

Projects and Investment Committee (Comité de Proyectos y Financiamiento de Inversiones)

The projects and investment committee consists of Juan Enrique Morales Jaramillo (Vice Chair), Isidoro Palma Penco and Raimundo Espinoza Concha. This committee analyzes and recommends major mining development projects and financing of these projects.

Management Committee (Comité de Gestión)

The management committee consists of Dante Contreras Guajardo (Chair), Laura Albornoz Pollmann (Vice Chair), Isidoro Palma Penco, Raimundo Espinoza Concha and Ghassan Dayoub Pseli. The committee is primarily responsible for the management of the Company's divisions and key projects. It also reviews and evaluates the performance of subsidiaries and affiliated companies.

Corporate Governance and Sustainability Committee (Comité de Gobierno Corporativo y Sustentabilidad)

The corporate governance and sustainability committee consists of Laura Albornoz Pollmann (Chair), Dante Contreras Guajardo (Vice Chair), Blas Tomic Errázuriz and Oscar Landerretche Moreno. The committee (i) considers any recommendations made by senior management regarding changes in corporate or divisional structure and any changes proposed to the internal operating procedures of the Company and responsibilities of senior management and (ii) oversees compliance with the code of conduct and corporate governance policies and coordinates self-evaluations of members of the Board of Directors. The committee also advises the Board of Directors with respect to matters of sustainability, providing assistance to the Board of Directors in the Company's sustainability policies and goals as well as analyzing the efficacy of the Company's policies and management systems in the areas of health, safety and the environment.

Science, Technology and Innovation Committee

In addition to the established Committees of the Board of Directors described above, in January 2016, a new Science, Technology and Innovation Committee began to meet in a trial run as a forum for discussion among directors about the challenges facing the corporation in these regards. The Science, Technology and Innovation Committee consists of Juan Enrique Morales Jaramillo (Chair), Paul Schiodtz Obilinovich (Vice Chair), Oscar Landerretche Moreno and Ghassan Dayoub Pseli.

RELATED PARTY TRANSACTIONS

In the ordinary course of its business, CODELCO engages in a variety of transactions on arm's-length terms with certain related parties. For information regarding these transactions, see Note 3 to the 2015-2016 Year-end Consolidated Financial Statements and Note 3 to the Unaudited Interim Consolidated Financial Statements.

In its dealings with Cyprus El Abra Corporation (a subsidiary of Freeport-McMoRan Inc.), the partner in SCM El Abra, CODELCO acts through a subsidiary, as agent. CODELCO does not sell copper to Nordeutsche Affinerie Group, its partner in Deutsche Giessradht GmbH.

Pursuant to Article 147 of the Corporations Law, CODELCO may only enter into operations with related parties if its intent is to benefit the corporate interest, if its price, terms and conditions are consistent with those prevailing in the market when approved, and if it follows certain requirements and procedures established by the law.

According to Article 146 of the Corporations Law, as amended, "operations with related parties" of CODELCO include any and all negotiations, acts, contracts or operations in which the Company must take part, as well as:

(i) one or more related persons to the Company, pursuant to the definition contained in Article 100 of Law 18.045 (the "Securities Market Law," as amended);

(ii) a board member, manager, a main executive or a liquidator of CODELCO, acting directly or on behalf of any persons other than the Company, or their respective spouses or relatives up to the second degree (consanguinity or affinity);

(iii) a corporation or partnership in which one of the persons mentioned in (ii) above are direct or indirect owners of 10% or more of its capital, board members, managers or main executives;

(iv) those persons specifically established under the CODELCO's bylaws or reasonably identified by the Directors' Committee, as applicable, even if the transaction with such persons (a) is not of a relevant amount, (b) is conducted on a regular basis (as per the regularity policy determined by the Board of Directors of CODELCO) or (c) is entered into with a subsidiary of CODELCO in which the Company holds a direct or indirect ownership interest of at least 95%; and

(v) any company in which a board member, manager or main executive of CODELCO has served as a board member, manager, main executive or liquidator, during the last 18 months.

Article 100 of the Securities Market Law provides that the following persons constitute a related party: (i) the other entities of the business conglomerate to which a company belongs; (ii) parents, subsidiaries and equity-method investors and investees of a company; (iii) all directors, managers, officers and liquidators of a company, and their spouses or blood relatives to the second degree, or any entity controlled, directly or indirectly, by any of the abovementioned individuals; (iv) any person that, by their own actions or with other persons under a joint action agreement, may appoint at least one member of the management of a company or controls 10% or more of the capital or voting capital of a stock company; and (v) other entities or persons deemed a related party by the SVS.

The rules, requirements and procedures to approve operations with related parties apply both to the operations of CODELCO as well as to those of its subsidiaries, regardless of their legal nature, except for some exemptions set forth in Article 147 of the Corporations Law in which related-party transaction may be executed without the requirements referred to above, with the prior approval of the Board of Directors.

The breach of any of the restrictions on related party transactions will not affect the validity of the transaction. However, CODELCO or the President of Chile may demand from the breaching party, the reimbursement for an amount equivalent to the benefits gained by the breaching party resulting from the

transaction. Additionally, CODELCO or the President of Chile may claim damages. Finally, the breaching party bears the burden of proof that the transaction was carried out according to the law.

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

FOREIGN INVESTMENT AND EXCHANGE CONTROLS IN CHILE

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

DESCRIPTION OF NOTES

The notes will be issued pursuant to an indenture expected to be dated as of August 1, 2017, between CODELCO and The Bank of New York Mellon, as trustee (the "indenture").

The following description of certain provisions of the notes and of the indenture is subject to and is qualified in its entirety by reference to the provisions of the notes and the indenture, copies of which will be available for inspection at the office of the trustee at 101 Barclay Street, Floor 7 East, New York, New York, 10286. CODELCO urges you to read the indenture because it, and not this description, defines your rights as holders of the notes issued under the indenture.

General

The notes will be issued by CODELCO, and CODELCO will be liable therefor and obligated to perform all covenants and agreements to be performed by CODELCO pursuant to the notes and the indenture, including the obligations to pay principal, interest and Additional Amounts (as defined below under "Payment of Additional Amounts"), if any. The trustee under the indenture is The Bank of New York Mellon (the "trustee," which term shall include any successor trustee under the indenture).

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

The notes will bear interest at the applicable rate per annum set forth on the cover page of this offering memorandum from the date of issuance or from the most recent Interest Payment Date (as defined below) to which interest has been paid or provided for. Interest on the notes will be payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2018, or, if any such date is not a Business Day (as defined below), on the next succeeding Business Day (each an "Interest Payment Date") to the person or persons (each, a "Holder") in whose name such notes are registered in the Security Register (as defined below) at the close of business on January 17 and July 17, respectively, preceding such Interest Payment Dates (each a "Record Date"). Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. For the purposes hereof, the term "Business Day" means a day on which banks in The City of New York are not authorized or required by law or executive order to be closed.

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

The 3.625% notes due 2027 (the "2027 notes") and the 4.500% notes due 2047 (the "2047 notes") will be issued in two series, and will mature on August 1, 2027 and August 1, 2047, respectively. The notes of each series will not be redeemable prior to maturity except as described below and in the event of certain developments affecting taxation, in that case at a price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued interest to the redemption date. On the maturity date of the notes, CODELCO will be required to pay 100% of the then outstanding principal amount of the series of notes plus accrued and unpaid interest thereon and Additional Amounts, if any.

Ranking

The notes will constitute direct, general, unconditional and unsubordinated obligations of CODELCO. The notes rank and will rank without any preference among them and equally with all other unsubordinated obligations of CODELCO, other than certain obligations granted preferential treatment pursuant to Chilean law. It is understood that this provision will not be construed so as to require CODELCO to make payments under the

notes ratably with payments being made under any other obligations. The indenture contains no restriction on the amount of additional indebtedness which may be incurred by CODELCO or its subsidiaries; however, as set forth under "—Limitation on Liens" below, the indenture contains certain restrictions on the ability of CODELCO and its subsidiaries to incur secured indebtedness.

Registration, Form and Delivery

The trustee will initially act as paying agent, transfer agent and registrar for the notes. The notes will be issued upon the closing of this offering in definitive, fully registered form, without coupons, in denominations of U.S.$200,000 principal amount at maturity and multiples of U.S.$1,000 in excess thereof. The notes will be exchangeable, and transfers thereof will be registrable, at the office of the registrar for the notes (including the office of the Luxembourg transfer and paying agent). No charge will be made to holders of the notes in connection with any exchange or registration of transfer, but CODELCO may require payment of a sum sufficient to cover any tax or other governmental charge payable in that connection.

The trustee will maintain at its office in The City of New York, currently located at 101 Barclay Street, Floor 7 East, New York, New York, 10286, a security register (the "Security Register") with respect to the notes. The name and address of the registered Holder of each note and the amount of each note will be recorded in the applicable Security Register, and the trustee and CODELCO may treat the person in whose name the note is registered as the owner of such note for all purposes. For so long as the notes are represented by one or more Global Notes, the registered owner of a Global Note, in accordance with the terms of the indenture, may be treated at all times and for all purposes by CODELCO and the trustee as the sole owner with respect to such notes, with respect to all payments on the notes and for all other purposes under the terms of the notes and the indenture.

The notes of each series are being offered and sold in connection with the initial offering thereof solely to "qualified institutional buyers," as that term is defined in Rule 144A under the Securities Act, pursuant to Rule 144A, and in offshore transactions to persons other than "U.S. persons," as defined in Regulation S under the Securities Act, in reliance on Regulation S. Following the initial offering of the notes, the notes may be resold to qualified institutional buyers pursuant to Rule 144A, non-U.S. persons in reliance on Regulation S and pursuant to Rule 144 under the Securities Act, as described under "Transfer Restrictions."

***The Global* Notes**

Rule 144A Global Note

The notes of each series offered and sold to qualified institutional buyers pursuant to Rule 144A will initially be issued in the form of one or more registered notes in global form, without interest coupons. The Rule 144A Global Notes will be deposited on the date of the closing of the sale of the notes with, or on behalf of, the Depository Trust Company, or DTC, and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee pursuant to the FAST Balance Certificate Agreement between DTC and the trustee. Interests in the Rule 144A Global Note will be available for purchase only by qualified institutional buyers.

Regulation S Global Note

The notes of each series offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S under the Securities Act will initially be issued in the form of one or more registered notes in global form, without interest coupons. The Regulation S Global Notes will be deposited upon issuance with, or on behalf of, a custodian for DTC in the manner described in the preceding paragraph.

Except as set forth below, the Rule 144A Global Note and the Regulation S Global Note, collectively referred to in this section as the "Global Notes," may be transferred, in whole and not in part, solely to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in physical, certificated form (referred to as "certificated notes") except in the limited circumstances described below.

The notes will be subject to certain restrictions on transfer and will bear a restrictive legend as set forth under "Transfer Restrictions."

All interests in the Global Notes are subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream are subject to the procedures and requirements of such systems.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the Global Notes in customers' securities accounts in the depositaries' names on the books of DTC.

Exchanges Among the Global Notes

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

Transfers by an owner of a beneficial interest in the Rule 144A Global Note to a transferee who takes delivery of such interest through the corresponding Regulation S Global Note, whether before or after the expiration of the restricted period, will be made only upon receipt by the trustee of a certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

Certain Book-Entry Procedures for the Global Notes

The descriptions of the operations and procedures of DTC, Euroclear and Clearstream set forth below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Neither CODELCO nor the initial purchasers take any responsibility for these operations or procedures, and investors are urged to contact the relevant system or its participants directly to discuss these matters.

DTC has advised CODELCO that it is (i) a limited purpose trust company organized under the laws of the State of New York, (ii) a "banking organization" within the meaning of the New York Banking Law, (iii) a member of the Federal Reserve System, (iv) a "clearing corporation" within the meaning of the Uniform Commercial Code, as amended, and (v) a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes to the accounts of its participants, thereby eliminating the need for physical transfer and delivery of certificates. DTC's participants include securities brokers and dealers (including the initial purchasers), banks and trust companies, clearing corporations and certain other organizations. Indirect access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies, or indirect participants that clear through or maintain a custodial relationship with a participant, either directly or indirectly. Investors who are not participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants.

CODELCO expects that pursuant to procedures established by DTC (i) upon deposit of each Global Note, DTC will credit the accounts of participants designated by the initial purchasers with an interest in the Global Note

and (ii) ownership of the notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the interests of participants) and the records of participants and the indirect participants (with respect to the interests of persons other than participants).

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability to transfer interests in the notes represented by a Global Note to such persons may be limited. In addition, because DTC can act only on behalf of its participants, who in turn act on behalf of persons who hold interests through participants, the ability of a person having an interest in notes represented by a Global Note to pledge or transfer such interest to persons or entities that do not participate in DTC's system, or to otherwise take actions in respect of such interest, may be affected by the lack of a physical definitive security in respect of such interest.

So long as DTC or its nominee is the registered owner of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by the Global Note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a Global Note will not be entitled to have notes represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of certificated notes, and will not be considered the owners or holders thereof under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee thereunder. Accordingly, each holder owning a beneficial interest in a Global Note must rely on the procedures of DTC and, if such holder is not a participant or an indirect participant, on the procedures of the participant through which such holder owns its interest, to exercise any rights of a holder of notes under the indenture or such Global Note. CODELCO understands that under existing industry practice, in the event that CODELCO requests any action of holders of notes, or a holder that is an owner of a beneficial interest in a Global Note desires to take any action that DTC, as the holder of such Global Note, is entitled to take, DTC would authorize the participants to take such action and the participants would authorize holders owning through such participants to take such action or would otherwise act upon the instruction of such holders. Neither CODELCO nor the trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to such notes.

Payments with respect to the principal of, premium, if any, and interest on any notes represented by a Global Note registered in the name of DTC or its nominee on the applicable Record Date will be payable by the trustee to or at the direction of DTC or its nominee in its capacity as the registered holder of the Global Note representing such notes under the indenture. Under the terms of the indenture, CODELCO and the trustee may treat the persons in whose names the notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payment thereon and for any and all other purposes whatsoever. Accordingly, neither CODELCO nor the trustee has or will have any responsibility or liability for the payment of such amounts to owners of beneficial interests in a Global Note (including principal, premium, if any, and interest). Payments by the participants and the indirect participants to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of the participants or the indirect participants and DTC.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the notes, cross-market transfers between the participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depositary. However, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement

applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositaries for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear or Clearstream as a result of sales of interest in a global security by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. Neither CODELCO nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes

With respect to each series of notes, if (i) CODELCO notifies the trustee in writing that DTC is no longer willing or able to act as a depositary or DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days of such notice or cessation; (ii) CODELCO, at its option, notifies the trustee in writing that it elects to cause the issuance of notes in definitive form under the indenture; or (iii) upon the occurrence of certain other events as provided in the indenture, then, upon surrender by DTC of the Global Notes, certificated notes will be issued to each person that DTC identifies as the beneficial owner of the notes represented by the Global Notes. Upon any such issuance, the trustee is required to register such certificated notes in the name of such person or persons (or the nominee of any thereof) and cause the same to be delivered thereto.

Neither CODELCO nor the trustee shall be liable for any delay by DTC or any participant or indirect participant in identifying the beneficial owners of the related notes and CODELCO and the trustee may conclusively rely on, and shall be protected in relying on, instructions from DTC for all purposes (including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued).

Covenants

CODELCO has agreed to restrictions on its activities for the benefit of holders of the notes. The following restrictions will apply to the notes:

Consolidation, Merger, Conveyance, Sale or Lease

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

Limitation on Liens

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

Limitation on Sale and Lease-Back Transactions

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

Periodic Reports

CODELCO will furnish, to the noteholders and to prospective purchasers of notes, upon request to the trustee, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

Events of Default

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

The indenture provides that (i) if an Event of Default (other than an Event of Default described in clause (v) above) shall have occurred and be continuing with respect to the notes, either the trustee or the holders of not less than $33^{1}/_{3}$% of the total principal amount of the notes of such series then outstanding may declare the principal of all such outstanding notes and the interest accrued thereon, if any, to be due and payable immediately

and (ii) if an Event of Default described in clause (v) above shall have occurred, the principal of all such outstanding notes and the interest accrued thereon, if any, shall become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder of such notes. The indenture provides that the notes owned by CODELCO or any of its affiliates shall be deemed not to be outstanding for certain purposes, including declaring the acceleration of the maturity of the notes. Upon the satisfaction by CODELCO of certain conditions, including (i) the payment of all fees and expenses of the trustee, (ii) CODELCO's deposit with the trustee of a sum sufficient to pay all outstanding amounts then due on the applicable notes (other than principal due by virtue of the acceleration) together with interest on such amounts through the date of the deposit and (iii) all Events of Default (other than non-payment of principal that became due by virtue of the acceleration upon the event of default) have been cured or waived, the declaration described in clause (i) of this paragraph may be annulled by the holders of a majority of the total principal amount of the applicable notes then outstanding. Past defaults, other than non-payment of principal, interest and compliance with certain covenants, may be waived by the holders of a majority of the total principal amount of the applicable notes outstanding.

The trustee must give to the holders of the notes notice of all uncured defaults known to it with respect to the notes within 30 days after a Responsible Officer of the trustee becomes aware of such a default (unless such default shall have been cured); *provided, however,* that, except in the case of default in the payment of principal, interest or Additional Amounts, the trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interest of the holders of the notes.

No holder of notes may institute any proceeding, judicial or otherwise, under the indenture unless (i) such holder shall have given the trustee written notice of a continuing Event of Default with respect to the notes of that series, (ii) the holders of not less than $33^1/_3\%$ of the total principal amount of the notes of that series then outstanding shall have made written request to the trustee to institute proceedings in respect of the Event of Default, (iii) such holder or holders shall have offered the trustee such reasonable indemnity as the trustee may require, (iv) the trustee shall have failed to institute an action for 60 days thereafter and (v) no inconsistent direction shall have been given to the trustee during such 60-day period by the holders of a majority of the total principal amount of the notes of such series. Such limitations, however, do not apply to any suit instituted by a holder of a note for enforcement of payment of the principal or interest on the notes on or after the respective stated maturity expressed in such notes.

The indenture provides that, subject to the duty of the trustee during default to act with the required standard of care, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the notes, unless such holders shall have offered to the trustee reasonable indemnity.

CODELCO is required to furnish to the trustee annually a statement as to the performance by CODELCO of certain of its obligations under the indenture and as to any default in such performance.

Payment of Additional Amounts

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

(i)any tax, assessment, duty or other governmental charge that would not have been so deducted or withheld but for (i) the existence of any present or former connection between the Holder or the beneficial owner of the note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder or beneficial owner, if such Holder or beneficial owner is an estate, trust, partnership or corporation) and the Taxing Jurisdiction imposing such tax, assessment, duty

or other governmental charge (including, without limitation, such Holder or beneficial owner (or such fiduciary, settler, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein) other than the mere receipt of payments in respect of a note or the holding or ownership of a note or beneficial interest therein; or (ii) the presentation of a note (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

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

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

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

(v)any combination of items (i), (ii), (iii) and (iv) above.

Nor shall Additional Amounts be paid with respect to any payment of the principal of or any interest on any note to any Holder or beneficial owner that is a fiduciary or partnership or other than the sole beneficial owner of such note to the extent such payment would be required by the laws of the Taxing Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been a Holder of such note.

If CODELCO pays Additional Amounts in respect of the Chilean withholding tax on payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder (as defined in "Taxation") assessed at a rate of 4%, and a refund is provided with respect to such withholding tax, CODELCO shall have the right to receive and be entitled to such funds from the relevant Taxing Jurisdiction.

Redemption

CODELCO will not be permitted to redeem the notes before their stated maturity, except as set forth below. The notes will not be entitled to the benefit of any sinking fund—meaning that CODELCO will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be entitled to require CODELCO to repurchase your notes from you before the stated maturity.

Optional Redemption

We may redeem on one or more occasions some or all of the notes before they mature.

The 2027 notes will be redeemable, in whole or in part, at our option at any time and from time to time, prior to May 1, 2027 (three months prior to the scheduled maturity of the 2027 notes) (the "2027 Par Call Date") at a redemption price equal to the greater of (i) 100% of the principal amount of the 2027 notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon as if redeemed on the 2027 Par Call Date (exclusive of any interest accrued and unpaid to the date of redemption) discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30 day months) at the applicable Treasury Rate plus 25 basis points, plus, in either case, accrued and unpaid interest, if any, to the date of redemption.

The 2027 notes will be redeemable, in whole or in part, at our option at any time from time to time, commencing on the 2027 Par Call Date, at a redemption price equal to 100% of the principal amount of the 2027 notes to be redeemed plus accrued and unpaid interest, if any, to the redemption date.

The 2047 notes will be redeemable, in whole or in part, at our option at any time and from time to time, prior to February 1, 2047 (six months prior to the scheduled maturity of the 2047 notes) (the "2047 Par Call Date") at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon as if redeemed on the 2047 Par Call Date (exclusive of any interest accrued and unpaid on the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30 day months) at the applicable Treasury Rate plus 30 basis points, plus, in either case, accrued and unpaid interest, if any, to the date of redemption.

The 2047 notes will be redeemable, in whole or in part, at our option at any time from time to time, commencing on the 2047 Par Call Date, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to the redemption date.

Notes called for redemption become due on the date fixed for redemption (the "Redemption Date"). Notices of redemption will be mailed by first-class mail at least 30 but not more than 60 days before the Redemption Date to each holder of notes to be redeemed at its registered address. For so long as the notes are listed on the Luxembourg Stock Exchange and the rules of the Euro MTF market so require, the Company will cause notices of redemption to be announced through the Luxembourg Stock Exchange. The notice of redemption for the notes will state the amount to be redeemed. On and after the Redemption Date, interest ceases to accrue on any notes that are redeemed. If less than all the notes are redeemed at any time, the trustee will select notes by lot or on a *pro rata* basis or by any other method that the trustee deems fair and appropriate.

For purposes of determining the optional redemption price, the following definitions are applicable:

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the 2027 Par Call Date with respect to the 2027 notes, or the 2047 Par Call Date with respect to the 2047 notes.

"Comparable Treasury Price" means, with respect to any redemption date, (i) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Independent Investment Banker is unable to obtain at least five such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by the Independent Investment Banker.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer from time to time to act as the "Independent Investment Banker."

"Reference Treasury Dealer" means HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, or their respective affiliates or successors which are primary U.S. Government securities dealers in New York City ("Primary Treasury Dealers"), and two other nationally recognized investment banking firms that are Primary Treasury Dealers selected from time to time by the Issuer; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding that redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity (computed as of the third business day immediately preceding that redemption date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

Tax Redemption

The notes of each series may be redeemed at the election of CODELCO, in whole, but not in part, by the giving of notice as provided in "—Notices" below (which notice shall be irrevocable), at a price equal to the outstanding principal amount thereof, together with any Additional Amounts and accrued and unpaid interest to the redemption date, if, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder, including a holding by a court of competent jurisdiction) of the Taxing Jurisdiction, or any change in the official application, administration or interpretation of such laws, regulations or rulings in such Taxing Jurisdiction, CODELCO has or will become obligated to pay Additional Amounts on the applicable notes in excess of the Additional Amounts that would be payable were payments of interest on the notes subject to 4% withholding ("Excess Additional Amounts"), and if such change or amendment is announced or becomes effective on or after the date of original issuance of the notes and such obligation cannot be avoided by CODELCO taking measures it considers reasonable and that are available to it (for this purpose, reasonable measures shall not include any change in CODELCO's or any successor's jurisdiction of incorporation or organization or location of its principal executive or registered office); *provided, however*, that no such notice of redemption shall be given earlier than 60 days prior to the earliest date on which CODELCO would be obligated to pay such Excess Additional Amounts, were a payment in respect of the notes then due. Prior to the giving of notice of redemption of such notes, CODELCO will deliver to the trustee an officers' certificate and a written opinion of recognized Chilean counsel independent of CODELCO to the effect that all governmental approvals necessary for CODELCO to effect such redemption, if any, have been or at the time of redemption will be obtained and in full force and effect and that CODELCO is entitled to effect such a redemption, and setting forth in reasonable detail the circumstances giving rise to such right of redemption. See "Taxation—Chilean Taxation."

Notices

For so long as the notes are outstanding in global form, notices to be given to holders will be given to the depositary, in accordance with its applicable procedures as in effect from time to time. If notes are issued in individual definitive form, notice to holders of the notes will be given by mail to the addresses of such holders as they appear in the security register. In addition, so long as the notes are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). Any such notice will be deemed to have been delivered on the date of first publication.

Replacement of Notes

In case of mutilated, destroyed, lost or stolen notes, application for replacement thereof may be made to the trustee or CODELCO. Any such note shall be replaced by the trustee in compliance with such procedures, and on such terms as to evidence and indemnification, as the trustee or CODELCO may require and subject to any applicable law or regulation. All such costs as may be incurred in connection with the replacement of any notes shall be borne by the applicant. Mutilated notes must be surrendered before new ones will be issued.

Modification of the Indenture

CODELCO and the trustee may, without the consent of the holders of notes, amend, waive or supplement the indenture or the notes for certain specified purposes, including among other things: (i) to evidence CODELCO's succession by another corporation, and the assumption by such party of CODELCO's obligations; (ii) to add to CODELCO's covenants or surrender any of its rights or powers for the benefit of all or any series of notes; (iii) to cure any ambiguity, defect or inconsistency in the indenture; (iv) to provide for the issuance of any new series of securities, and/or add to the rights of any holders of any series of notes; (v) to provide for the appointment of a successor trustee; (vi) to add any additional Events of Default for the benefit of any or all series;

(vii) to provide for the issuance of securities in bearer form; and (viii) to make any other change to the indenture as shall not adversely affect the interests of any holder of the notes.

In addition, with certain exceptions, the indenture and the notes may be modified by CODELCO and the trustee with the consent of the holders of a majority in aggregate principal amount of the notes of the series affected thereby then outstanding, but no such modification may be made without the consent of the holder of each outstanding note affected by the modification which would:

(i)change the maturity of any principal of, or any premium on, or any installment of interest on, any note, or reduce the principal amount thereof or the rate of interest or any premium (or Additional Amounts, if any) payable thereon, or change the method of computing the amount of principal thereof or interest or premium (or Additional Amounts, if any) payable thereon on any date, or change any place of payment where, or the coin or currency in which, the principal or interest (including Additional Amounts) on any note are payable, or impair the right of holders to institute suit for the enforcement of any such payment on or after the date when due;

(ii)reduce the percentage in aggregate principal amount of outstanding notes of such series, where the consent of holders is required for any such modification or for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or

(iii)modify provisions relating to waiver of certain defaults, waiver of certain covenants and the provisions summarized in this paragraph, including provisions governing the amendment of the indenture, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected by the modification.

The indenture provides that the notes owned by CODELCO or any of its affiliates shall be deemed not to be outstanding for, among other purposes, consent to any such modification.

Defeasance and Covenant Defeasance

With respect to each series of notes, CODELCO, at its option, at any time upon the satisfaction of certain conditions described below, may elect to be discharged from its obligations with respect to the notes. In general, upon a defeasance, CODELCO shall be deemed to have paid and discharged the entire indebtedness represented by the notes and to have satisfied all of its obligations under the notes, except for: (i) the rights of holders of notes to receive, solely from the trust fund established for such purposes, payments in respect of the principal of, and interest, and Additional Amounts, if any, on the notes when such payments are due; (ii) certain provisions relating to ownership, registration and transfer of the notes; (iii) the covenant relating to the maintenance of an office or agency in New York City, and (iv) certain provisions relating to the rights, powers, trusts, duties and immunities of the trustee.

In addition, CODELCO, at its option, at any time, upon the satisfaction of certain conditions described below, may discharge its obligation to comply with the covenants specified above under "—Consolidation, Merger, Conveyance, Sale or Lease," "—Limitation on Liens" and "—Limitation on Sale and Lease-Back Transactions." In order to cause a defeasance or covenant defeasance with respect to the notes, CODELCO will be required to (i) deposit funds or obligations issued by the United States in an amount sufficient to provide for the timely payment of principal, interest and all other amounts due under the notes with the trustee, and (ii) satisfy certain other conditions, including delivery to the trustee of an opinion of independent tax counsel of recognized standing to the effect that beneficial owners of notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred. Such opinion of counsel in the case of defeasance must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable U.S. federal income tax law occurring after the date of the indenture.

Governing Law; Submission to Jurisdiction; Sovereign Immunity

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

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

Article 226 of the Mining Code of Chile prohibits the attachment and judicial sale of a debtor's mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to those mining concessions, except with respect to mortgages. However, a debtor may consent to such attachment and sale, *provided* that the consent is given in the same judicial proceeding in which the attachment and sale is sought. The general waiver of immunity by CODELCO in the notes will not be effective with respect to immunity under Article 226. In addition, pursuant to the Constitution, mining concessions corresponding to mining deposits exploited by CODELCO upon its creation in 1976 cannot be subject to attachment or to any act of disposition by CODELCO.

Further Issues of Notes

With respect to each series of notes, without the consent of the holders, CODELCO may create and issue additional notes with terms and conditions that are the same (or the same except as to scheduled interest payments prior to the time of issue of the additional notes) as the terms and conditions of an outstanding series of notes, including the notes. CODELCO may consolidate the additional notes to form a single series with an outstanding series of notes, including the notes; *provided*, however, that unless such additional notes are issued under a separate CUSIP number, such additional notes must be part of the same "issue" as the outstanding series of notes for U.S. federal income tax purposes, issued pursuant to a "qualified reopening" as the outstanding series of notes for U.S. federal income tax purposes, or issued with no more than a *de minimis* amount of original issue discount.

TAXATION

General

The following is a summary of certain Chilean tax and U.S. federal income tax considerations (and certain EU related tax consequences) relating to the purchase, ownership and disposition of notes. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the notes, and, except to the extent certain EU-related tax consequences are described below, it does not describe any tax consequences arising under the laws of any national, state, or local taxing jurisdiction other than the United States and Chile.

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

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

On February 4, 2010, Chile and the United States entered into a tax treaty (the "Treaty"), which has been ratified by the Chilean Congress, but must be ratified by the competent authorities of the United States before it can enter into effect, and which may apply to income generated in Chile or the United States by a resident of either country. Investors should consult their own advisors regarding the application of the Treaty to their particular circumstances and the date on which a particular Treaty provision will enter into effect.

Chilean Taxation

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the notes made by a "Foreign Holder." For purposes of this summary, the term "Foreign Holder" means (i) an individual not resident or domiciled in Chile or (ii) a legal entity that is not incorporated under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile. For purposes of Chilean taxation, (a) an individual is a resident of Chile if such individual has remained in Chile for more than six months in any calendar year, or for more than six months within two consecutive fiscal years and (b) an individual is domiciled in Chile if such individual resides in Chile with the intention of remaining in Chile (the intention will be determined according to the circumstances).

Under Chile's income tax law (the "Income Tax Law"), payments of interest or premium, if any, made by CODELCO in respect of the notes to a Foreign Holder will generally be subject to a Chilean withholding tax assessed at a rate of 4% (the "Chilean Interest Withholding Tax").

Pursuant to the terms of the Income Tax Law, interest, premiums, remuneration for services, financial expenses and any other contractual surcharges under credit facilities entered into or disbursed on or after January 1, 2015, and which are paid or credited to an account or made available to "related entities" of CODELCO in respect of loans or liabilities existing during the year in which the indebtedness is considered to be excessive, are subject to a 35% penalty tax that CODELCO is required to pay. The withholding tax applicable to the interest payments made by us can be used as a credit against such 35% penalty tax. Indebtedness will be considered to be excessive when at the end of the corresponding fiscal year a "total annual indebtedness" to entities incorporated, domiciled or established in a foreign country or in Chile, either related or not, exceeds three times the equity of CODELCO, calculated pursuant to the provisions of article 41 F of the Income Tax Law. Under the "Excessive Indebtedness" rules, a lender or creditor will be deemed to be related to CODELCO if: (i) the beneficiary (*i.e.*, lender or creditor) is incorporated, domiciled, resident or established in one of the territories or jurisdictions contained in the list referred to in section 41 D of the Income Tax Law, except if such country was incorporated to said list after the loan or liability has been granted; (ii) the beneficiary (*i.e.*, lender or creditor) is incorporated, domiciled, resident or established in one of the territories or jurisdictions listed in section 41 H of the Income Tax

Law; (iii) each of the beneficiary (*i.e.*, lender or creditor) and CODELCO belong to the same corporate group or, directly or indirectly, owns or participates in 10% or more of the capital or the profits of the other, or if the beneficiary and CODELCO have a common partner or shareholder which, directly or indirectly, owns or participates in 10% or more of the capital or the profits of both, and such beneficiary is incorporated, domiciled, resident or established outside Chile; (iv) the indebtedness is guaranteed directly or indirectly by a third-party, unless they are not related to CODELCO, in the terms of clauses (i), (ii), (iii) above or (v) hereafter, and such third-party guarantees the obligations for a fee determined under market conditions; however, the beneficiary shall be deemed related when the non-related third-party has executed an agreement or obtained the funds to guarantee the indebtedness granted to CODELCO with a related party of the latter under the terms established in clauses (i), (ii), (iii) or (iv) above and (v) hereafter; (v) the relevant financial instruments documenting such indebtedness are placed and acquired by independent entities and such indebtedness is subsequently acquired or transferred to a related entity according to subsections (i) to (iv) above; or (vi) one party (*i.e.*, beneficiary or CODELCO) conducts one or more operations with a third-party who, in turn, directly or indirectly conducts one or more similar or identical operations with a related party of such party.

The Income Tax Law provides that a Foreign Holder is subject to income tax on Chilean source income. Chilean source income is defined by the Income Tax Law as income arising from goods located in Chile or activities performed in Chile, regardless of the domicile or residence of the taxpayer. The Income Tax Law establishes that capital gains derived from the sale of bonds issued by a Chilean taxpayer in Chile are considered Chilean source income. Capital gains arising from the sale or other dispositions by a Foreign Holder of the notes will not be subject to Chilean income taxes.

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

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

The issuance of the notes is subject to a stamp tax, which will be payable by CODELCO.

If the stamp tax is not paid when due, Chile's Tax Law imposes penalties (fines, interests and readjustments), which will also be payable by CODELCO. In addition, until such tax (and any penalty) is paid, Chilean courts would not enforce any action brought with respect to the notes. We have agreed to pay promptly such tax when due.

United States Taxation

This summary of U.S. federal income tax considerations deals with U.S. Holders (as defined below) that will hold CODELCO notes as capital assets and whose functional currency is the U.S. dollar. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor's decision to purchase notes and generally does not address the tax treatment of U.S. Holders that may be subject to special tax rules, such as certain banks, tax-exempt entities, partnerships (or entities classified as a partnership for U.S. federal income tax purposes) or partners therein, insurance companies, dealers in securities, or persons that will hold notes as part of an integrated investment (including a "straddle") consisting of the notes and one or more other positions, nor does it address the tax treatment of U.S. Holders that do not acquire notes as part of the initial distribution at the notes' "issue price," which will equal the first price to the public (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money.

As used in this section "—United States Taxation," the term "U.S. Holder" means a beneficial owner of a note that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise will be subject to U.S. federal income taxation on a net income basis in respect of the notes.

Investors should consult their own tax advisors in determining the tax consequences to them of purchasing, owning, and disposing of the notes, including the application in their particular circumstances of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign, other tax laws or the Medicare tax on net investment income and possible changes in tax laws.

Taxation of Interest and Additional Amounts. The gross amount of interest and Additional Amounts (including any Chilean Interest Withholding Tax withheld from interest payments and any Additional Amounts in respect thereof) will be taxable to a U.S. Holder as ordinary interest income in respect of the notes at the time it accrues or is actually or constructively received in accordance with the holder's method of accounting for U.S. federal income tax purposes. It is expected that the notes will not be issued with more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes.

Subject to generally applicable restrictions and conditions, Chilean Interest Withholding Tax withheld from payments of interest on the notes, or from Additional Amounts, is a foreign income tax eligible (i) for credit against a U.S. Holder's U.S. federal income tax liability, or (ii) at the election of such U.S. Holder, for deduction in computing such U.S. Holder's taxable income provided that the U.S. Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued for the relevant taxable year. Interest and Additional Amounts will constitute income from sources without the United States for foreign tax credit purposes. Such income generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income."

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

Taxation of Dispositions. A U.S. Holder will generally recognize taxable gain or loss upon the sale, exchange, redemption or other taxable disposition of the notes in an amount equal to the difference between the amount realized upon such sale, exchange, redemption or other disposition (less any accrued interest and, in the case of a redemption, any Additional Amounts with respect to accrued interest, which will be taxable in the manner described above under "—Taxation of Interest and Additional Amounts") and such U.S. Holder's adjusted tax basis in those notes. A U.S. Holder's adjusted tax basis in a note will generally equal such U.S. Holder's initial investment in the note. Such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if the notes are held for more than one year. Under current laws, certain non-corporate U.S. Holders (including individuals) may be eligible for a preferential rate in respect of long-term capital gain. The deduction of capital losses is subject to limitations.

Capital gain or loss recognized by a U.S. Holder generally will be U.S. source gain or loss. Consequently, if any such gain would be subject to Chilean withholding tax, a U.S. Holder may not be able to credit the tax against its U.S. federal income tax liability unless such credit can be applied (subject to applicable conditions and limitations) against tax due on other income treated as derived from foreign sources. U.S. Holders should consult their own tax advisors as to the foreign tax credit implications of a disposition of the notes.

Foreign Asset Reporting. Certain U.S. Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.$50,000 are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include the notes) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. U.S. Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax

would be suspended, in whole or part. Prospective investors should consult their own tax advisors concerning the application of these rules to their investment in the notes, including the application of the rules to their particular circumstances.

Information Reporting and Backup Withholding. Payments of interest and Additional Amounts on the notes and sales or redemption proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and to backup withholding unless (i) the holder is an exempt recipient that, if required, establishes its exemption or (ii) in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Any amounts withheld under the backup withholding rules from a payment to a holder will be refunded (or credited against such holder's U.S. federal income tax liability, if any), provided the required information is properly furnished to the U.S. Internal Revenue Service.

Proposed Financial Transactions Tax

On February 14, 2013, the European Commission published a proposal (the "Commission's Proposal") for a directive for a common financial transactions tax ("FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (i) by transacting with a person established in a participating Member State or (ii) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or certain of the participating Member States may decide to withdraw.

Prospective holders of the notes are advised to seek their own professional advice in relation to the FTT.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of the purchase agreement among CODELCO and HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc., the initial purchasers have severally agreed to purchase from the Company the following respective principal amounts of notes listed opposite their name below at the initial offering price set forth on the cover page of this offering memorandum, less discounts and commissions:

Initial Purchasers	**Principal Amount of 2027 Notes**	**Principal Amount of 2047 Notes**
HSBC Securities (USA) Inc.	U.S.$ 375,000,000	U.S.$ 312,500,000
J.P. Morgan Securities LLC	375,000,000	312,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	375,000,000	312,500,000
MUFG Securities Americas Inc.	375,000,000	312,500,000
Total	U.S.$ 1,500,000,000	U.S.$ 1,250,000,000

The purchase agreement provides that the obligations of the several initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered by this offering memorandum if any of these notes are purchased. The initial purchasers may use any of their affiliates to offer and sell any of the notes.

After the initial offering, the initial purchasers may change the offering price and other selling terms.

CODELCO has agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities.

The notes have not been registered under the Securities Act. Each initial purchaser has agreed that it will offer or sell the notes only (i) in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act or (ii) in offshore transactions in reliance on Regulation S under the Securities Act. The notes being offered and sold pursuant to Regulation S may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the notes are registered under the Securities Act or an exemption from, the registration requirements thereof is available. Resales of the notes are restricted as described under “Transfer Restrictions.”

Until forty (40) days after the later of the commencement of the offering and the closing date, any offer or sale of notes within the United States by a broker-dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act, unless such offer or sale is made pursuant to Rule 144A under the Securities Act or another available exemption from the registration requirements thereof. Terms used above have the meanings given to them by Regulation S and Rule 144A under the Securities Act.

CODELCO has agreed, that for a period of 60 days from the date of the purchase agreement, CODELCO will not, without prior consent of the initial purchasers, offer, sell or contract to sell, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by CODELCO or any affiliate of CODELCO or any person in privity with CODELCO or any of its affiliates), directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by CODELCO (other than the notes).

The notes are a new issue of securities without an established trading market. Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange. The notes are expected to trade on the Euro MTF market of the Luxembourg Stock Exchange. See “General Information—Listing.” The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely

affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

In connection with the offering of the notes, the initial purchasers may engage in overallotment, stabilizing transactions and syndicate covering transactions. Overallotment involves sales in excess of the offering size, which creates a short position for the initial purchasers. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions and syndicate covering transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions. If the initial purchasers engage in stabilizing or syndicate covering transactions, they may discontinue them at any time without notice.

The initial purchasers and their affiliates have performed certain commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and expenses. The initial purchasers may, from time to time, continue to engage in transactions with and perform services for us in the ordinary course of their business. An affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is a lender to us under a term loan pursuant to which U.S.$300.0 million is currently outstanding. Certain affiliates of HSBC Securities (USA) Inc. are lenders to us under various credit and derivatives facilities currently totaling U.S.$57.0 million. An affiliate of MUFG Securities Americas Inc. is a lender to us under various credit facilities currently totaling U.S.$598 million. The initial purchasers are acting as dealer managers in the Tender Offers concurrent with this offering. Certain of the dealer managers may hold some of the Tender Notes that will be purchased in the Tender Offers with the proceeds of this offering.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge, and certain other of those initial purchasers or their affiliates that have a lending relationship with us may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to customer that they acquire, long and/or short positions in such securities and instruments.

Delivery of the notes is expected on or about August 1, 2017 which will be the fifth business day following the date of pricing of the notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade notes on the pricing date or the next succeeding business day should consult their own advisor.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Member State"), each initial purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State it has not made and will not make an offer to the public of notes which are the subject of the offering contemplated by this offering memorandum (the "Securities") in that Member State other than:

(i) if the final terms of the notes specify that an offer of those notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Member State (a "Non-exempt Offer"), following the date of publication of a prospectus in relation to such notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose for that Nonexempt Offer;

(ii) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the initial purchasers for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall require the Company or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Member State.

This European Economic Area selling restriction is in addition to any other selling restrictions set out in this offering memorandum.

This offering memorandum has been prepared on the basis that any offer of notes in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Company or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive in relation to such offer. Neither the Company nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Company or the initial purchasers to publish a prospectus for such offer.

Notice to Prospective Investors in the United Kingdom

Each initial purchaser has represented and agreed that:

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

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

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance; and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that ordinance.

Notice to Prospective Investors in Italy

The offer of the notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (Italian Securities and Exchange Commission, or the "CONSOB") pursuant to Italian securities legislation and, accordingly, the notes may not be offered, sold or distributed to the public in the Republic of Italy ("Italy") nor may copies of this offering memorandum or of any other document relating to the notes be distributed in Italy, except:

(i) to *investitori qualificati* (qualified investors), as defined in Article 2, paragraph (e) of the Prospectus Directive as implemented by Article 34-ter of CONSOB Regulation No. 11971 of May 14, 1999, as amended from time to time, (the "Issuers Regulation"); or

(ii) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Italian Legislative Decree No. 58 of February 24, 1998, as amended from time to time, (the "Financial Services Act") and Article 34-ter of the Issuers Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes in Italy under (i) or (ii) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of

29 October 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended from time to time (the "Banking Act");

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by the Bank of Italy, CONSOB or other Italian authority.

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

Notice to Prospective Investors in Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Act, and the notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except as pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

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

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA, except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A), or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes described herein. The notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in Chile

The notes may not be offered or sold in Chile, directly or indirectly, by means of a "Public Offer" (as defined under Law 18.045 and regulations from the SVS). Chilean institutional investors (such as banks, pension funds and insurance companies) are required to comply with specific restrictions relating to the purchase of the notes. Pursuant to Chilean law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law. On June 27, 2012, the SVS issued *Norma de Carácter General* No. 336 (General Rule No. 336, hereinafter "NCG 336"), which is intended to govern the private offering of securities in Chile. NCG 336 provides that the offering of securities that meet the conditions described therein shall not be considered public offerings in Chile and shall be exempted from complying with the general rules applicable to public offerings.

Notice to Prospective Investors in China

The notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (the "PRC") (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum, you should consult an authorized financial advisor.

TRANSFER RESTRICTIONS

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

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

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

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

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

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

(v) agree that it is not an "affiliate" (within the meaning of Rule 144 under the Securities Act) of the Bank; and

(vi) acknowledge that CODELCO, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If it is acquiring any notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. If any of the acknowledgements, representations or agreements it is deemed to have been made by the purchase of notes is no longer accurate, it will promptly notify CODELCO and the initial purchasers.

Each 144A Global Note will bear the following legend:

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

OTHERWISE TRANSFER SUCH NOTES EXCEPT IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND ONLY (A) TO THE ISSUER OR A SUBSIDIARY THEREOF, (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (C) SO LONG AS THIS NOTE IS ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO AN EXEMPTION FROM REGISTRATION (IF APPLICABLE). PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (E) ABOVE, THE COMPANY RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THIS NOTE IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF. THIS LEGEND WILL BE REMOVED ONLY AT THE OPTION OF THE ISSUER.

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

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

(ii) agree that if it should resell or otherwise transfer the notes prior to the expiration of a restricted period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the notes), it will do so only (a)(1) outside the United States in compliance with Rule 904 under the Securities Act or (2) to a QIB in compliance with Rule 144A, and (b) in accordance with all applicable securities laws of the states of the United States or any other applicable jurisdiction.

Each Regulation S Global Note will bear the following legend:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AGENCY IN ANY JURISDICTION, AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THIS SECURITY IS SUBJECT TO THE RESTRICTIONS ON TRANSFER SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF. PRIOR TO THE EXPIRATION OF A RESTRICTED PERIOD ENDING ON SEPTEMBER 10, 2017 OR SUCH LATER DATE AS THE COMPANY MAY NOTIFY TO THE TRUSTEE, THIS SECURITY, OR ANY BENEFICIAL INTEREST HEREIN, MAY NOT BE RESOLD OR OTHERWISE TRANSFERRED EXCEPT (A)(1) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT IN COMPLIANCE WITH RULE 144A, AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION.

The transfer or exchange of a beneficial interest in a Regulation S Global Note for a beneficial interest in a corresponding 144A Global Note prior to the expiration of the restricted period will be made only in accordance with applicable procedures upon receipt by the trustee of a duly completed certificate from the transferor to the effect that such transfer is being made in accordance with Rule 144A under the Securities Act. Such written certification will no longer be required after the expiration of the restricted period. The transfer or exchange of a beneficial interests in a Rule 144A Global Note for a corresponding beneficial interest in a Regulation S Global Note, whether before or after the expiration of the restricted period, will be made only upon receipt by the trustee of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

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

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

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

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

For further discussion of the requirements (including the presentation of transfer certificates) under the indenture to effect exchanges or transfers of interests in Global Notes, see “Description of Notes—Registration, Form and Delivery—Certain Book-Entry Procedures for the Global Notes.”

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

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

VALIDITY OF THE NOTES

The validity of the notes will be passed upon for CODELCO by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, United States counsel for CODELCO, and by Carey y Cía. Ltda., Chilean counsel to CODELCO, and for the initial purchasers by Davis Polk & Wardwell LLP, United States counsel for the initial purchasers, and by Philippi, Prietocarrizosa, Ferrero DU & Uría SpA., Chilean counsel for the initial purchasers. Cleary Gottlieb Steen & Hamilton LLP may rely without independent investigation as to all matters of Chilean law on Carey y Cía. Ltda., and Davis Polk & Wardwell LLP may rely without independent investigation as to all matters of Chilean law on Philippi, Prietocarrizosa, Ferrero DU & Uría SpA.

INDEPENDENT AUDITORS

The financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries as of and for the years ended December 31, 2016 and 2015 and as of and for the years ended December 31, 2015 and 2014 included in this offering memorandum have been audited by Ernst & Young Servicios Profesionales de Auditoría y Asesorías SpA, independent auditors, as stated in their reports appearing herein.

The Company has appointed Deloitte Auditores y Consultores Ltda. as the Company's independent auditors for the fiscal year ending December 31, 2017. Deloitte Auditores and Consultores Ltda. has not completed an audit since its appointment over the fiscal year ended December 31, 2017.

GLOSSARY OF CERTAIN MINING TERMS

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

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

Anodic Slime: A product with a high content of precious metals that settles on the bottom of an electrolytic cell in the copper refinery during the production of copper cathodes. The product is called anode, or anodic, slime due to its muddy appearance. Anode slimes have a high commercial value based on their precious metals content (silver, gold, platinum and palladium).

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

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

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

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

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

Concentrator: A plant where concentration takes place.

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

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

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

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

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

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

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

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

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

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

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

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

Geological Resources (measured, indicated and inferred): Concentrations or occurrences of materials in such form, quantity (tonnage and ore grade) and quality, based on specific geological evidence and knowledge, which allows for the calculation of the amount, ore grade and quality of the material with some level of confidence.

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

Indicated Resources (geological or mineral resources): Resources about which CODELCO's knowledge is substantial but less extensive than its knowledge of measured resources.

Inferred Resources (geological or mineral resources): Resources about which CODELCO's knowledge is only indirect.

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

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

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

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

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

Measured Resources (geological or mineral resources): Resources about which CODELCO's knowledge is both extensive and direct.

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

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

Mineral Deposit: A mineralized underground body that has been probed by a sufficient number of closely-spaced drill holes and/or underground sampling measurements to support an estimate of sufficient tonnage and ore grade to warrant further exploration or development. Mineral deposits or mineralized materials do not qualify as commercially minable ore reserves (*i.e.*, proved reserves or probable reserves), as prescribed under standards of the U.S. Bureau of Mines Circular 831 of 1980, until a final and comprehensive economic, technical, and legal feasibility study based upon the test results has been concluded.

Mineral Resources (measured, indicated and inferred): Geological resources about which CODELCO has achieved increased knowledge and which enable CODELCO to generate a long-term mining plan for the exploitation of such resources.

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

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

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

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

Ore Deposit: Category including all geological resources, mineral resources and ore reserves.

Ore Reserves: The economically mineable part of a mineral resource.

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

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

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

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

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

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

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

Probable Ore Reserves: Ore reserves about which CODELCO's knowledge is substantial but less extensive than its knowledge of proved ore reserves.

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

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

Refining: The purification of crude metallic substances.

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

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

Slag: A residue of the smelting process containing iron and other impurities, which the Company disposes of with its other industrial solid waste.

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

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

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

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

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

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

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

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

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

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

GENERAL INFORMATION

Authorization

The Ministry of Finance of Chile authorized CODELCO to commence negotiations to issue bonds abroad by Resolution No. 1371 dated July 5, 2017. The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 1544 dated July 13, 2017.

CODELCO's Board of Directors authorized the issuance of the notes in its ordinary session of June 29, 2017 by means of Reserved Agreement No. 27/2017. CODELCO has obtained all other consents and authorizations necessary under Chilean law for the issuance of the notes.

Litigation

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

Clearing

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

	Common Code	ISIN Number	CUSIP Number
2027 Notes:			
Rule 144A Global Note	165558154	US21987BAW81	21987B AW8
Regulation S Global Note	165558324	USP3143NAY06	P3143N AY0
2047 Notes:			
Rule 144A Global Note	165558260	US21987BAX64	21987B AX6
Regulation S Global Note	165558430	USP3143NAZ70	P3143N AZ7

Listing

Application has been made to list the notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange in accordance with its rules and regulations. If any European or national legislation is adopted and is implemented or takes effect in Luxembourg in a manner that would impose requirements on us that CODELCO, in its discretion determines are impracticable or unduly burdensome, CODELCO may de-list the notes. In these circumstances, there can be no assurance that CODELCO would obtain an alternative admission to listing, trading and/or quotation for the notes by another listing authority, exchange and/or system within or outside the EU. For information regarding the notice requirements associated with any delisting decision, see "Description of Notes—Notices."

CODELCO has initially appointed The Bank of New York Mellon SA/NV, Luxembourg Branch to serve as its Luxembourg listing agent, Luxembourg paying agent and Luxembourg transfer agent. You can contact the listing agent and the Luxembourg paying agent and transfer agent at the addresses listed on the inside back cover of this offering memorandum. CODELCO will maintain a paying agent and transfer agent so long as the notes are listed on the Luxembourg Stock Exchange, and such financial institution has been appointed in such way that the financial service of the notes is ensured in Luxembourg. Any change in the Luxembourg paying or transfer agent will be communicated to the Luxembourg Stock Exchange and through publication in a daily newspaper in Luxembourg.

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

- this offering memorandum;

- the indenture attaching the forms of the notes;
- CODELCO's Unaudited Interim Consolidated Financial Statements;
- CODELCO's statutory documents;
- English translations of the official letter authorizing the incurrence of indebtedness as issued by the Ministry of Finance; and
- the most recent annual report, including the audited consolidated financial statements, of CODELCO.

Copies of the indenture may be physically inspected during usual business hours on any weekday (excluding Saturday, Sundays and public holidays) at the offices of the trustee at 101 Barclay Street, Floor 7 East, New York, New York 10286.

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

Financial Condition

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

Interim Financial Statements

CODELCO publishes its interim financial statements three times a year, or in connection with its March 31, June 30 and September 30 financial results.

CODELCO – CHILE

Unaudited Interim Consolidated Financial Statements as of and for the three – month period ended March 31, 2017

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

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CORPORACION NACIONAL DEL COBRE DE CHILE

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 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)

	Note	3/31/2017	12/31/2016
Assets			
Current Assets			
Cash and cash equivalents	1	466,775	576,726
Other current financial assets	12	2,233	9,861
Other current non-financial assets		31,604	28,638
Trade and other current receivables	2	2,100,598	2,254,731
Accounts receivable from related parties, current	3	383	13,669
Inventories	4	1,856,799	1,800,270
Current tax assets	6	9,278	12,009
Total current assets		**4,467,670**	**4,695,904**
Non-current assets			
Other non-current financial assets	12	91,587	70,585
Other non-current non-financial assets	11	12,875	14,317
Non-current receivables	2	92,669	95,316
Accounts receivable from related parties, non-current	3	21,968	21,713
Non-current inventories	4	369,667	337,411
Investment accounted for using equity method	8	3,750,948	3,753,974
Intangible assets other than goodwill	9	201,427	196,897
Property, plant and equipment	7	24,132,330	23,977,261
Investment property		981	5,377
Non-current tax assets	6	233,772	233,886
Total non-current assets		**28,908,224**	**28,706,737**
Total Assets		**33,375,894**	**33,402,641**

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

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 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	3/31/2017	12/31/2016
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	388,300	352,610
Trade and other current payables	16	1,035,263	1,208,126
Accounts payable to related parties, current	3	108,681	103,894
Other current provisions	17	218,888	290,002
Current tax liabilities	6	29,110	15,068
Current provisions for employee benefits	17	258,945	439,585
Other current non-financial liabilities		98,202	58,654
Total current liabilities		**2,137,389**	**2,467,939**
Non-current liabilities			
Other non-current financial liabilities	13	14,976,911	14,931,469
Non-current payables		58,672	62,651
Other non-current provisions	17	1,606,121	1,592,612
Deferred tax liabilities	5	3,363,072	3,143,939
Non-current provisions for employee benefits	17	1,302,114	1,308,871
Other non-current non-financial liabilities		4,345	4,751
Total non-current liabilities		**21,311,235**	**21,044,293**
Total liabilities		**23,448,624**	**23,512,232**
Equity			
Issued capital		3,624,423	3,624,423
Retained earnings		13,696	(30,072)
Other reserves	19	5,306,943	5,317,392
Equity attributable to owners of the parent		**8,945,062**	**8,911,743**
Non-controlling interests	19	982,208	978,666
Total equity		**9,927,270**	**9,890,409**
Total liabilities and equity		**33,375,894**	**33,402,641**

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 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)

STATEMENTS OF PROFIT (LOSS)	**Notes**	**3/31/2017**	**3/31/2016**
Revenue	20	3,028,195	2,719,384
Cost of sales		(2,231,661)	(2,439,479)
Gross profit		**796,534**	**279,905**
Other Income, by function	23.a	26,944	9,490
Distribution costs		(2,356)	(2,817)
Administrative expenses		(93,264)	(94,457)
Other expenses	23.b	(305,756)	(254,508)
Other gains		9,372	6,814
Profit from operating activities		**431,474**	**(55,573)**
Finance income		5,012	3,947
Finance costs	24	(133,707)	(140,070)
Share of profit (loss) of associates and joint ventures accounted for using equity method	8	13,349	7,423
Foreign exchange differences	26	(23,323)	(172,603)
Profit (Loss) for the period before tax		**292,805**	**(356,876)**
Income tax expense	5	(250,367)	232,098
Profit (Loss) for the period		**42,438**	**(124,778)**
Profit (Loss) attributable to owners of the parent		38,878	(122,326)
Profit (Loss) attributable to non-controlling interests	19.b	3,560	(2,452)
Profit (Loss) for the period		**42,438**	**(124,778)**

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month periods ended March 31, 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)

STATEMENTS OF COMPREHENSIVE INCOME	Notes	3/31/2017	3/31/2016
Profit (Loss) for the period		**42,438**	**(124,778)**
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		(3,925)	(2,424)
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		(671)	121
Other comprehensive income (loss) that will not be reclassified to profit or loss, before tax		**(4,596)**	**(2,303)**
Components of other comprehensive income that will be reclassified to profit or loss, before tax:			
Exchange differences on translation:			
Gains (Losses) on exchange difference on translation, before tax		755	2,244
Other comprehensive income (loss), before tax, exchange difference on translation		**755**	**2,244**
Cash flow hedges:			
Gains (Losses) on cash flow hedges, before tax		(25,228)	568
Other comprehensive income (loss), before tax, cash flow hedges		**(25,228)**	**568**
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		(5)	(10)
Other comprehensive income (loss) that will be reclassified to profit or loss, before tax		**(24,478)**	**2,802**
Other comprehensive income (loss), before tax		**(29,074)**	**499**
Income (loss) tax relating to remeasurement of defined benefit plans of other comprehensive income	5	2,227	-
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss		2,227	-
Income tax relating to cash flow hedges of other comprehensive income	5	16,398	(186)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		**16,398**	**(186)**
Total other comprehensive income loss		**(10,449)**	**313**
Total Comprehensive Income (Loss)		**31,989**	**(124,465)**
Comprehensive income (loss) attributable to:			
Comprehensive income (loss) attributable to owners of the parent		28,429	(122,013)
Comprehensive income (loss) attributable to non-controlling interests	19.b	3,560	(2,452)
Total Comprehensive Income (loss)		**31,989**	**(124,465)**

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

CORPORACION NACIONAL DEL COBRE DE CHILE

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the three-month periods ended March 31, 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	3/31/2017	3/31/2016
Cash flows from (used in) operating activities:			
Receipts from sales of goods and rendering of services		3,180,474	2,801,138
Other cash receipts from operating activities	27	487,897	419,620
Payments to suppliers for goods and services		(1,837,387)	(1,875,350)
Payments to and on behalf of employees		(533,593)	(472,953)
Other cash payments from operating activities	27	(513,982)	(550,241)
Dividends received		15,773	12,620
Income taxes paid		(2,245)	(24,471)
Cash flows from operating activities		796,937	310,363
Cash flows from (used in) investing activities:			
Other payments to acquire equity or debt instruments of other entities		-	(24,861)
Purchase of property, plant and equipment		(813,152)	(958,246)
Interest received		579	6,193
Other inflows (outflows) of cash		24,146	72,309
Cash flows used in investing activities		(788,427)	(904,605)
Cash flows from (used in) financing activities:			
Proceeds from borrowings		35,929	-
Repayment of borrowings		(250)	(350,000)
Interest paid		(154,190)	(144,299)
Cash flows used in financing activities		(118,511)	(494,299)
Decrease in cash and cash equivalents before effect of exchange rate changes		(110,001)	(1,088,541)
Effect of exchange rate changes on cash and cash equivalents		50	4,417
Decrease in cash and cash equivalents		(109,951)	(1,084,124)
Cash and cash equivalents at beginning of period	1	576,726	1,747,718
Cash and cash equivalents at end of period	1	466,775	663,594

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three-month periods ended March 31, 2017 and 2016 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish –

March 31, 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	
Initial balance as of 1/1/2017	**3,624,423**	**(10,607)**	**12,342**	**(267,171)**	**5,582,828**	**5,317,392**	**(30,072)**	
Changes in equity:								
Profit (loss)							38,878	
Other comprehensive income (loss)		755	(8,830)	(1,698)	(676)	(10,449)		
Comprehensive income (loss)								
Dividends							-	
Increase (decrease) through transfers and other changes	-	-	-	-	-	-	4,890	
Total changes in equity	**-**	**755**	**(8,830)**	**(1,698)**	**(676)**	**(10,449)**	**43,768**	
Final balance as of 3/31/2017	**3,624,423**	**(9,852)**	**3,512**	**(268,869)**	**5,582,152**	**5,306,943**	**13,696**	

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

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

For the three-month periods ended March 31, 2017 and 2016 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the Unaudited Interim Consolidated Financial Statements originally issued in Spanish –

March 31, 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
Initial balance as of 1/1/2016	**3,124,423**	**(12,974)**	**(6,549)**	**(246,424)**	**5,797,867**	**5,531,920**	**33,623**
Changes in equity:							
Profit (loss)							(122,326)
Other comprehensive income (loss)		2,244	382	(2,424)	111	313	
Comprehensive income (loss)							
Dividends							-
Increase (decrease) through transfers and other changes	-	-	-	-	-	-	(1,621)
Total changes in equity	**-**	**2,244**	**382**	**(2,424)**	**111**	**313**	**(123,947)**
Final balance as of 3/31/2016	**3,124,423**	**(10,730)**	**(6,167)**	**(248,848)**	**5,797,978**	**5,532,233**	**(90,324)**

The accompanying notes are an integral part of these unaudited 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 (discussed in Note 8).

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 is registered under Securities Registry No. 785 of the Chilean Superintendence of Securities and Insurance (the "SVS") and is subject to the supervision of said SVS. 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 Chile 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 state-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 correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III of Note 8.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's unaudited interim consolidated statements of financial position as of March 31, 2017 and December 31, 2016, and the unaudited interim consolidated statements of comprehensive income, changes in equity and of cash flows for the three-month periods ended March 31, 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 unaudited interim consolidated financial statements include all information and disclosures required in annual financial statements.

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

The unaudited interim consolidated financial statements of the Corporation are presented in thousands of United States dollar ("US 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 March 31, 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 March 31, 2017 were approved by the Board of Directors at meeting held on May 25, 2017.

Accounting Principles

These unaudited interim consolidated financial statements reflect the financial position of Codelco and its subsidiaries as of March 31, 2017 and December 31, 2016, and the results of their operations, changes in equity and cash flows for the three-month periods ended March 31, 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 Accounting Judgments, Estimates and Assumptions

Preparation of 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, the use of certain critical accounting estimates and assumptions are made 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 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 assets or 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.

For these purposes, a defined list of mine sites, facilities and other equipment assigned to this process, consider at the engineering level profile, the cubing 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 must be 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 are recognized in the statement of financial position by either increasing or decreasing the decommissioning and site restoration liability and asset if the initial estimate was initially recognized as part of an asset measured in accordance with IAS 16, *Property, Plant and Equipment*. Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying amount is recognized in profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying amount of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36 *Impairment of Assets*. If the revised carrying amount of the asset less decommissioning and site restoration provisions exceeds its recoverable amount, that portion of the increase is recognized directly to profit or loss. 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 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 March 31, 2017 and December 31, 2016
- Interim consolidated statements of comprehensive income for the three-month periods ended March 31, 2017 and 2016.
- Interim consolidated statements of changes in equity for the three-month periods ended March 31, 2017 and 2016.
- Interim consolidated statements of cash flows for the three-month periods ended March 31, 2017 and 2016.

b) Basis of preparation - The unaudited interim consolidated financial statements of the Corporation as of March 31, 2017 have been prepared in accordance with IFRS 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 three-month period ended March 31, 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 three-month period ended March 31, 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 US dollar, which is the currency of the primary economic environment in which the Corporation operates and the

currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are retranslated using the closing exchange rates. Gains and losses from foreign currency translations are recognized in profit or loss within the line item "Foreign exchange differences".

The presentation currency of the unaudited interim consolidated financial statements of Codelco is the US dollar.

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, as established in IAS 21. 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 US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

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.

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

All significant balances and transactions between the consolidated companies are eliminated, and the equity share of non-controlling interests has been recognized and presented in the line item "Non-controlling Interests". The elimination of balances, transactions and unrealized profits between the consolidated companies, which include local and foreign subsidiaries, are considered in the consolidated financial statements. The companies included in the consolidation are as follows:

Taxpayer ID Number	Company	Country	Currency	3/31/2017			12/31/2016
				% Ownership			% Ownership
				Direct	Indirect	Total	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	-
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	99.90
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$	-	91.32	91.32	85.03
96.991.180-9	Codelco Tec SpA	Chile	US$	99.91	0.09	100.00	66.67
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

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 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. For partially owned subsidiaries, the net assets and net profit/losses attributable to non-controlling shareholders are presented as "Non-controlling

interests" in the consolidated statements of financial position and consolidated statements of comprehensive income.

- **Associates -** An associate is an entity over which Codelco exercises significant influence, but not control or joint control, through the power to participate in the financial and operating decisions of that entity.

  Codelco's interest ownership in such entities is recognized in the unaudited interim consolidated financial statements using the equity method. Under this method, the initial investment is recognized at cost and adjusted thereafter to recognize changes in Codelco's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included within the carrying amount of the investment and is not tested for impairment separately.

  Appropriate adjustments to Codelco's share of an 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.

  The statement of profit or loss reflects Codelco's share of profit or loss of operations of the associate.

- **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.

- **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 statements of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies have been translated into US 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 US dollars at the closing exchange rates at that date (3/31/2017: US$39.87; 12/31/2016: US$39.36). Income and expenses denominated in Chilean pesos have been translated into US 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 under the heading of foreign currency reserve in equity.

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

	Closing exchange rates	
	3/31/2017	12/31/2016
US$ / CLP	0.00151	0.00149
US$ / GBP	1.25298	1.23396
US$ / BRL	0.31926	0.30744
US$ / EUR	1.06838	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 statements 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

recorded 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. Leased assets are not legally owned by the Corporation until purchase option is exercised.

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/ amortized 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
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 criteria 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 are 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.

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.

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.

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 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, according to the absorption costing method, including labor and depreciation of property, plant and equipment, the amortization of intangible assets and the indirect costs of each period. The inventories of work 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 March 31, 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 retire early. 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 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 statements of comprehensive 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 tests the asset for impairment by estimating its recoverable amount, and recognizes any impairment loss, if any.

q) Leases (Codelco acting as lessee) - 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 receipt 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 the rendering

of services is recognized when the amounts can be measured reliably and when the services have been provided.

The provisional sales contain an embedded derivative instrument which represents the forward contract for which the provisional sale is subsequently adjusted. The price adjustment feature is closely related to the contract to supply a commodity.

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 the item "Cash flow hedge reserve". The gain or loss relating to the ineffective portion is 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 item 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 US 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 or forecasts 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 Executive Presidency, through the North and South Central Vice-Presidency Operations, respectively. Income and expenses of the Holding Company 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.

The other comprehensive section presents items classified by nature and grouped into those that in accordance with other IFRS (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

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 statements 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 have 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.

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 - Cash equivalents consist of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from their acquisition date.

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

Cash and cash equivalents in the statement of financial position include cash in banks and on hand, and short-term deposits and other highly liquid short-term investments with an original maturity of less than three months. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **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.

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 statements of comprehensive income within line item other expenses (see Note 23.b).

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 standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of these unaudited interim consolidated financial statements are consistent with those applied in the preparation of the audited annual consolidated financial statements of the Corporation as of and for the year ended December 31, 2016.

4. New accounting pronouncements

a) The following new accounting pronouncements effective from January 1, 2017, 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, 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 on the amounts reported in these unaudited interim consolidated financial statements of the Corporation.

b) The following new accounting pronouncements had been issued by the IASB, but their application was not yet mandatory as of January 1, 2017:

New IFRS	Date of mandatory application
IFRS 9 - Financial Instruments	Annual periods beginning on or after January 1, 2018
IFRS 15 - Revenue From Contracts with Customers	Annual periods beginning on or after January 1, 2018
IFRS 16 - Leases	Annual periods beginning on or after January 1, 2019

IFRS 9 *Financial Instruments*

In 2014 IASB issued a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a "fair value through other comprehensive income" category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39 Financial Instruments: Recognition and Measurement, however there are differences in the requirements applying to the measurement of an entity's own credit risk.

Impairment. The 2014 version of IFRS 9 introduces an "expected credit loss" model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.

Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Early adoption is permitted.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014, the IASB has published its new standard, IFRS 15 Revenue from contracts with customers. At the same time, the Financial Accounting Standards Board (FASB) has published its equivalent revenue standard, ASU 2014-09.

The new standard provides a single, principles based five-step model to be applied to all contracts with customers, (i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contracts and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 15 must be applied in an entity's first annual IFRS financial statements for periods beginning on or after January 1, 2018. Application of the Standard is mandatory and early

adoption is permitted. An entity that chooses to apply IFRS 15 earlier than 1 January 2018 must disclose this fact.

IFRS 16 Leases

On January 13, 2016 the IASB has published a new standard, IFRS 16 "Leases". The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 "Leases" and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has also been applied.

Interpretations, Amendments and Improvements to IFRS	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.
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.
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).
Clarifications to IFRS 15 "Revenue from Contracts with Customers"	Annual periods beginning on or after January 1, 2018	On April 12, 2016, the IASB has published final clarifications to IFRS 15 "Revenue from Contracts with Customers". These clarifications focus on the following areas: • Identifying performance obligations • Principal versus agent considerations, and • Guidance licensing application The amendments are effective for annual reporting periods beginning on or after January 1, 2018 (same effective date as IFRS 15 itself). Earlier application is permitted.
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.
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. 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.

Management believes that the application of these new IFRS, amendments and interpretation described above, will be in the consolidated financial statements of the Corporation in the respective effective dates. Codelco is still assessing the impacts that these new IFRS, amendments and interpretation may have in its financial statements.

III. EXPLANATORY NOTES

1. Cash and cash equivalents

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

Item	3/31/2017 ThUS$	12/31/2016 ThUS$
Cash on hand	5,262	6,740
Cash on banks	289,888	44,025
Time deposits	167,894	501,278
Mutual Funds – Money Market	921	1,497
Repurchase agreements	2,810	23,186
Total cash and cash equivalents	**466,775**	**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.

2. Trade and other receivables

a) Accruals for open sales invoices

As mentioned in the 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 the 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 the line item trade and other current receivables.

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

When the 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 March 31, 2017, trade and other current receivables include an accrual for open invoices of ThUS$31,258 (ThUS$95,971 as of December 31, 2016).

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	
	3/31/2017	12/31/2016	3/31/2017	12/31/2016
	ThUS$	ThUS$	ThUS$	ThUS$
Trade receivables (1)	1,428,389	1,549,882	531	524
Allowance for doubtful accounts (3)	(3,112)	(2,238)	-	-
Subtotal trade receivables, net	**1,425,277**	**1,547,644**	**531**	**524**
Other receivables (2)	682,466	713,884	92,138	94,792
Allowance for doubtful accounts (3)	(7,145)	(6,797)	-	-
Subtotal other receivables, net	**675,321**	**707,087**	**92,138**	**94,792**
Total	**2,100,598**	**2,254,731**	**92,669**	**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 No. 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$153,272 and ThUS$141,885 as of March 31, 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.

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

Items	3/31/2017 ThUS$	12/31/2016 ThUS$
Opening balance	**9,035**	**8,501**
Increases	1,558	1,497
Write-offs/applications	(336)	(963)
Total movements	**1.222**	**534**
Closing balance	**10,257**	**9,035**

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

Maturity	3/31/2017 ThUS$	12/31/2016 ThUS$
Less than 90 days	15,203	13,232
Between 90 days and 1 year	765	1,505
More than 1 year	14,798	14,551
Total trade receivables past-due but not impaired	**30,766**	**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 of Directors 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 Executive President 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 Executive President, 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.

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 03/31/2017	01/01/2016 03/31/2016
					Amount ThUS$	Amount ThUS$
Consultor Jannet Troncoso Carvajal E.I.R.L.	76.174.237-K	Chile	Employee´s relative	Services	32	-
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee´s relative	Services	-	459
Clinica San Lorenzo Ltda.	88.497.100-4	Chile	Affiliate	Services	-	1,130
Sociedad Contractual Minera El Abra,	96.701.340-4	Chile	Associate	Supplies	1	-
B.Bosch S.A.	84.716.400-K	Chile	Employee´s relative	Supplies	33	-
Finning Chile S.A.	91.489.000-4	Chile	Employee´s relative	Supplies	-	165
Fundación Sewell	65.493.830-K	Chile	Founder	Services	133	5
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	-	13
Komatsu Chile S.A.	96.843.130-7	Chile	Employee´s relative	Supplies	682	-
SGS Minerals Ltda.	96.671.880-3	Chile	Employee´s relative	Services	-	255
Nueva Ancor Tecmin S.A.	76.411.929-0	Chile	Employee´s relative	Supplies	1	-
Sodimac S.A.	96.792.430-K	Chile	Employee´s relative	Supplies	34	-
Industrial y Comercial Artimatemb Ltda.	76.108.720-7	Chile	Employee´s relative	Services	14	-
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	-

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 Executive President, 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 three-month periods ended March 31, 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 03/31/2017	01/01/2016 03/31/2016
					Amount ThUS$	Amount ThUS$
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director's fees	30	28
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Director's fees	24	22
Gerardo Jofré Miranda	5.672.444-3	Chile	Director	Director's fees	24	22
Isidoro Palma Penco	4.754.025-9	Chile	Director	Director's fees	24	22
Juan Morales Jaramillo	5.078.923-3	Chile	Director	Director's fees	24	22
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Director's fees	24	22
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the Board	Director's fees	36	33
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	24	22
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	10	9

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 (one million two hundred and seventy eight thousand, six hundred and nineteen Chilean pesos) 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 - (two million five hundred fifty seven thousand, two hundred and forty Chilean pesos) for meeting attendance.

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 three-month periods ended March 31, 2017 and 2016, were ThUS$4,454 and ThUS$3,414, 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 three-month periods ended March 31, 2017 and 2016, severance indemnities were paid to key management of the Corporation for ThUS$439 and ThUS$176, respectively.

There were no payments to key management for other non-current benefits during the three-month periods ended March 31, 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

In addition, the Corporation undertakes commercial and financial transactions that are necessary for its activities with entities in which it has ownership interest. 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. During the three-month periods ended March 31, 2017 and 2016, the Corporation has carried out transactions with the following related companies: Sociedad GNL Mejillones S.A.; Sociedad Contractual Minera El Abra; Agua de La Falda S.A.; Planta Recuperadora de Metales SpA; Deutsche Giessdraht; and Anglo American Sur S.A.

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 companies as of March 31, 2017 and December 31, 2016, is as follows:

Accounts receivable from related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	12/31/2016 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	-	13,286	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	-	-	21,744	21,489
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	383	383	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	US$	-	-	224	224
Total					**383**	**13,669**	**21,968**	**21,713**

Accounts payable to related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	12/31/2016 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	81,134	74,101	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	21,645	21,822	-	-
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	5,902	7,971	-	-
Total					**108,681**	**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 three-month periods ended March 31, 2017 and 2016:

Taxpayer number	Entity	Nature of the transaction	Country	Index, Currency	01/01/2017 03/31/2017		01/01/2016 03/31/2016	
					Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$
Foreign	Copper Partners Investment Co. Ltd.	Sales of goods	Bermuda	US$	-	-	14,597	14,597
77.762.940-9	Anglo American Sur S.A.	Purchase of goods	Chile	US$	114,282	(114,282)	113,150	(113,150)
96.701.340-4	SCM El Abra	Dividends received	Chile	US$	14,700	-	9,800	-
96.701.340-4	SCM El Abra	Purchase of goods	Chile	US$	61,615	(61,615)	68,019	(68,019)
96.701.340-4	SCM El Abra	Sales of goods	Chile	US$	3,558	3,558	3,826	3,826
96.701.340-4	SCM El Abra	Other sales	Chile	US$	373	373	-	-
96.701.340-4	SCM El Abra	Purchase of services	Chile	US$	79	(79)	223	(223)
96.701.340-4	SCM El Abra	Commissions received	Chile	US$	26	26	36	36
96.701.340-4	SCM El Abra	Other purchases	Chile	US$	383	(383)	139	(139)
96.801.450-1	Agua de la Falda S.A.	Sales of services	Chile	CLP	1	1	1	1
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	1,073	-	-	-
76.255.054-7	Planta Recuperadora de Metales	Loan	Chile	US$	7,756	-	2,550	-

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.

4. Inventories

The detail of current and non-current inventories as of March 31, 2017 and December 31, 2016, is as follows:

Items	Current		Non-current	
	3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	12/31/2016 ThUS$
Finished products	310,807	335,431	-	-
Subtotal finished products, net	**310,807**	**335,431**	**-**	**-**
Products in process	1,132,823	1,055,864	369,667	337,411
Subtotal products in process, net	**1,132,823**	**1,055,864**	**369,667**	**337,411**
Material in warehouse and other	505,279	499,905	-	-
Obsolescence allowance adjustment	(92,110)	(90,930)	-	-
Subtotal material in warehouse and other, net	**413,169**	**408,975**	**-**	**-**
Total Inventories	**1,856,799**	**1,800,270**	**369,667**	**337,411**

Inventories of finished goods recognized as cost of sales for the three-month periods ended March 31, 2017 and 2016 were ThUS$2,222,716 and ThUS$2,429,744, respectively.

For the period ended March 31, 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	(1,180)
Closing Balance 3/31/2017	**(92,110)**

For the period ended March 31, 2017, Codelco recognized write-offs of inventories for ThUS$234 in its statements of comprehensive income. There were no write-offs of inventories for the period ended March 31, 2016.

The Corporation adjusted its inventories for which the book value exceeded its net realizable value for an amount of ThUS$8,046 as of March 31, 2017 and ThUS$61,458 as of March 31, 2016.

The amount of reversal of this adjusted of inventories for the period ended March 31, 2017 was ThUS$2,790. There were no reversals for the period ended March 31, 2016.

Codelco purchases and sales copper from/to Sociedad Contractual Minera El Abra and Anglo American Sur S.A. As of March 31, 2017 and December 31, 2016, there were no unrealized gains or losses recognized on the intercompany sales of inventories of finished products.

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 three-month periods ended March 31, 2017 and 2016:

Items	3/31/2017 ThUS$	3/31/2016 ThUS$
Current income tax	(14,416)	-
Effect of Deferred Taxes	(238,524)	233,877
Adjustments to current tax from the previous period	2,573	-
Other	-	(1,779)
Total Income Taxes	**(250,367)**	**232,098**

b) Deferred tax assets and liabilities:

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

Deferred tax assets	3/31/2017 ThUS$	12/31/2016 ThUS$
Provisions	1,398,375	1,352,823
Finance lease	20,684	21,997
Tax loss carryforward	1,656,108	1,808,782
Total deferred tax assets	**3,075,166**	**3,183,602**

Deferred tax liabilities	3/31/2017 ThUS$	12/31/2016 ThUS$
Taxes on mining activity	150,917	145,168
Property, plant and equipment variations	1,022,595	1,015,951
Post-employment benefit obligations	25,171	26,536
Accelerated depreciation for tax purposes	5,053,344	4,999,085
Investment in Anglo American Sur S.A.	14,125	11,638
Fair value of mining properties acquired	108,518	108,518
Hedging derivatives – future contracts	4,876	482
Undistributed profits of subsidiaries	58,692	20,163
Total deferred tax liabilities	**6,438,238**	**6,327,541**

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

Deferred taxes on components of other comprehensive income	3/31/2017 ThUS$	3/31/2016 ThUS$
Cash flow hedge	16,398	(186)
Defined Benefit Plans	2,227	-
Total deferred taxes on components of other comprehensive income	**18,625**	**(186)**

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

Reconciliation of tax rate	3/31/2017						
	Taxable Base			Tax rate			
	25.0% ThUS$	40.0% ThUS$	5.0% ThUS$	25.0% ThUS$	40.0% ThUS$	5.0% ThUS$	Total ThUS$
Profit (loss) before taxes	291,818	29,818	291,818	(72,955)	(116,727)	(14,591)	(204,273)
Profit (loss) before taxes of subsidiaries	987	987	987	(247)	(395)	(49)	(691)
Consolidated profit (loss) before taxes	292,805	292,805	292,805	(72,202)	(117,122)	(14,640)	(204,964)
Permanent differences:							
First category income tax (25%)	(557)			139			139
Specific tax for state-owned entities Art. 2 D.L. 2.398 (40%)		97,578			(39,031)		(39,031)
Specific tax on mining activities			(130,235)			(6,512)	(6,511)
TOTAL TAX EXPENSE				**(73,063)**	**(156,153)**	**(21,152)**	**(250,367)**

Reconciliation of tax rate	3/31/2016						
	Taxable Base			Tax rate			
	24.0% ThUS$	40.0% ThUS$	5% ThUS$	24.0% ThUS$	40.0% ThUS$	5.0% ThUS$	Total ThUS$
Profit (loss) before taxes	(357,010)	(357,010)	(357,010)	85,682	142,804	17,851	246,337
Profit (loss) before taxes of subsidiaries	134	134	134	(32)	(54)	(7)	(93)
Consolidated profit (loss) before taxes	(356,876)	(356,876)	(356,876)	85,650	142,750	17,844	246,244
Permanent differences:							
First category income tax (24%)	5,513			(1,323)			(1,323)
Specific tax for stated-own entities Art. 2 D.L. 2.398 (40%)		16,629			(6,652)		(6,652)
Specific tax on mining activities			(706,580)			(35,329)	(35,329)
TOTAL TAX EXPENSE				**84,327**	**136,098**	**(17,485)**	**202,940**
Tax effect of changes in income tax rate							29,158
TOTAL TAX EXPENSE							**232,098**

Codelco as a state-owned entity is subject to a surcharge of 40% (Article 2 of Decree Law No. 2.398) on undistributed profits and dividends received from subsidiaries, in addition to the first category income tax paid by private Chilean companies.

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.

6. Current tax assets and liabilities

The detail of current tax assets and liabilities as of March 31, 2017 and December 31, 2016, is as follows.

Current Tax Assets	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Recoverable Taxes	9,278	12,009
Total Current Tax Assets	**9,278**	**12,009**

Current Tax Liabilities	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Income tax payable	29,110	15,068
Total Current Tax Liabilities	**29,110**	**15,068**

Non-Current Tax Assets	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Recoverable Taxes	233,772	233,886
Total Non-Current Tax Assets	**233,772**	**233,886**

Current tax balances are presented net of monthly provisional tax payments.

For comparison purposes, non-current tax assets balance of ThUS$233,886 as of December 31, 2016, was reclassified from other non-current non-financial assets.

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$2,500,218, therefore, the recoverable taxes are not expected to be refunded or used in the current term.

7. Property, Plant and Equipment

a) The balances of property, plant and equipment as of March 31, 2017 and December 31, 2016, are as follows:

Property, Plant and Equipment, gross	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Construction in progress	6,791,403	6,266,471
Land	155,574	151,239
Buildings	5,209,942	5,141,194
Plant and equipment	14,413,934	14,295,916
Fixtures and fittings	50,707	50,687
Motor vehicles	2,002,230	1,977,631
Land improvements	4,959,681	4,914,797
Mining operations	5,597,537	5,823,625
Mine development	4,014,187	3,980,114
Other assets	1,379,378	1,368,649
Total Property, Plant and Equipment, gross	**44,574,573**	**43,970,323**

Property, Plant and Equipment, accumulated depreciation	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Land	6,824	6,824
Buildings	2,762,775	2,734,011
Plant and equipment	8,987,370	8,893,258
Fixtures and fittings	38,168	37,537
Motor vehicles	1,198,377	1,170,564
Land improvements	2,873,122	2,824,931
Mining operations	3,491,487	3,285,416
Mine development	597,796	572,408
Other assets	486,324	468,113
Total Property, Plant and Equipment, accumulated depreciation	**20,442,243**	**19,993,062**

Property, Plant and Equipment, net	**3/31/2017** ThUS$	**12/31/2016** ThUS$
Construction in progress	6,791,403	6,266,471
Land	148,750	144,415
Buildings	2,447,167	2,407,183
Plant and equipment	5,426,564	5,402,658
Fixtures and fittings	12,539	13,150
Motor vehicles	803,853	807,067
Land improvements	2,086,559	2,089,866
Mining operations	2,106,050	2,538,209
Mine development	3,416,391	3,407,706
Other assets	893,054	900,536
Total Property, Plant and Equipment, net	**24,132,330**	**23,977,261**

b) Movement of Property, plant and equipment:

Movements (in Thousands of US$)	Construction in Progress	Land	Buildings	Plan and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine Development
Opening balance as 1/1//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
Additions	505,951	-	858	6,954	-	1,356	15,968	106,790	28
Disposals	(2,092)	-	(19)	(7,388)	(19)	(118)	(687)	-	-
Transfer from construction in progress	(282,090)	-	34,583	58,238	-	22,441	20,030	46,951	99,847
Depreciation and amortization	-	-	(40,054)	(141,286)	(658)	(29,373)	(50,376)	(184,736)	(16,605)
Reclassifications	306,145	4,236	44,229	106,963	62	2,478	11,634	(401,164)	(74,586)
Other	(2,982)	99	387	425	4	2	124	-	1
Total movements	524,932	4,335	39,984	23,906	(611)	(3,214)	(3,307)	(432,159)	8,685
Closing Balance 3/31/2017	**6,791,403**	**148,750**	**2,447,167**	**5,426,564**	**12,539**	**803,853**	**2,086,559**	**2,106,050**	**3,416,391**

Movements (in Thousands of US$)	Construction in Progress	Land	Buildings	Plan and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine Development
Opening balance as 1/1//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
Additions	2,613,389	-	1,167	50,282	94	3,415	1,244	358,759	4,280
Disposals	(22,560)	-	(5,523)	(36,392)	(226)	(3,128)	(5,222)	(14,995)	-
Transfer from construction in progress	(1,424,507)	17,603	258,561	548,873	675	38,898	263,637	51,634	244,594
Depreciation and amortization	-	(6,824)	(165,079)	(552,804)	(2,451)	(120,513)	(197,960)	(739,075)	(67,022)
Reclassifications	(76,184)	-	(64,096)	(98,284)	54	1,543	(24,642)	278,885	21,544
Decommissioning Asset	287,780	-	-	-	-	-	-	-	-
Other	(2,064)	503	13,894	6,297	(2,545)	5	(9)	(7,249)	-
Total movements	1,375,854	11,282	38,924	(82,028)	(4,399)	(79,780)	37,048	(72,041)	203,396
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**

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 March 31, 2017 calculated on an annual capitalization rate of 3.95% were ThUS$46,614, while borrowing costs for the period ended March 31, 2016 calculated on an annual capitalization rate of 3.98% were ThUS$35,311.

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

Expenditure on exploration and drilling reservoirs	3/31/2017 ThUS$	3/31/2016 ThUS$
Recognized in profit /(loss)	609	6,081
Cash outflows disbursed	4,292	16,231

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

Other assets, net	3/31/2017 ThUS$	12/31/2016 ThUS$
Leased assets	105,744	98,695
Mining properties from the purchase of Anglo American Sur S.A. shares	402,000	402,000
Maintenances and other major repairs	275,996	285,144
Other assets – Calama Plan	103,814	108,327
Other	5,500	6,370
Total other assets, net	**893,054**	**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.

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.

i) According to the accounting policy indicated in note 2.i), related to impairment of property plant and equipment and intangible assets, and as discussed in note referred to operating segments, as of March 31, 2017 and December 31, 2016, there were no impairment

indicators neither reversals of impairment from prior periods, hence, the Corporation has not performed adjustment to the carrying amounts of the assets.

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 Method		Net Income	
	3/31/2017	12/31/2016	1/1/2017 3/31/2017	1/1/2016 12/31/2016
	ThUS$	ThUS$	ThUS$	ThUS$
Associates	3,750,948	3,753,974	13,349	(61)
Joint ventures	-	-	-	7,484
Total	3,750,948	3,753,974	13,349	7,423

a) Associates

Agua de la Falda S.A.

As of March 31, 2017, Codelco holds a 43.28% 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 March 31, 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 March 31, 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 March 31, 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 formation of a new company aimed to develop studies allowing the continuity of the Inca de Oro Project.

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 period ended March 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 March 31, 2017, Codelco holds a 33.2% 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 March 31, 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.

Deutsche Giessdraht GmbH

As of March 31, 2017, Codelco through its subsidiary Codelco Kupferhandel GmbH holds a 60% ownership interest, with the remaining 40% owned by Aurubis.

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

Anglo American Sur S.A.

As March 31, 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 Number	Functional Currency	Ownership Interest		Carrying amount		Share of profit (loss)	
			3/31/2017	12/31/2016	3/31/2017	12/31/2016	3/31/2017	3/31/2016
			%	%	ThUS$	ThUS$	ThUS$	ThUS$
Deutsche Geissdraht GmbH	Foreign	EUR	40.0%	40.0%	2,833	3,594	250	263
Agua de la Falda S.A.	96.801.450-1	US$	43.3%	43.3%	4,914	5,064	(150)	(49)
Sociedad Contractual Minera El Abra	96.701.340-4	US$	49.0%	49.0%	616,228	628,977	2,585	8,470
Minera Purén SCM	76.028.880-2	US$	35.0%	35.0%	10,074	10,091	(17)	(14)
Sociedad GNL Mejillones S.A.	76.775.710-7	US$	37.0%	37.0%	71,491	70,485	1,041	658
Inca de Oro S.A.	73.063.022-5	US$	33.2%	33.2%	12,919	12,937	(23)	-
Anglo American Sur S.A.	77.762.940-9	US$	29.5%	29.5%	3,021,782	3,011,836	9,946	(9,262)
Planta Recuperadora de Metales SpA	76.255.054-7	US$	34.0%	34.0%	10,707	10,990	(283)	(127)
TOTAL					**3,750,948**	**3,753,974**	**13,349**	**(61)**

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

Assets and liabilities	3/31/2017 ThUS$	12/31/2016 ThUS$
Current Assets	1,770,854	1,711,809
Non-current Assets	5,812,688	5,835,998
Current Liabilities	445,179	527,116
Non-current Liabilities	1,624,422	1,538,710

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenues	564,454	586,423
Cost of sales	(517,569)	(721,733)
Profit (loss) for the period	46,885	(135,310)

Movements of Investment in Associates	3/31/2017 ThUS$	3/31/2016 ThUS$
Opening balances	**3,753,974**	**3,977,786**
Dividends	(15,773)	(9,800)
Share of profit (loss)	13,349	(61)
Foreign currency translation	62	(922)
Other	(664)	284
Closing balance	**3,750,948**	**3,967,287**

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

Anglo American Sur S.A.

Assets and liabilities	3/31/2017 ThUS$	12/31/2015 ThUS$
Current Assets	1,252,364	1,187,986
Non-current Assets	4,103,989	4,121,970
Current Liabilities	363,946	378,584
Non-current Liabilities	1,056,296	1,035,354

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenues	414,174	431,000
Cost of sales	(374,081)	(452,000)
Profit (loss) for the period	40,093	(21,000)

Sociedad Contractual Minera El Abra

Assets and liabilities	3/31/2017 ThUS$	12/31/2016 ThUS$
Current Assets	441,439	451,765
Non-current Assets	1,136,440	1,151,562
Current Liabilities	49,594	48,497
Non-current Liabilities	270,676	271,203

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenues	128,955	142,443
Cost of sales	(123,679)	(125,158)
Profit (loss) for the period	5,276	17,285

b) Joint ventures

On April 7, 2016, the Corporation completed the process to no longer participate as a shareholder in Copper Partners Investment Company Limited ("CUPIC") of which Codelco indirectly held a 50% ownership interest through its subsidiary Codelco International, with the remaining 50% held by Album Enterprises Limited (a subsidiary of Minmetals). See Note 30. b) for more detail information.

Company	% Ownership Interest
Copper Partners Investment Company Limited	50%

Assets and liabilities	3/31/2017 ThUS$	12/31/2016 ThUS$
Current Assets	-	-
Non-current Assets	-	-
Current Liabilities	-	-
Non-current Liabilities	-	-

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenue	-	33,599
Cost of sales	-	(18,631)
Profit (loss) for the period	-	14,968

Movements in investment in joint ventures	3/31/2017 ThUS$	3/31/2016 ThUS$
Opening balances	**-**	**114,031**
Share of profit (loss)	-	7,484
Final balance	**-**	**121,515**

c) Additional information about profit and losses on intragroup transactions

The Corporation has eliminated intragroup profits for the purchases and sales of products, mining properties, property, plant and equipment and ownership rights with intragroup entities.

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 March 31, 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 March 31, 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 March 31, 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.

d) 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.

e) 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.

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 have 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 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.

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.

f) **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 March 31, 2016 was a gain of ThUS$11,827 (a loss of ThCh$6,195 for the period ended March 31, 2016). 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$1,881 for the period ended March 31, 2017 (a deduction of ThUS$3,067 for the period ended March 31, 2016) 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 March 31, 2017 and December 31, 2016, the intangible assets other than goodwill are described as follows:

a) This item is composed of the following:

Item	3/31/2017 ThUS$	12/31/2016 ThUS$
Intangible assets with finite useful lives, net	18,610	14,314
Intangible assets with indefinite useful lives	182,817	182,583
Total	**201,427**	**196,897**

b) Carrying amount and accumulated amortization:

	3/31/2017		
Item	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,959	-	7,959
Software	5,281	(3,412)	1,869
Technological development and innovation	174,858	-	174,858
Other	17,206	(493)	16,713
Total	**205,332**	**(3,905)**	**201,427**

	12/31/2016		
Item	Gross ThUS$	Accumulated Amortization ThUS$	Net 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**

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

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1/2017	28	7,959	1,905	174,624	12,381	196,897
Additions	-	-	49	234	75	358
Disposals/Removals	-	-	(6)	-	-	(6)
Amortization	-	-	(86)	-	(88)	(174)
Reclassifications	-	-	-	-	4,396	4,396
Other	-	-	7	-	(51)	(44)
Total Movements	-	-	*(36)*	*234*	*4,332*	*4,530*
Closing Balance 3/31/2017	**28**	**7,959**	**1,869**	**174,858**	**16,713**	**201,427**

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1/2016	28	7,959	1,293	164,424	12,378	186,082
Additions	-	-	212	10,200	1,061	11,473
Amortization	-	-	(358)	-	(352)	(710)
Reclassifications	-	-	515	-	(515)	-
Other	-	-	243	-	(191)	52
Total Movements	-	-	*612*	*10,200*	*3*	*10,815*
Closing Balance 12/31/2016	**28**	**7,959**	**1,905**	**174,624**	**12,381**	**196,897**

d) Additional Information

- The Corporation has significant intangible assets for ThUS$174,858 and ThUS$174,624, as of March 31, 2017 and December 31, 2016, respectively, related to the "Continuous Mining" Project. Continuous Mining is a technological breakthrough that will enable Codelco to increase productivity by 50%, reduce its operating costs by 20%, and reduce personnel's exposure to risks. This is an automated and remotely operated process for continuously and simultaneously extracting ore from different extraction points at underground mines, substantially increasing the pace of mineral extraction. Continuous mining is expected to increase efficiency, reduce dilution and consequently increase economic reserves of deposits. The technology is in the construction phase for industrial validation at the Andina Division through 2018. It is expected its subsequent implementation will be at Chuquicamata Underground and of the new mining projects of Codelco.
- As of March 31, 2017 and December 31, 2016, there were no fully amortized intangible assets that are still in use.
- For the periods ended March 31, 2017 and 2016, research and technological development and innovation expenses were ThUS$234 and ThUS$2,675, respectively. On the other hand, research disbursements were ThUS$15,846 and ThUS$3,188 for the periods ended March 31, 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	3/31/2017 ThUS$	12/31/2016 ThUS$
Current Assets	496,441	489,259
Non-current Assets	3,815,563	3,812,342
Current Liabilities	366,514	383,060
Non-current Liabilities	1,333,988	1,306,171

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenue	442,109	400,310
Cost of sales	(453,536)	(408,346)
Profit (loss) for the period	(11,427)	(8,036)

11. Other non-current non-financial assets

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

Other non-current non-financial assets	3/31/2017 ThUS$	12/31/2016 ThUS$
Advance payment (Law No.13.196) (1)	7,640	8,099
Other	5,235	6,218
Total	**12,875**	**14,317**

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

12. Current and non-current financial assets

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

	3/31/2017				
Classification in the statement of financial position	At fair value through profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets ThUS$**
Cash and cash equivalents	921	465,854	-	-	**466,775**
Trade and other current receivables	31,258	2,069,340	-	-	**2,100,598**
Non – current receivables	-	92,669	-	-	**92,669**
Current receivables from related parties	-	383	-	-	**383**
Non – current receivables from related parties	-	21,968	-	-	**21,968**
Other current financial assets	-	1,754	479	-	**2,233**
Other non - current financial assets	-	7,496	8	84,083	**91,587**
TOTAL	**32,179**	**2,659,464**	**487**	**84,083**	**2,776,213**

	12/31/2016				
Classification in the statement of financial position	At fair value through profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets 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	64,035	-	**70,585**
TOTAL	**97,468**	**2,873,628**	**71,505**	**-**	**3,042,601**

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

  Changes in fair value over the quotation period and until final pricing are estimated by reference to forward market prices for applicable metals (see Note II.2.p).

- **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.

- **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 transactions are included in Note 29.

  There were no reclassifications of financial between the different categories defined in IAS 39.

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 March 31, 2017 and December 31, 2016:

Items	3/31/2017					
	Current			Non-current		
	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial institutions	204,137	-	204,137	2,989,184	-	2,989,184
Bonds issued	134,967	-	134,967	11,628,051	-	11,628,051
Financial Lease	27,511	-	27,511	102,307	-	102,307
Hedging derivatives	-	20,399	20,399	-	176,840	176,840
Other financial liabilities	1,286	-	1,286	70,529	-	70,529
Total	**367,901**	**20,399**	**388,300**	**14,800,071**	**176,840**	**14,976,911**

Items	12/31/2016					
	Current			Non-current		
	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.

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. As of March 31, 2017, the outstanding balance of the credit agreements is ThUS$749,589.

- ***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 144A 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 144A 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 144A 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 November 4, 2010, the Corporation issued and placed bonds in the U.S. market under Rule 144A 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 November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144A 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 July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144A 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% 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 144A 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 October 18, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144A 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 144A 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 144A 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 144A 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 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.

As of March 31, 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:

Transaction 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.

As of March 31, 2017, the details of loans from financial institutions and bond obligations are as follows:

3/31/2017									
Taxpayer ID Number	Country	Loans with financial entities	Financial Institution	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US$	300,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2018	Floating	US$	300,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	At Maturity	
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	At Maturity	
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	At Maturity	S
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	At Maturity	S
								At Maturity	
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000		S
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2021	Fixed	US$	23,946,863	At Maturity	S
Foreign	Germany	Credit Line	HSBC Trinkaus		Floating	EURO			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EURO			
			Other institutions						
TOTAL									

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	
144A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	At Maturity	S
144A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	At Maturity	S
144A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	At Maturity	S
144A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	At Maturity	S
144A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	At Maturity	S
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	At Maturity	S
144A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	At Maturity	S
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	At Maturity	S
144A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	At Maturity	S
144A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	At Maturity	S
144A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	At Maturity	S
144A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	At Maturity	S
144A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	At Maturity	S
144A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	At Maturity	
TOTAL							

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

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	Financial Institution	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of Interest	N I
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2018	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	At Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	At Maturity	Quarterly	
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	At Maturity	Semi-annual	
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	At Maturity	Semi-annual	
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	At Maturity	Semi-annual	
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2021	Fixed	US$	23,946,863	At Maturity	Semi-annual	
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR				
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR				
			Other							
TOTAL										

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of interest	N I
144A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Annual	
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	
144A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	
TOTAL								

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

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

3/31/2017					Current				No
Creditor Name	Currency	Effective Interest Rate	Nominal Interest Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years
Bank of Tokyo Mitsubishi Ltd.	US$	1.83%	1.77%	Quarterly	1,120	3,384	4,504	8,982	257,64
Export Dev Canada	US$	1.81%	1.65%	Quarterly	1,227	3,805	5,032	10,065	308,81
Mizuho Corporate Bank Ltd.	US$	2.00%	1.75%	Quarterly	1,343	3,984	5,327	302,700	
Bank of America N.A.	US$	1.90%	1.67%	Quarterly	2,521	2,562	5,083	303,774	
Bank of Tokyo Mitsubishi Ltd.	US$	1.76%	1.65%	Quarterly	1,249	3,774	5,023	302,498	
Export Dev Canada	US$	1.77%	1.67%	Quarterly	1,251	3,824	5,075	302,405	
Mizuho Corporate Bank Ltd	US$	1.93%	1.73%	Quarterly	424	1,244	1,667	97,059	
Export Dev Canada	US$	1.70%	1.63%	Quarterly	2,472	2,499	4,971	307,118	
Bank of Tokyo-Mitsubishi Ltd.	US$	2.23%	1.83%	Semi-annual	-	25,001	25,001	36,666	
Japan Bank International Cooperation	US$	1.91%	1.73%	Semi-annual	-	34,937	34,937	68,207	65,96
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	-	45,000	45,000	645,000	
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	18,750	18,750	37,500	75,000	1,037,50
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	22,281	22,281	44,562	89,125	1,239,12
BOND 144-A REG. 2022	US$	3.17%	3.00%	Semi-annual	-	37,500	37,500	75,000	75,00
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	-	33,750	33,750	67,500	67,50
BOND 144-A REG. 2025	US$	4.78%	4.50%	Semi-annual	-	90,000	90,000	180,000	180,00
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	-	28,125	28,125	56,250	42,18
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	15,375	15,375	30,750	61,500	61,50
BOND 144-A REG. 2042	US$	4.41%	4.25%	Semi-annual	-	31,875	31,875	63,750	63,75
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	26,719	26,719	53,438	106,875	106,87
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	23,888	23,888	47,776	95,550	95,55
Oriente Copper Netherlands B.V.	US$	5.37%	3.25%	Semi-annual	37,881	37,707	75,588	146,852	141,13
Oriente Copper Netherlands B.V.	US$	4.02%	3.79%	Semi-annual	-	915	915	1,840	25,78
				Total ThUS$	**156,501**	**496,899**	**653,399**	**3,403,716**	**3,768,33**
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	-	276,000	276,000	414,000	552,00
BOND BCODE-C 2026	U.F.	2.48%	2.50%	Semi-annual	-	248,457	248,457	496,913	496,91
				Total U.F.	-	524,457	524,457	910,913	1,048,91
				Subtotal ThUS$	**-**	**20,910**	**20,910**	**36,317**	**41,81**
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Annual	13,500,000	-	13,500,000	27,000,000	27,000,00
				Total EUR	13,500,000	-	13,500,000	27,000,000	27,000,00
				Subtotal ThUS$	**14,423**	**-**	**14,423**	**28,846**	**28,84**
				Total ThUS$	**170,924**	**517,808**	**688,732**	**3,468,879**	**3,838,99**

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

12/31/2016					Current			No	
Creditor Name	Currency	Effective Interest Rate	Nominal Interest Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years
Bank of Tokyo Mitsubishi Ltd.	US$	1.70%	1.63%	Quarterly	2,062	2,073	4,135	8,269	258,12
Export Dev Canada	US$	1.66%	1.50%	Quarterly	1,151	3,415	4,566	9,131	309,14
Mizuho Corporate Bank Ltd.	US$	1.83%	1.58%	Quarterly	1,188	3,629	4,817	303,629	
Bank of America N.A.	US$	1.75%	1.53%	Quarterly	1,011	3,475	4,486	305,792	
Bank of Tokyo Mitsubishi Ltd.	US$	1.62%	1.51%	Quarterly	-	3,426	3,426	304,644	
Export Dev Canada	US$	1.60%	1.51%	Quarterly	1,155	3,428	4,583	303,327	
Mizuho Corporate Bank Ltd	US$	1.81%	1.57%	Quarterly	373	1,140	1,513	97,255	
Export Dev Canada	US$	1.58%	1.50%	Quarterly	2,244	3,428	5,672	306,533	
Bank of Tokyo-Mitsubishi Ltd.	US$	2.23%	1.83%	Semi-annual	-	25,001	25,001	36,666	
Japan Bank International Cooperation	US$	1.91%	1.73%	Semi-annual	-	34,937	34,937	68,207	65,96
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	667,500	
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,037,50
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	1,239,12
BOND 144-A REG. 2022	US$	3.17%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,00
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,50
BOND 144-A REG. 2025	US$	4.78%	4.50%	Semi-annual	45,000	90,000	135,000	180,000	180,00
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,25
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,50
BOND 144-A REG. 2042	US$	4.41%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,75
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,87
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,55
Oriente Copper Netherlands B.V.	US$	5.37%	3.25%	Semi-annual	-	75,588	75,588	146,852	141,13
Oriente Copper Netherlands B.V.	US$	4.02%	3.79%	Semi-annual	-	915	915	1,840	25,78
				Total ThUS$	**142,310**	**552,607**	**694,917**	**3,430,195**	**3,783,20**
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,00
BOND BCODE-C 2026	U.F.	2.19%	2.50%	Semi-annual	124,228	124,228	248,457	496,913	496,91
				Total U.F.	262,228	262,228	524,457	1,048,913	1,048,91
				Subtotal ThUS$	**10,320**	**10,320**	**20,641**	**41,282**	**41,28**
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,00
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,000,00
				Subtotal ThUS$	**-**	**14,229**	**14,229**	**28,457**	**28,45**
				Total ThUS$	**152,630**	**577,156**	**729,786**	**3,499,934**	**3,852,94**

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	3/31/2017			12/31/2016		
	Gross ThUS$	Interest ThUS$	Present Value ThUS$	Gross ThUS$	Interest ThUS$	Present Value ThUS$
Less than 90 days	9,568	(2,519)	7,049	10,907	(2,497)	8,410
Between 90 days and 1 year	27,979	(7,517)	20,462	22,535	(7,262)	15,273
Between 1 and 2 years	31,828	(10,197)	21,631	32,335	(10,047)	22,288
Between 2 and 3 years	28,692	(9,039)	19,653	24,697	(8,574)	16,123
Between 3 and 4 years	31,992	(8,929)	23,063	32,388	(9,458)	22,930
Between 4 and 5 years	6,879	(1,789)	5,090	7,710	(1,856)	5,854
More than 5 years	41,121	(8,251)	32,870	42,706	(9,093)	33,613
Total	**178,059**	**(48,241)**	**129,818**	**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	**3/31/2017 ThUS$**	**12/31/2016 ThUS$**
Less than one year	535,538	591,697
Between one and five years	458,726	440,030
More than five years	45,178	32,823
TOTAL	1,039,442	1,064,550

Rental fees recognized in the Statement of Comprehensive Income	**3/31/2017 ThUS$**	**3/31/2016 ThUS$**
Rental expenses	59,268	15,516

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 March 31, 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 ThUS$**	**Fair value ThUS$**
Bond Obligations	Amortized cost	11,763,018	12,465,497

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 March 31, 2017:

Financial instruments measured at fair value	3/31/2017			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets				
Provisional price sales contracts	-	31,258	-	31,258
Cross Currency Swap	-	84,083	-	84,083
Mutual fund units	1,497	-	-	1,497
Metal futures contracts	487	-	-	487
Financial Liabilities				
Metal futures contracts	7,236	18,168	-	25,404
Cross Currency Swap	13,162	158,672	-	171,834

There were no transfers between the different levels for the period ended March 31, 2017.

16. Trade and other payables

The detail of trade and other current payables is as follows:

Items	Current	
	3/31/2017 ThUS$	12/31/2016 ThUS$
Trade payables	809,862	983,320
Payables to employees	22,000	31,624
Withholdings	80,116	76,615
Withholding taxes	53,918	41,364
Other payables	69,367	75,203
Total	**1,035,263**	**1,208,126**

17. Other provisions

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

Other Provisions	Current		Non-current	
	3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	12/31/2016 ThUS$
Sales-related provisions (1)	6,257	14,174	-	-
Operating (2)	83,586	102,270	-	-
Law No. 13.196	83,492	99,014	-	-
Other provisions	45,085	74,076	17,894	17,176
Onerous Contract (6)	468	468	1,483	1,600
Decommissioning and restoration (3)	-	-	1,557,373	1,544,823
Legal proceedings	-	-	29,371	29,013
Total	218,888	290,002	1,606,121	1,592,612

Provisions for employee benefits	Current		Non-current	
	3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	12/31/2016 ThUS$
Employee bonuses	61,429	205,931	-	-
Employee severance indemnities	28,063	29,521	734,797	748,185
Legal salary bonus	14,070	20,237	-	-
Employee vacations	133,954	157,634	-	-
Medical care programs (4)	409	408	544,892	537,829
Early retirement plans (5)	6,666	8,233	13,891	14,415
Other	14,354	17,621	8,534	8,442
Total	258,945	439,585	1,302,114	1,308,871

(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 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 pesos and 1.38% for the obligations in US 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.

(4) Corresponds to the provision for medical care post-employment benefit agreed with current and former employees.
(5) Corresponds to the provision for early retirement programs agreed or expected to agree with employees.
(6) Corresponds to the provision recognized for onerous contract with CUPIC (see Note 30).

Changes in Other provisions, were as follows:

Changes	3/31/2017			
	Other Provisions, non-current	Provision for mine closure	Contingencies	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	18,776	1,544,823	29,013	1,592,612
Interest Accretion	-	6,145	-	6,145
Payment of liabilities	-	-	(4,254)	(4,254)
Foreign currency translation	71	6,374	(243)	6,202
Onerous contract, transfer to current	(117)	-	-	(117)
Other increases (decreases)	647	31	4,855	5,533
Closing Balance	19,377	1,557,373	29,371	1,606,121

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 March 31, 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	3/31/2017		12/31/2016	
	Retirement plan	Health plan	Retirement plan	Health plan
Annual Discount Rate	4.24%	4.66%	4.24%	4.66%
Annual Turnover Rate (Men), Early Retirement Plan	3.90%	3.90%	3.90%	3.90%
Annual Turnover Rate (Women), Early Retirement Plan	4.30%	4.30%	4.30%	4.30%
Expected Rate of Salary Increase (real annual average)	3.41%	3.41%	3.41%	3.41%
Future Long-Term Inflation Rate	3.00%	3.00%	3.00%	3.00%
Expected Inflation Rate - Medical Care	5.05%	5.05%	5.05%	5.05%
Mortality tables used for projections	CB14-RV14	CB14-RV14	CB14-RV14	CB14-RV14
Average duration of future cash flows (years)	7.27	17.38	7.27	17.84
Expected Retirement Age (Men)	60	60	60	60
Expected Retirement Age (Women)	59	59	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.

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

Movements	3/31/2017		12/31/2016	
	Termination Indemnities plan ThUS$	Medical Care plan ThUS$	Termination Indemnities plan ThUS$	Medical Care plan ThUS$
Opening balance	777,706	538,237	738,013	457,989
Service cost	14,484	245	68,499	32,735
Interest cost	3,130	2,758	11,882	9,389
Contributions paid	(46,578)	(5,184)	(92,335)	(44,704)
Actuarial gains and losses	3,182	743	12,339	54,586
Subtotal	***751,924***	***536,799***	***738,398***	***512,905***
Foreign exchange currency	10,936	8,502	39,308	25,332
Closing Balance	762,860	545,301	777,706	538,237

As of March 31, 2017, the remeasurement of the termination indemnities plan resulted in an actuarial gain for experience adjustment of ThUS$3,182. Similarly, the remeasurement of the medical care plan resulted in the recognition of an actuarial gain for experience adjustment of ThUS$743.

The balance of the defined benefit liability as of March 31, 2017, comprises a short-term portion of ThUS$28,063 and ThUS$409 for the termination indemnities plan and the medical care plan, respectively. The expected amount of the defined benefit liability projected at March 31, 2018, consists of ThUS$811,044 for the termination indemnities plan and ThUS$529,719 for the medical care plan. The expected monthly average future disbursements related to defined benefit plans are of ThUS$2,339 for termination indemnities and of ThUS$34 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%	5.61%	-4.93%
Financial effect on rates of salary increase	2.912%	3.412%	3.912%	-2.28%	2.41%
Demographic effect of turnover rate	3.440%	3.940%	4.440%	1.31%	-1.34%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	-0.06%	0.06%
Health Benefits and Other	**Low**	**Medium**	**High**	**Reduction**	**Increase**
Financial effect on interest rates	3.658%	4.658%	5.658%	14.02%	-11.07%
Financial effect on health inflation	4.550%	5.050%	5.550%	-5.63%	6.88%
Demographic effect, planned retirement age	58 / 57	60 / 59	62 / 61	3.68%	-3.69%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	-7.57%	10.13%

b. 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 when the Corporation can no longer withdraw the offer of those benefits.

As of March 31, 2017 and December 31, 2016, the termination benefits current balance was ThUS$6,666 and ThUS$8,233, respectively, while the non-current balance was ThUS$13,981 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 March 31, 2017 and December 31, 2016.

c. Employee benefits expenses

The employee benefit expenses recognized for the periods ended March 31, 2017 and 2016, are as follows:

Expenditure by Class of Employee Benefits	3/31/2017 ThUS$	3/31/2016 ThUS$
Short-term benefits	385,770	390,492
Post-employment benefits	245	2,405
Termination benefits	10,787	2,849
Severance indemnity benefits	14,484	19,367
Total	**411,286**	**415,113**

19. Equity

The Corporation's total equity as of March 31, 2017 is ThUS$9,927,270 (ThUS$9,890,409 as of December 31, 2016 and ThUS$9,606,187 as of March 31, 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 of Directors 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 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 ThUS$475 million. The capital contribution was made effective on April 13, 2017 as discussed in Note 34, Subsequent events.

As of March 31, 2017, there were no provisions recognized for dividends payable pursuant to Exempt Decree No. 539 referred to approval of annual cash flow budget of the Corporation for 2017.

The unaudited interim consolidated statement of changes in equity discloses the changes in the Corporation's equity.

Due to the bylaws that govern the Corporation, these financial statements do not disclose information related to earnings per share.

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$1,192 and ThUS$68 for the periods ended March 31, 2017 and 2016, respectively.

a) Other reserves

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

Other Reserves	3/31/2017 ThUS$	12/31/2016 ThUS$
Foreign exchange translation reserve	(9,852)	(10,607)
Cash flow hedge reserve	3,512	12,342
Capitalization fund and reserves	4,955,966	4,955,966
Actuarial gains (losses) of defined benefit plans reserve	(268,869)	(267,171)
Other miscellaneous reserves	626,186	626,862
Total other reserves	**5,306,943**	**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 ownership		Equity		Profit (loss)	
	3/31/2017 %	12/31/2016 %	3/31/2017 ThUS$	12/31/2016 ThUS$	3/31/2017 ThUS$	3/31/2016 ThUS$
Biosigma S.A.	-	33.30%	-	-	-	(178)
Inversiones Gacrux SpA	32.20%	32.20%	982,206	978,664	3,550	(2,274)
Ecosea Farming S.A.	8.68%	14.97%	-	-	-	-
Others	-	-	2	2	10	-
Total			982,208	978,666	3,560	(2,452)

For the period ended March 31, 2017, Inversiones Gacrux SpA did not distribute any dividends to non-controlling interests.

The percentage of non-controlling interest in Inversiones Mineras Acrux SpA is 32.2% and generates a non-controlling interest in our subsidiary Inversiones Gacrux SpA.

The summarized information in statement of financial position, statement of comprehensive income and cash flows of the subsidiary Inversiones Gacruz Spa, are detailed in the following tables:

Assets and liabilities	3/31/2017 ThUS$	12/31/2016 ThUS$
Current Assets	120,034	113,993
Non-current assets	3,024,843	3,014,897
Current liabilities	163,598	152,607
Non-current liabilities	680,688	670,771

Profit (Loss)	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenues	129,375	106,761
Expenses	(138,469)	(122,586)
Profit (loss) of the period	(9,094)	(15,825)

Cash flows	3/31/2017 ThUS$	3/31/2016 ThUS$
Net cash flows from operating activities	15,904	(9,051)
Net cash flows from investing activities	(983)	117
Net cash flows from financing activities	(31)	-

20. Revenue

Item	3/31/2017 ThUS$	3/31/2016 ThUS$
Revenue from sales of own copper	2,382,198	2,053,924
Revenue from sales of third-party copper	433,243	440,995
Revenue from sales of molybdenum	99,569	84,690
Revenue from sales of other products	114,468	141,223
Loss in futures contracts market	(1,283)	(1,448)
Total	**3,028,195**	**2,719,384**

21. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	3/31/2017 ThUS$	3/31/2016 ThUS$
Short-term benefits to employees	385,770	390,492
Depreciation	264,208	298,987
Amortization	218,906	229,048
Total	**868,884**	**918,527**

22. Impairment of Assets

As of March 31, 2017 and December 31, 2016, there were no impairment losses or reversals of impairment losses previously recognized.

23. Other income and expenses by function

a) Other income by function

Item	3/31/2017 ThUS$	3/31/2016 ThUS$
Penalties to suppliers	2,869	2,423
Delegated Administration	1,093	1,001
Miscellaneous sales (net)	6,530	563
Other income	16,452	5,503
Total	26,944	9,490

b) Other expenses by function

Item	3/31/2017 ThUS$	3/31/2016 ThUS$
Law No. 13.196	(241,783)	(205,694)
Research expenses	(9,223)	(6,081)
Bonus for the end of collective bargaining	(14)	(9,958)
Early retirement program	(10,787)	(2,849)
Write-off of investment projects	-	(16,348)
Write-off of fixed assets	-	(57)
Medical care plan	(245)	(2,405)
Write-off of inventories	(234)	-
Extraordinary legal salary bonus	(2,679)	-
Other expenses	(40,791)	(11,116)
Total	(305,756)	(254,508)

24. Finance costs

The detail of finance costs is as follows:

Item	1/1/2017 3/31/2017 ThUS$	1/1/2016 12/31/2016 ThUS$
Bond interests	(88,786)	(97,001)
Bank loan interests	(18,391)	(14,852)
Exchange differences on severance indemnity provision	(2,990)	(2,377)
Exchange differences on other non-current provisions	(13,518)	(16,768)
Other	(10,022)	(9,072)
Total	**(133,707)**	**(140,070)**

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 reports to the Executive President, 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 March 31, 2017, there were no impairment losses or reversals of impairment losses previously recognized.

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

For the three-month period ended March 31, 2017									
Segments	**Chuquicamata**	**Radormiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**Gabriela Mistral**	**Ministro Hales**	**Total Segments**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Revenue from sales of own copper	431,422	447,016	123,971	318,048	542,029	4,436	166,085	354,485	2,387,49
Revenue from sales of third-party copper	378	-	-	-	-	15,913	-	44,410	60,70
Revenue from sales of molybdenum	63,686	8,679	4,608	6,644	14,726	-	-	-	98,34
Revenue from sales of other products	18,538	-	11,386	1,152	11,714	55,725	-	15,953	114,46
Revenue from futures market	(49)	(26)	75	(13)	642	(1,848)	(49)	(15)	(1,28
Revenue between segments	35,019	-	23,366	210	-	23,970	-	-	82,56
Revenue	**548,994**	**455,669**	**163,406**	**326,041**	**569,111**	**98,196**	**166,036**	**414,833**	**2,742,28**
Cost of sales of own copper	(300,100)	(305,311)	(126,452)	(223,016)	(317,951)	(4,467)	(125,542)	(260,403)	(1,663,24
Cost of sales of copper third-party copper	-	-	-	-	-	(16,351)	-	(44,410)	(60,76
Cost of sales of molybdenum	(18,623)	(7,213)	(3,546)	(2,463)	(6,165)	-	-	-	(38,01
Cost of sales of other products	(8,343)	-	(6,986)	(32)	(25,319)	(56,024)	-	(2,615)	(99,31
Cost of sales between segments	(93,043)	23,682	(12,226)	2,736	2,404	(27,655)	-	21,537	(82,56
Cost of sales	**(420,109)**	**(288,842)**	**(149,210)**	**(222,775)**	**(347,031)**	**(104,497)**	**(125,542)**	**(285,891)**	**(1,943,89**
Gross profit	**128,885**	**166,827**	**14,196**	**103,266**	**222,080**	**(6,301)**	**40,494**	**128,942**	**798,38**
Other income, by function	1,889	1,317	1,765	2,988	1,172	284	661	341	10,41
Distribution costs	(467)	(29)	(147)	(69)	(74)	(191)	-	(154)	(1,13
Administrative expenses	(10,398)	(2,184)	(2,194)	(5,979)	(14,284)	(2,149)	(6,433)	(4,888)	(48,50
Other expenses, by function	(29,526)	(2,384)	(3,415)	(5,382)	(3,037)	(234)	(441)	(1,635)	(46,05
Law No. 13.196	(48,640)	(45,535)	(13,729)	(31,776)	(48,957)	(4,714)	(16,334)	(32,098)	(241,78
Other gains (losses)	-	-	-	-	-	-	-	-	
Finance income	209	142	132	115	362	39	6	24	1,02
Finance costs	(26,063)	(11,269)	(3,944)	(20,551)	(41,720)	(1,785)	(2,794)	(13,277)	(121,40
Share in the profit (loss) of associates and joint ventures accounted using the equity method	206	-	48	(108)	628	-	-	-	77
Foreign exchange differences	(5,161)	(5,002)	(1,047)	(2,331)	(10,361)	(1,410)	(1,028)	(476)	(26,81
Profit (loss) before taxes	**10,934**	**101,883**	**(8,335)**	**40,173**	**105,809**	**(16,461)**	**14,131**	**76,779**	**324,91**
Income tax expenses	**(9,516)**	**(68,332)**	**5,367**	**(27,975)**	**(70,988)**	**10,640**	**(9,868)**	**(52,909)**	**(223,58**
Profit (loss)	**1,418**	**33,551**	**(2,968)**	**12,198**	**34,821**	**(5,821)**	**4,263**	**23,870**	**101,33**

For the three-month period ended March 31, 2016										
Segments	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**Gabriela Mistral**	**Ministro Hales**	**Total Segments**	**Su ass H**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	
Revenue from sales of own copper	401,812	381,578	106,544	203,058	603,741	29,831	127,966	208,840	2,063,370	
Revenue from sales of third-party copper	(12,601)	-	(124)	-	-	11,954	-	81,809	81,038	
Revenue from sales of molybdenum	40,923	2,934	3,507	13,839	24,013	-	-	-	85,216	
Revenue from sales of other products	23,802	-	12,800	673	19,574	54,689	-	29,685	141,223	
Revenue from futures market	186	392	98	207	400	(2,945)	163	51	(1,448)	
Revenue between segments	61,204	-	28,426	266	-	24,234	-	-	114,130	
Revenue	**515,326**	**384,904**	**151,251**	**218,043**	**647,728**	**117,763**	**128,129**	**320,385**	**2,483,529**	
Cost of sales of own copper	(380,917)	(294,678)	(116,479)	(243,472)	(408,966)	(29,416)	(116,983)	(255,973)	(1,846,884)	
Cost of sales of copper third-party copper	440	-	-	-	-	(12,971)	-	(90,945)	(103,476)	
Cost of sales of molybdenum	(21,562)	(5,251)	(3,293)	(5,963)	(11,761)	-	-	-	(47,830)	
Cost of sales of other products	(11,855)	-	(6,862)	(8)	(17,186)	(52,086)	-	(1,014)	(89,011)	
Cost of sales between segments	(85,334)	8,379	(18,678)	148	3,937	(23,960)	-	1,378	(114,130)	
Cost of sales	**(499,228)**	**(291,550)**	**(145,312)**	**(249,295)**	**(433,976)**	**(118,433)**	**(116,983)**	**(346,554)**	**(2,201,331)**	
Gross profit	**16,098**	**93,354**	**5,939**	**(31,252)**	**213,752**	**(670)**	**11,146**	**(26,169)**	**282,198**	
Other income, by function	440	(531)	1,988	(591)	(300)	151	3,074	199	4,430	
Distribution costs	(899)	(10)	(60)	(84)	(73)	(50)	-	(296)	(1,472)	
Administrative expenses	(10,749)	(7,056)	(2,559)	(5,315)	(14,660)	(1,638)	(7,450)	(5,248)	(54,675)	
Other expenses, by function	(4,391)	(16,622)	(3,716)	(10,915)	(6,048)	(553)	606	(2,135)	(43,774)	
Law No. 13.196	(43,989)	(36,401)	(11,540)	(18,282)	(52,251)	(7,000)	(12,318)	(23,913)	(205,694)	
Other gains (losses)	-	-	-	-	-	-	-	-	-	
Finance income	210	122	76	11	325	48	14	114	920	
Finance costs	(29,785)	(11,644)	(6,257)	(23,231)	(42,867)	(1,587)	(3,043)	(12,866)	(131,280)	
Share in the profit (loss) of associates and joint ventures accounted by the equity method	115	-	34	(187)	(544)	-	-	-	(582)	
Exchange differences	(67,160)	(18,033)	(15,956)	(12,079)	(43,412)	(3,070)	(5,619)	(7,517)	(172,846)	
Profit (loss) before taxes	**(140,110)**	**3,179**	**(32,051)**	**(101,925)**	**53,922**	**(14,369)**	**(13,590)**	**(77,831)**	**(322,775)**	
Income tax expenses	**89,670**	**(2,035)**	**20,513**	**65,232**	**(34,510)**	**9,196**	**8,698**	**49,812**	**206,576**	
Profit (loss)	**(50,440)**	**1,144**	**(11,538)**	**(36,693)**	**19,412**	**(5,173)**	**(4,892)**	**(28,019)**	**(116,199)**	

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

	3/31/2017							
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**Gabriela Mistral**	**Ministro**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS**
Current assets	964,516	600,402	167,248	297,940	669,123	113,423	226,793	4
Non-current assets	5,515,864	2,145,612	719,490	4,064,455	5,859,379	352,250	1,240,295	3,5
Current liabilities	447,022	107,184	88,102	156,327	333,055	82,239	70,342	
Non-current liabilities	902,583	233,005	285,107	300,878	930,180	68,012	127,600	

	12/31/2016							
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**Gabriela Mistral**	**Ministro**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS**
Current assets	953,971	605.154	229,135	292,710	746,672	135,869	217,749	4
Non-current assets	5,349,989	2,156,765	717,540	3,998,820	5,828,982	349,229	1,260,025	3,6
Current liabilities	567,733	112,502	122,596	170,520	414,811	58,474	81,686	1
Non-current liabilities	918,652	227,952	285,138	298,700	916,632	67,643	127,021	

The Corporation's revenue classified by geographical area for the three months ended March 31, 2017 and 2016, is detailed as follows:

Revenue by geographical areas	3/31/2017 ThUS$	3/31/2016 ThUS$
Total revenue from domestic customers	165,834	146,502
Total revenue from foreign customer	2,862,361	2,572,882
Total	**3,028,195**	**2,719,384**

Revenue by geographical areas	3/31/2017 ThUS$	3/31/2016 ThUS$
China	693,551	797,426
Rest of Asia	468,416	425,394
Europe	921,400	219,759
United States of America	767,432	304,849
Others	177,396	971,956
Total	**3,028,195**	**2,719,384**

The main customers of the Corporation are listed in the following table:

Principal Customers	Country	3/31/2017 ThUS$
Southwire Company	United States of America	172,112
Glencore International Ag.	Switzerland	158,570
Trafigura Pte, Ltd.	Singapore	137,355
Nexans France	France	124,652
Red Kite Master Fund Ltd.	United States of America	107,034
Wanxiang Resources (Singapore)	Singapore	92,461
Hindalco Industries Limited	India	86,774
Amrod Corp.	United States of America	79,965
Maike Metals International Ltd.	China	72,099
Metal Challenge Company Limited	British Virgin Islands	65,052
Total		**1,096,074**

26. Foreign exchange differences

The following table summarizes the foreign exchange differences included in the Consolidated Statements of Comprehensive Income:

Gains (losses) from foreign exchange differences	3/31/2017 ThUS$	3/31/2016 ThUS$
Gain from foreign exchange differences	15,968	49,397
Loss from foreign exchange differences	(39,291)	(222,000)
Total exchange difference, net	**(23,323)**	**(172,603)**

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	3/31/2017 ThUS$	3/31/2016 ThUS$
VAT Refund	322,533	358,520
Other	165,364	61,100
Total	**487,897**	**419,620**

Other payments from operating activities	3/31/2017 THUS$	3/31/2016 THUS$
Contribution to the Chilean Treasury (Law No. 13.196)	(256,696)	(295,478)
Finance hedge and sales	(1,041)	(580)
VAT and other similar taxes paid	(256,245)	(254,183)
Total	**(513,982)**	**(550,241)**

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

Liabilities arising from financing activities	Opening balance 1/1/2017	Financing Cash Flows	Non - cash changes				Closing Balance 3/31/2017
			Finance costs	Foreign exchange differences	Fair value adjustments	Reclassification of balances	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Borrowings with financial institutions	3,154,741	27,227	21,062	291,000	-	-	3,203,321
Bonds obligations	11,758,820	(143,740)	130,632	17,306	-	-	11,763,018
Hedging obligations	171,061	-	4,129	(8,759)	12,514	(7,111)	171,834
Financial assets for hedging derivatives	(63,781)	(1,998)	1,257	(8,827)	(17,845)	7,111	(84,083)
Total	**15,020,841**	**(118,511)**	**157,081**	**11**	**(5,331)**	-	**15,054,092**

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 March 31, 2017 as the base, a fluctuation (positive or negative) of 10 Chilean pesos against the US dollar (keeping the other variables constant), could affect profits before taxes by US$32 million in gains or losses, respectively. This result is obtained by identifying the main items (including assets and financial liabilities) denominated foreign currencies in order to measure the impact on profit or loss that a variation of +/- 10 Chilean pesos would have in terms of US$, with respect to the closing exchange rate at the end of the reporting period.

As of December 31, 2016, the balance of time deposits denominated in Chilean pesos was ThUS$12 million. As of March 31, 2017, Codelco did not held any time deposits.

- 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 US 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 March 31, 2017, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$6 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 March 31, 2017 amount to ThUS$12,512,607 and ThUS$2,453,732, 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 March 31, 2017, if the future price of copper fluctuates by + / - 5% (with the other variables constant), the result would vary + / - US$150 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of March 31, 2017 (MTMF 553). 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 March 31, 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 ThUS$150 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 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 3/31/2017	**Less than one year** ThUS$	**Between one and five years** ThUS$	**More than five years** ThUS$
Loans from financial institutions	204,137	2,202,822	796,362
Bonds	134,967	2,730,278	8,897,773
Finance leases	27,511	69,437	32,870
Derivatives	20,399	-	176,841
Other financial liabilities	1,286	70,528	-
Total	**388,300**	**5,073,065**	**9,903,846**

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 March 31, 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 March 31, 2017 and 2016, there were 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 March 31, 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

As stated in the Board of Directors' policy, ratified on March 27, 2009, 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$11,987.

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

March 31, 2017

Hedge item	Bank	Type of derivative contract	Maturity	Currency	Amount ThUS$	Financial obligation: hedging instrument ThUS$	Exposure ThUS$	Asset ThUS$	Liability ThUS$
Bond UF Maturity 2025	Credit Suisse (U.S.A)	Swap	04/01/2025	US$	275,097	208,519	74,080	342,166	(268,086)
Bond EUR Maturity 2024	Santander (Chile)	Swap	07/09/2024	US$	320,514	409,650	(84,703)	376,314	(461,017)
Bond EUR Maturity 2024	Deutsche Bank (England)	Swap	07/09/2024	US$	320,514	409,680	(84,375)	381,539	(465,914)
Bond UF Maturity 2026	Santander (Chile)	Swap	08/24/2026	US$	398,692	406,212	10,003	454,978	(444,975)
Total					1,314,817	1,434,061	(84,995)	1,554,997	(1,639,992)

As of March 31, 2017, the balance for cash deposit guarantees amount to ThUS$10,406.

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 March 31, 2017, these operations generated a gain of ThUS$2,774.

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 March 31, 2017, the Corporation performed derivative market transactions of copper that represent 458,600 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of March 31, 2017, present a negative exposure of ThUS$24,565 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 three-month period ended March 31, 2017 resulted in a net negative effect on net income of ThUS$457, which is comprised of the amounts received for sales contracts for ThUS$564 and the values paid for purchases contracts for ThUS$1,021.

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

As of March 31, 2017, the Corporation maintains derivative contracts for the sale of gold for MOZT 36.17 and silver for MOZT 445.52.

The contracts outstanding as of March 31, 2017 show a negative exposure of ThUS$352, 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 three-month period ended March 31, 2017 resulted in a negative effect on net income of ThUS$2,317, which is comprised of the negative amounts received for sales contracts for ThUS$1,848 and the negative values paid for purchases contracts for ThUS$469. These hedging transactions mature in June 2017.

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

The Corporation does not pose cash flow hedges backed by future production as of March 31, 2017.

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

March 31, 2017	Maturity date						
ThUS$	2017	2018	2019	2020	2021	Upcoming	Total
Flex Com Cobre (Asset)	462	24	-	-	-	-	486
Flex Com Cobre (Liability)	(4,162)	(17,263)	(3,627)	-	-	-	(25,052)
Flex Com Gold/Silver	(352)	-	-	-	-	-	(352)
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	(4,051)	(17,238)	(3,627)	-	-	-	(24,917)

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

March 31, 2017	Maturity date						
ThTM/Ounces	2016	2017	2018	2019	2020	Upcoming	Total
Copper Futures [MT]	200,03	222,87	35,70	-	-	-	458,60
Gold/Silver Futures [ThOZ]	481,70	-	-	-	-	-	481,70
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

December 31, 2016	Maturity date						
ThTM/Ounces	2016	2017	2018	2019	2020	Upcoming	Total
Copper Futures [MT]	246.99	84.18	8.00	-		-	339.17
Gold/Silver Futures [ThOZ]	527.66	-	-	-		-	527.66
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.

- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).

- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and do not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 337 cases that have a clearly estimated value. It is estimated that 242 of these, which represent 71.81% of the total and which amount to ThUS$29,371, could have a negative impact on the Corporation. There are also 91 lawsuits, representing 27% of the total and which amount to ThUS$14,995, about which there is no certainty that the outcome would be unfavorable for Codelco. For the four remaining cases, which amount to ThUS$0, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 125 lawsuits for undetermined amounts. It is believed that the result of 55 of these could be unfavorable to Codelco.

In connection with the long-term sale contract which Codelco held with its associated 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.

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 21 January, 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 of Directors 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 March 31, 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 current accounting standards, 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 March 31, 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, 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 "Provisions, Contingent Liabilities and Contingent Assets" and described in Note 2, letter o) of Main Accounting Policies.

As of March 31, 2017, the Corporation has agreed guarantees for an annual amount of U.F. 21,824,793 to comply with the aforementioned Law N°20.551. The following table details the main given guarantees:

Issuing bank	Division	Principal	Currency Index	Issuing date	Maturity date	Issuing rate %	Amount ThUS$
Banco Estado	Radomiro Tomic	2,166,997	UF	05/03/2016	05/10/2017	9.00%	86,396
Banco Estado	Ministro Hales	1,072,330	UF	05/03/2016	05/12/2017	7.00%	42,753
Banco Bci	Chuquicamata	2,122,707	UF	05/13/2016	05/26/2017	10.00%	84,631
Banco Itau	Chuquicamata	3,900,000	UF	05/17/2016	05/26/2017	15.00%	155,490
Banco Chile	El Teniente	987,594	UF	05/20/2016	06/01/2017	25.00%	39,375
Banco Santander	El Teniente	5,000,000	UF	05/23/2016	06/01/2017	20.00%	199,346
Banco Estado	Gabriela Mistral	1,064,019	UF	06/09/2016	06/14/2017	9.00%	42,422
Banco Chile	Salvador	2,355,477	UF	08/11/2016	08/17/2017	14.37%	93,911
Banco Estado	Andina	2,665,740	UF	11/02/2016	11/03/2017	9.00%	106,281
Banco Chile	El Teniente	156,860	UF	01/05/2017	06/01/2017	18.00%	6,254
Banco Estado	Ventana	333,069	UF	03/16/2017	03/18/2018	9.00%	13,279
Total		**21,824,723**					**870,137**

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, 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.

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	3/31/2017			12/31/2016
		Currency	Maturity	ThUS$	ThUS$
Urban Regional Manager, Metropolitan	Building project	UF	mar-17	-	9
Urban Regional Manager, Valparaiso	Building project	UF	jan-17	-	43
Urban Regional Manager, Valparaiso	Building project	UF	jan-17	-	28
Urban Regional Manager, Valparaiso	Building project	UF	jan-17	-	47
Ministry of Public Works	Building project	US$	jun-18	209	209
Oriente Copper Netherlands B.V.	Pledge on shares	US$	nov-32	877,813	877,813
Sernageomin	Environmental	US$	mar-17	-	8,500
Sernageomin	Environmental	UF	may-17	11,390	11,390
Sernageomin	Environmental	UF	may-17	84,981	84,981
Sernageomin	Environmental	UF	may-17	42,053	42,053
Sernageomin	Environmental	UF	jun-17	41,122	41,122
Sernageomin	Environmental	UF	nov-17	107,561	107,561
Sernageomin	Environmental	UF	aug-17	94,538	94,538
Sernageomin	Environmental	UF	jun-17	38,994	38,994
Sernageomin	Environmental	UF	jun-17	197,419	197,419
Sernageomin	Environmental	UF	may-17	153,987	153,987
Sernageomin	Environmental	UF	may-17	83,812	83,812
Sernageomin	Environmental	UF	jun-17	6,381	-
Sernageomin	Environmental	UF	mar-18	13,156	-
Total				**1,753,418**	**1,742,507**

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	3/31/2017 ThUS$	12/31/2016 ThUS$
Andina	18,302	21,905
Chuquicamata	17,461	21,621
Head Office	780,117	703,173
Radomiro Tomic	5,230	5,352
Salvador	29,261	30,893
Ministro Hales	5	5
El Teniente	49,967	58,602
Ventanas	3,603	5,044
Gabriela Mistral	721	721
Total	**904,667**	**847,316**

32. Balances in foreign currency

a) Assets by Type of Currency

Category	3/31/2017 ThUS$	12/31/2016 ThUS$
Current assets	**469,008**	**586,587**
US Dollars	395,914	540,977
Euros	14,285	7,892
Other currencies	4,437	4,282
Non-indexed Ch$	49,932	30,795
U.F.	4,440	2,641
Cash and cash equivalents	**466,775**	**576,726**
US Dollars	394,432	531,946
Euros	14,030	7,640
Other currencies	4,437	4,282
Non-indexed Ch$	49,688	30,422
U.F.	4,188	2,436
Other current financial assets	**2,233**	**9,861**
US Dollars	1,482	9,031
Euros	255	252
Other currencies	-	-
Non-indexed Ch$	244	373
U.F.	252	205
Current and Non-Current receivables	**2,215,618**	**2,385,429**
US Dollars	1,527,597	1,635,971
Euros	102,793	92,701
Other currencies	1,061	1,347
Non-indexed Ch$	555,489	631,582
U.F.	28,678	23,828
Trade and other receivables	**2,100,598**	**2,254,731**
US Dollars	1,505,246	1,600,589
Euros	102,793	92,701
Other currencies	1,030	1,316
Non-indexed Ch$	463,859	537,292
U.F.	27,670	22,833

Category	3/31/2017 ThUS$	12/31/2016 ThUS$
Non-Current Receivables	92,669	95,316
US Dollars	-	-
Euros	-	-
Other currencies	31	31
Non-indexed Ch$	91,630	94,290
U.F.	1,008	995
Due from related companies, current	383	13,669
US Dollars	383	13,669
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Due from related companies, non-current	21,968	21,713
US Dollars	21,968	21,713
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Rest of assets	30,691,268	30,430,625
US Dollars	29,856,472	29,990,703
Euros	36,498	49,273
Other currencies	182	222
Non-indexed Ch$	124,042	118,867
U.F.	674,074	271,560
Total assets	33,375,894	33,402,641
US Dollars	31,779,983	32,167,651
Euros	153,576	149,866
Other currencies	5,680	5,851
Non-indexed Ch$	729,463	781,244
U.F.	707,192	298,029

b) Liability by type of currency:

Current liability by currency	3/31/2017		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	2,020,368	117,021	2,212,250	255,689
US Dollars	1,035,708	71,492	1,755,127	178,941
Euros	147,793	10,471	132,463	41,343
Other currencies	8,742	-	9,261	-
Non-indexed Ch$	823,695	28,429	270,592	29,714
U.F.	4,430	6,629	44,807	5,691
Other current financial liabilities	300,339	87,961	127,616	224,994
US Dollars	226,590	69,627	111,045	176,681
Euros	70,302	10,471	6,729	41,343
Other currencies	-	-	-	-
Non-indexed Ch$	1,308	1,494	1,401	1,494
U.F.	2,139	6,369	8,441	5,476
Bank loans	201,086	3,051	4,550	161,744
US Dollars	130,115	3,051	3,892	127,924
Euros	70,302	-	-	33,820
Other currencies	-	-	-	-
Non-indexed Ch$	359	-	359	-
U.F.	310	-	299	-
Obligations	90,917	44,050	112,741	37,822
US Dollars	90,917	32,619	99,765	30,299
Euros	-	10,471	6,729	7,523
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	-	960	6,247	-
Finance lease	7,049	20,462	8,410	15,273
US Dollars	4,749	13,559	6,044	8,303
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch$	471	1,494	471	1,494
U.F.	1,829	5,409	1,895	5,476
Others	1,287	20,398	1,915	10,155
US Dollars	809	20,398	1,344	10,155
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch$	478	-	571	-
U.F.	-	-	-	-
Other current liabilities	1,720,029	29,060	2,084,634	30,695
US Dollars	809,118	1,865	1,644,082	2,260
Euros	77,491	-	125,734	-
Other currencies	8,742	-	9,261	-
Non-indexed Ch$	822,387	26,935	269,191	28,220
U.F.	2,291	260	36,366	215

Non-current liability by currency	3/31/2017				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	6,155,422	2,870,868	5,925,618	6,359,327	5,969,958	2,866,846	5,893,456	6,314,033
US Dollars	5,834,235	2,728,881	4,937,816	5,321,708	5,609,256	2,728,331	4,916,894	4,347,467
Euros	-	-	(9,723)	-	-	-	(10,015)	960,360
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	302,593	134,954	271,693	537,373	343,985	130,378	268,192	514,850
U.F.	18,594	7,033	725,832	500,246	16,717	8,137	718,385	491,356
Other non-current financial liabilities	2,336,490	2,736,576	5,637,684	4,266,161	2,334,118	2,736,469	5,604,973	4,255,909
US Dollars	2,318,798	2,728,882	4,921,575	4,266,161	2,315,498	2,728,332	4,896,603	3,295,549
Euros	-	-	(9,723)	-	-	-	(10,015)	960,360
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	4,666	661	-	-	5,927	-	-	-
U.F.	13,026	7,033	725,832	-	12,693	8,137	718,385	-
Bank loans	1,627,511	575,311	143,303	653,059	1,626,564	575,514	143,227	643,142
US Dollars	1,627,204	575,311	143,303	653,059	1,626,564	575,132	143,227	643,142
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	307	-	-	-	-	382	-	-
Obligations	597,166	2,133,112	5,284,671	3,613,102	596,805	2,132,171	5,266,514	3,612,767
US Dollars	597,166	2,133,112	3,941,713	3,613,102	596,805	2,132,171	3,940,127	2,652,407
Euros	-	-	631,305	-	-	-	622,361	960,360
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	711,653	-	-	-	704,026	-
Finance Lease	41,284	28,153	32,870	-	38,411	28,784	33,613	-
US Dollars	23,899	20,459	18,691	-	20,392	21,029	19,254	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	4,666	661	-	-	5,326	-	-	-
U.F.	12,719	7,033	14,179	-	12,693	7,755	14,359	-
Others	70,529	-	176,840	-	72,338	-	161,619	-
US Dollars	70,529	-	817,868	-	71,737	-	793,995	-
Euros	-	-	(641,028)	-	-	-	(632,376)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	601	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non-current	3,818,934	134,292	287,933	2,093,165	3,635,842	130,377	288,482	2,058,123
US Dollars	3,515,438	-	16,241	1,055,547	3,293,759	-	20,291	1,051,918
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	297,928	134,293	271,693	537,373	338,059	130,378	268,192	514,850
U.F.	5,569	-	-	500,246	4,025	-	-	491,356

33. Sanctions

As of March 31, 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. Subsequent events

- On April 10, 2017, the Board of Directors decided to schedule a session to discuss customary matters of Ordinary Shareholders' Meetings to be held on April 25, 2017.

- On April 13, 2017, the Corporation received an extraordinary capital contribution of ThUS$475 pursuant to Decree No. 322 of the Ministry of Finance as stated in Article 2 of Law No. 20,989.

- On April 20, 2017, it was informed as a relevant notice, that the Vice-President of the Republic of Chile had appointed Mr. Ghassan Dayoub Pseli as a member of the Board of Directors, effective on March 27, 2017.

- On April 25, 2017, it was informed as a relevant notice, that at the Ordinary Codelco's Shareholders Meeting held on the same date, and with the attendance of the Ministers of Finance and Mining, as representatives of the President of the Republic of Chile, it was agreed to the following:

1.- Approval of the Annual Report, Balance Sheet and the financial statements of the year ended December 31, 2016 and the report of the external auditors referred to that year.
2.- Appointment of Deloitte as the External Auditors of Codelco for 2017.
3.- Appointment of Feller Rate, Fitch Rating, Moody's and Standard & Poor's as the rating agencies for Codelco for 2017.
4.- Appointment of La Tercera newspaper to be the official newspaper for all communications that Codelco release in printed media, in accordance with the Corporations Law and instructions of the SVS.
5.- It was informed about all transactions that the Corporation carried out with related persons and companies, in accordance with Article 44 of Law No. 18,046 on Corporations.
6.- It was informed about the activities of the Directors Committee, as well as, the expenses incurred by the Board of Directors and the Directors Committee during the year 2016.
7.- It was informed and analyzed the Annual Report of Completion of the Business and Development Plan 2014 – 2018, as established in Law No. 20,790.

- On April 27, 2017, Anglo American Sur S.A. disclosed in the note of subsequent events of its financial statements, that the SERNAGEOMIN approved the update of the permission for the mining plan of *El Soldado*, following the review requested by Anglo American. Based on this resolution, the Company immediately adopted the necessary actions to resume the mine operations, after complying with all the SERNAGEOMIN requirements and the safety procedures according to the standards of the Company.

- On April 28, 2017, it was informed as a relevant notice, that Mr. Mauricio Barraza Gallardo had been appointed effective on June 1, 2017 as Chief Executive Officer of the Chuquicamata Division. Likewise, from that date, Mr. Lindor Quiroga Bugueño had been designated as Interim Chief Executive Officer of the Radomiro Tomic Division.

- On May 10, 2017, it was informed as a relevant notice, that the President of the Republic of Chile had appointed Mr. Blas Tomic Errázuriz and Mr. Paul Schiodtz Obilinovich as members of the Board of Directors effective on May 11, 2017.

- On May 23, 2017, it was informed as a relevant notice that Mr. Carlos Caballero Deramond, Chief Executive Officer of the Ministro Hales Division, will resign to its position effective on May 31, 2017.

The Corporation's management is not aware of any other significant events of a financial or any other nature that have occurred between April 1, 2017 and the date of issuance of these financial statements (May 25, 2017) that may affect the unaudited interim consolidated financial statements.

35. 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 March 31, 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 March 31, 2017 and 2016, respectively, and the projected future expenses are stated below.

Entity	Project name	Disbursements 03/31/2017				03/31/2016	Future committed disbursements	
		Project Status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated completion date
	Chuquicamata		**48,410**			**24,311**	**1,009,914**	
Codelco Chile	Talambre dam capacity extension, 8th stage	In Progress	7,138	Asset	P, P & E	1,540	314,656	2020
Codelco Chile	Emergency restoration system dust control crushing plant 2/3	In Progress	1,354	Asset	P, P & E	104	5,655	2018
Codelco Chile	Extension of 5th cps smelting	Finished	-	Asset	P, P & E	3,515	-	2016
Codelco Chile	Replacement of circulation pot 1A and 2A	In Progress	2,877	Asset	P, P & E	2,253	19,831	2018
Codelco Chile	Construction installation surplus management	In Progress	1,563	Asset	P, P & E	927	5,591	2017
Codelco Chile	Replacement of water treatment plant	In Progress	1,623	Asset	P, P & E	561	37,730	2018
Codelco Chile	Replacement gas management system	In Progress	110	Asset	P, P & E	-	10,647	2018
Codelco Chile	Acid plant transformation 3-4 DC/DA	In Progress	12,417	Asset	P, P & E	-	414,801	2019
Codelco Chile	Enablement refining gas treatment system	In Progress	73	Asset	P, P & E	-	75,408	2019
Codelco Chile	Dryer replacement n ° 5 fuco	In Progress	65	Asset	P, P & E	-	63,296	2019
Codelco Chile	Acid plants	In Progress	10,083	Expenditure	Adm, Expense	6,476	32,256	2017
Codelco Chile	Solid waste	In Progress	841	Expenditure	Adm, Expense	1,807	-	2017
Codelco Chile	Tailings	In Progress	4,809	Expenditure	Adm, Expense	4,944	17,628	2017
Codelco Chile	Water treatment plant	In Progress	4,923	Expenditure	Adm, Expense	1,472	12,415	2017
Codelco Chile	Environmental monitoring	In Progress	534	Expenditure	Adm, Expense	712	-	2017
	Salvador		**17,956**			**13,757**	**182,621**	
Codelco Chile	Improvement of integrated gas collection process	In Progress	8,745	Asset	P, P & E	3,915	157,983	2018
Codelco Chile	Environmental improvement to Puerto Barquito	Finished	-	Asset	P, P & E	1,630	-	-
Codelco Chile	Concentrator filter plant construction	In Progress	2,831	Asset	P, P & E	-	3,451	2017
Codelco Chile	Acid plants	In Progress	526	Expenditure	Adm, Expense	353	1,373	2017
Codelco Chile	Solid waste	In Progress	5,400	Expenditure	Adm, Expense	7,018	18,270	2017
Codelco Chile	Tailings	In Progress	277	Expenditure	Adm, Expense	623	799	2017
Codelco Chile	Water treatment plant	In Progress	177	Expenditure	Adm, Expense	218	745	2017
	Andina		**52,539**			**24,394**	**205,711**	
Codelco Chile	Construction tracking works	Finished	-	Asset	P, P & E	122	84	2016
Codelco Chile	Water Normative Phase 2	In Progress	2,374	Asset	P, P & E	1,087	3,665	2018
Codelco Chile	Building evacuation and capturing towers	Finished	-	Asset	P, P & E	106	-	2016
Codelco Chile	Construction site emergency plan	In Progress	2,011	Asset	P, P & E	-	24,187	2017
Codelco Chile	Improve interception	Finished	-	Asset	P, P & E	1	-	-
Codelco Chile	Construction adduction Los Leones	Finished	-	Asset	P, P & E	-	68	2016
Codelco Chile	Drain water treatment DLN	In Progress	2,400	Asset	P, P & E	1,553	5,531	2017
Codelco Chile	Level 640 tranque	In Progress	15,796	Asset	P, P & E	3,335	64,018	2017
Codelco Chile	Improved water internal tip E2	In Progress	465	Asset	P, P & E	1,078	4,928	2017
Codelco Chile	Replacement Ovejeria line tailings	Finished	-	Asset	P, P & E	119	360	2016
Codelco Chile	Improvement of power supply	Finished	-	Asset	P, P & E	-	1,060	2016
Codelco Chile	Water rights and lands early acquisition	Finished	-	Asset	P, P & E	-	264	2016
Codelco Chile	Construction of emergency transport system works	In Progress	9,170	Asset	P, P & E	-	24,270	2017
Codelco Chile	Construction early alert plan	In Progress	258	Asset	P, P & E	-	40	2017
Codelco Chile	Solid waste	In Progress	594	Expenditure	Adm, Expense	519	2,037	2017
Codelco Chile	Water treatment plant	In Progress	981	Expenditure	Adm, Expense	700	3,078	2017
Codelco Chile	Trailing	In Progress	17,110	Expenditure	Adm, Expense	14,999	48,770	2017
Codelco Chile	Acid drainage	In Progress	491	Expenditure	Adm, Expense	775	20,337	2017
Codelco Chile	Environmental monitoring	In Progress	527	Expenditure	Adm, Expense	-	1,423	2017
Codelco Chile	Sustainability and external matters management	In Progress	362	Expenditure	Adm, Expense	-	1,591	2017
Subtotal			**118,905**			**62,462**	**1,398,246**	

Entity	Project name	Disbursements 03/31/2017				03/31/2016	Future committed disbursements	
		Project Status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated completion date
	El Teniente		**26,319**			**67,585**	**282,466**	
Codelco Chile	Construction of 7th phase of Carén	In Progress	3,232	Asset	P, P & E	28,213	5,491	2017
Codelco Chile	Installation of Powder control	Finished	-	Asset	P, P & E	172	-	2016
Codelco Chile	Flowmeter Acquisitions	Finished	-	Asset	P, P & E	124	-	2016
Codelco Chile	Environmental reconstruction of courts	Finished	-	Asset	P, P & E	1,557	-	-
Codelco Chile	Emergency reservoir construction	Finished	-	Asset	P, P & E	2,099	-	2016
Codelco Chile	Reinforcement structure and other critical sectors	Finished	-	Asset	P, P & E	701	-	2016
Codelco Chile	Construction of slag treatment plant	In Progress	1,249	Asset	P, P & E	-	36,543	2018
Codelco Chile	Smelting emissions network	In Progress	5,669	Asset	P, P & E	-	122,859	2019
Codelco Chile	Acid plants	In Progress	6,331	Expenditure	Adm, Expense	14,640	47,562	2017
Codelco Chile	Solid waste	In Progress	780	Expenditure	Adm, Expense	775	2,756	2017
Codelco Chile	Water treatment plant	In Progress	2,323	Expenditure	Adm, Expense	16,183	10,156	2017
Codelco Chile	Tailings	In Progress	6,735	Expenditure	Adm, Expense	3,121	57,099	2017
	Gabriela Mistral		**6,886**			**4,387**	**6,292**	
Codelco Chile	Installation of gravel dump phase IV	In Progress	6,446	Asset	P, P & E	3,708	-	2017
Codelco Chile	Improved automatic disconnection system	Finished	-	Asset	P, P & E	34	-	2016
Codelco Chile	Replacement three tracked tractors	In Progress	3	Asset	P, P & E	-	4,167	2018
Codelco Chile	Replacement wheeldozer	Finished	-	Asset	P, P & E	183	-	2016
Codelco Chile	Stage VI gravel dump facility	In Progress	5	Asset	P, P & E	-	380	2017
Codelco Chile	Environmental monitoring	In Progress	14	Expenditure	Adm, Expense	18	46	2016
Codelco Chile	Solid waste	In Progress	414	Expenditure	Adm, Expense	252	1,582	2016
Codelco Chile	Water treatment plant	In Progress	-	Expenditure	Adm, Expense	192	-	2017
Codelco Chile	Environmental consultancy	In Progress	4	Expenditure	Adm, Expense	-	117	2017
	Ventanas		**10,493**			**11,018**	**78,373**	
Codelco Chile	Capturing of second gases	In Progress	1,221	Asset	P, P & E	1,320	2,798	2016
Codelco Chile	Capturing of racking gases	Finished	-	Asset	P, P & E	1,161	1,179	2016
Codelco Chile	Treatment of gases in line	Finished	-	Asset	P, P & E	1,090	673	2016
Codelco Chile	Eliminating Visible Smokes	In Progress	765	Asset	P, P & E	765	13,140	2017
Codelco Chile	Fugitive gas treatment	In Progress	81	Asset	P, P & E	81	11,847	2017
Codelco Chile	Reparation of exchanger	In Progress	-	Asset	P, P & E	22	32	2017
Codelco Chile	Second gas collection CT	In Progress	95	Asset	P, P & E	-	16,067	2017
Codelco Chile	Fugitive gas treatment CT	In Progress	510	Asset	P, P & E	-	2,621	2017
Codelco Chile	Acid plants	In Progress	5,830	Expenditure	Adm, Expense	4,238	21,028	2017
Codelco Chile	Solid waste	In Progress	448	Expenditure	Adm, Expense	656	1,782	2017
Codelco Chile	Environmental monitoring	In Progress	381	Expenditure	Adm, Expense	349	1,160	2017
Codelco Chile	Water treatment plant	In Progress	1,162	Expenditure	Adm, Expense	1,336	6,047	2017
	Radomiro Tomic		**632**			**674**	**2,767**	
Codelco Chile	Application of monitoring system	In Progress	68	Asset	P, P & E	-	206	2017
Codelco Chile	Solid waste	In Progress	305	Expenditure	Adm, Expense	233	996	2017
Codelco Chile	Environmental monitoring	In Progress	54	Expenditure	Adm, Expense	221	777	2017
Codelco Chile	Water treatment plant	In Progress	205	Expenditure	Adm, Expense	220	788	2017
	Ministro Hales		**745**			**1,080**	**-**	
Codelco Chile	Improving accessibility and integration villas	Finished	-	Asset	P, P & E	706	-	-
Codelco Chile	Solid waste	In Progress	495	Expenditure	Adm, Expense	374	-	-
Codelco Chile	Environmental monitoring	In Progress	162	Expenditure	Adm, Expense	-	-	-
Codelco Chile	Water treatment plant	In Progress	88	Expenditure	Adm, Expense	-	-	-
	Ecometales Limited		**153**			**207**	**411**	
Ecometales Limited	Smelting plant of foundry dust	In Progress	153	Expenditure	Adm, Expense	207	411	2017
Subtotal			**45,228**			**84,951**	**370,309**	
Total			**164,133**			**147,413**	**1,768,555**	

Nelson Pizarro Contador
Chief Executive Officer

Alejandro Rivera Stambuk
Chief Financial Officer

Gonzalo Zamorano Martínez
Accounting and Finance Control Manager

Javier Tapia Avila
Accountant Director

CODELCO – CHILE

Consolidated Financial Statements as of December 31, 2016

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

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EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Building a better working world

Independent Auditor's Report
(Translation of the original report issued in Spanish)

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

We have audited the accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015 and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Corporación Nacional del Cobre de Chile and its subsidiaries as of December 31, 2016 and 2015, and the results of its operations, and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Oscar Gálvez R.

EY Audit SpA.

Santiago, March 30, 2017

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2016 and 2015

(In thousands of US dollars - ThUS$)

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

	Notes	12/31/2016	12/31/2015
Assets			
Current Assets			
Cash and cash equivalents	1	576,726	1,747,718
Other financial assets	12	9,861	10,202
Other non-financial assets		28,638	34,611
Trade and other receivables	2	2,254,731	1,876,863
Accounts receivable due from related companies	3	13,669	21,057
Inventory	4	1,800,270	2,097,026
Tax assets	6	12,009	270,412
Total current assets		**4,695,904**	**6,057,888**
Non-current assets			
Inventories	4	337,411	185,470
Other financial assets	12	70,585	36,291
Other non-financial assets	11	14,317	27,908
Tax assets		233,886	-
Receivables	2	95,316	85,069
Accounts receivable due from related companies	3	21,713	224
Investment accounted for under the equity method	8	3,753,974	4,091,817
Intangible assets other than goodwill	9	196,897	186,082
Property, plant and equipment, net	7	23,977,261	22,628,311
Investment property		5,377	5,854
Total non-current assets		**28,706,737**	**27,247,026**
Total Assets		**33,402,641**	**33,304,915**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2016 and 2015

(In thousands of US dollars - ThUS$)

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

	Notes	12/31/2016	12/31/2015
Liabilities and Equity			
Liabilities			
Current liabilities			
Other financial liabilities	13	352,610	1,166,210
Trade and other payables	16	1,208,126	1,306,715
Accounts payable to related companies	3	103,894	163,366
Other provisions	17	290,002	522,695
Tax liabilities	6	15,068	16,253
Current employee benefit accruals	17	439,585	446,212
Other non-financial liabilities		58,654	100,738
Total current liabilities		**2,467,939**	**3,722,188**
Non-current liabilities			
Other financial liabilities	13	14,931,469	14,026,931
Other liabilities		62,651	-
Accounts payable to related companies	3	-	157,049
Other provisions and accrued expenses	17	1,592,612	1,176,187
Deferred tax liabilities	5	3,143,939	3,257,605
Employee benefit accruals	17	1,308,871	1,228,227
Other non-financial liabilities		4,751	3,907
Total non-current liabilities		**21,044,293**	**19,849,906**
Total liabilities		**23,512,232**	**23,572,094**
Equity			
Issued capital		3,624,423	3,124,423
Retained earnings		(30,072)	33,623
Other reserves	19	5,317,392	5,531,920
Equity attributable to owners of the parent		**8,911,743**	**8,689,966**
Non-controlling interests	19	978,666	1,042,855
Total equity		**9,890,409**	**9,732,821**
Total liabilities and equity		**33,402,641**	**33,304,915**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the periods ended as of December 31, 2016 and 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2016 12/31/2016	1/1/2015 12/31/2015
Revenue	20	11,536,751	11,693,492
Cost of sales		(9,449,668)	(9,916,805)
Gross profit		**2,087,083**	**1,776,687**
Other Income, by function	23.a	138,474	152,889
Distribution costs		(11,891)	(12,435)
Administrative expenses		(415,395)	(363,494)
Other expenses	23.b	(1,324,149)	(2,086,728)
Other gains		29,400	20,885
Profit from operating activities		**503,522**	**(512,196)**
Finance income		23,402	17,198
Finance costs	24	(547,347)	(524,847)
Share of loss of associates and joint ventures accounted for under the equity method	8	(177,358)	(2,501,652)
Foreign exchange differences	26	(232,895)	465,320
Loss for the period before tax		**(430,676)**	**(3,056,177)**
Income tax expense	5	97,096	728,398
Loss for the period		**(333,580)**	**(2,327,779)**
Loss attributable to owners of the parent		(275,418)	(1,492,216)
Loss attributable to non-controlling interests	19.b	(58,162)	(835,563)
Loss for the period		**(333,580)**	**(2,327,779)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continuation)
For the periods ended as of December 31, 2016 and 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2016 12/31/2016	1/1/2015 12/31/2015
Loss for the period		(333,580)	(2,327,779)
Components of other comprehensive income (loss), before tax:			
Exchange differences on translation of foreign operations			
Gain (loss) on exchange differences on translation of foreign operations, before tax		2,367	(7,211)
Other comprehensive income (loss), before tax, exchange differences on translation of foreign operations		2,367	(7,211)
Cash flow hedges			
Gain (Loss) on cash flow hedges, before tax (which will be reclassified to the results of the period)		51,722	(8,664)
Other comprehensive gain (loss), before tax, cash flow hedges		51,722	(8,664)
Other comprehensive loss, before tax, losses for defined benefit plans (which will not be reclassified to the results of the period)		(66,925)	(79,167)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax (which will be reclassified to the results of the period)		936	(8,550)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax (which will not be reclassified to the results of the period)		219	(1,082)
Other comprehensive loss, before tax		(11,681)	(104,674)
Income tax related to other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income (which will be reclassified to the results of the period)	5	(32,831)	5,557
Income (loss) tax relating to defined benefit plans of other comprehensive income (which will not be reclassified to the results of the period)		46,178	53,438
Aggregated income tax related to components of other comprehensive income		13,347	58,995
Other comprehensive loss		**1,666**	**(45,679)**
Other comprehensive gain (loss), net, re-classified to profit or loss in subsequent periods		22,194	(18,868)
Other comprehensive loss, net, not re-classified to profit or loss in subsequent periods		(20,528)	(26,811)
Total comprehensive loss		**(331,914)**	**(2,373,458)**
Comprehensive loss attributable to:			
Comprehensive loss attributable to owners of the parent		(273,752)	(1,537,895)
Comprehensive (loss) income attributable to non-controlling interests	19.b	(58,162)	(835,563)
Total comprehensive loss		**(331,914)**	**(2,373,458)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the periods ended as of December 31, 2016 and 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2016 12/31/2016	1/1/2015 12/31/2015
Cash flows provided by (used in) operating activities:			
Cash receipts provided by operating activities			
Cash flows provided by sales of goods and rendering of services		11,255,159	12,134,350
Other cash flows provided by operating activities	27	1,636,941	1,775,106
Payments to suppliers for goods and services		(7,380,391)	(6,829,745)
Payments to and on behalf of employees		(1,664,512)	(1,672,219)
Other cash flows used in operating activities	27	(2,014,134)	(1,975,383)
Dividends received		78,297	211,142
Income taxes paid		(25,051)	(247,888)
Net cash flows provided by operating activities		1,886,309	3,395,363
Cash flows provided by (used in) investing activities:			
Other payments to acquire equity or debt instruments of other entities		(46,926)	(65,511)
Purchases of property, plant and equipment		(3,014,856)	(4,260,783)
Interest received		11,797	8,328
Other inflows (outflows) of cash		52,970	35,564
Net cash flows used in investing activities		(2,997,015)	(4,282,402)
Cash flows provided by (used in) financing activities:			
Total amounts from loans		884,472	2,331,000
Dividends paid		(851,904)	(1,042,821)
Interest paid		(588,283)	(550,536)
Capital contribution		500,000	600,000
Other cash inflows		1,190	-
Net cash flows (used in) provided by financing activities		(54,525)	1,337,643
Net (decrease) increase in cash and cash equivalents before foreign exchange difference		(1,165,231)	450,604
Effect of exchange rate changes		(5,761)	(13,503)
Net (decrease) increase in cash and cash equivalents		(1,170,992)	437,102
Cash and cash equivalents at the beginning of period	1	1,747,718	1,310,616
Cash and cash equivalents at the end of period	1	576,726	1,747,718

The accompanying notes form an integral part of these Consolidated Financial Statements.

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

For the periods ended as of December 31, 2016 and 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I

December 31, 2016	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial losses in defined benefits plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Retained earnings	
Balance as of 1/1/2016	3,124,423	(12,974)	(6,549)	(246,424)	5,797,867	5,531,920	33,623	
Changes in equity								
Loss for the period							(275,418)	
Other comprehensive income (loss)		2,367	18,891	(20,747)	1,155	1,666		
Comprehensive income								
Dividends							-	
Capital Increases	500,000	-	-	-	-	-	-	
(Decrease) increase through transfers and other changes	-	-	-	-	(216,194)	(216,194)	211,723	
Total increase (decrease) in equity	500,000	2,367	18,891	(20,747)	(215,039)	(214,528)	(63.695)	
Balance as of 12/31/2016	3,624,423	(10,607)	12,342	(267,171)	5,582,828	5,317,392	(30,072)	

The accompanying notes form an integral part of these Consolidated Financial Statements.

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

For the periods ended as of December 31, 2016 and 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note

December 31, 2015	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial losses in defined benefits plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Retained earnings
Balance as of 1/1/2015	2,524,423	(5,763)	(3,442)	(220,695)	5,573,697	5,343,797	1,793,557
Changes in equity							
Loss for the period							(1,492,216)
Other comprehensive income (loss)		(7,211)	(3,107)	(25,729)	(9,632)	(45,679)	
Comprehensive income							
Dividends							-
Capital Increases	600,000	-	-	-	-	-	-
Increase (decrease) through transfers and other changes	-	-	-	-	233,802	233,802	(267,718)
Total increase (decrease) in equity	600,000	(7,211)	(3,107)	(25,729)	224,170	188,123	(1.759.934)
Balance as of 12/31/2015	**3,124,423**	**(12,974)**	**(6,549)**	**(246,424)**	**5,797,867**	**5,531,920**	**33,623**

The accompanying notes form an integral part of these Consolidated Financial Statements.

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile (hereinafter referred to as "Codelco", "Codelco - Chile"), is the largest copper producer in the world. Codelco and its subsidiaries' (hereinafter collectively referred to as the "Corporation") 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. The Corporation also manufactures wire rods in Germany, a semi-manufactured product that uses copper cathodes as raw material, through an associated company (discussed in Note 8).

The Corporation trades its products based on a policy with the objective of selling 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 is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the "SVS") and is subject to the supervision of said SVS. According to Article 10 of Law No. 20.392 (on the new Corporate Governance of Codelco), such supervision will 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, telephone number (56-2) 26903000.

Codelco Chile was incorporated under the statutory decree of the Corporation, D.L. No. 1.350 of 1976. In accordance with the statutory decree, Codelco is a state-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 statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the

provisions of these rules, the rules that govern 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 a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's 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 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 correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III of Note 8.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's Consolidated Financial Statements are presented in thousands of US dollars and have been prepared based on the accounting records kept by the Corporation and its subsidiaries and in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (hereinafter "IASB").

The Corporation's Consolidated Financial Statements as of December 31, 2015 and the Consolidated Income Statement of Comprehensive Income, Cash Flows and Changes in Equity for the period ended December 31, 2015 have been prepared in accordance to the instructions of the Superintendence of Securities and Insurance (SVS), which are consistent with IFRS, except for the provisions in the circulated report No.856 issue by the SVS on October 17, 2014, which instructed listed entities to record the effect of the change in the first category tax rate introduced by the Law 20.780, on the calculation of deferred income tax assets or liabilities in equity as opposed to profit and loss of the period as prescribed by IAS 2, Income Taxes. Starting January 1st, 2016, the Corporation has resumed preparing financial statements in accordance with IFRS, as such, it has restated its financial statements retrospectively as if it had never stopped producing IFRS financial statements and opted not to apply IFRSs as a first-time adopter.

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these Consolidated Financial Statements and expressly states its responsibility for the consistent and reliable nature of the information included in aforementioned financial statements as of December 31, 2016, for the effects of which the instructions from SVS have been applied and fully prescribe the IFRS principles issued by the IASB. These consolidated financial statements as of December 31, 2016 were approved by the Board of Directors in a meeting held on March 30, 2017.

Accounting Principles

These Consolidated Financial Statements reflect the financial position of Codelco Chile and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations, changes in equity and cash flows for the periods ended December 31, 2016 and 2015, and their related notes, all prepared in accordance with IAS 1 "Presentation of the Financial Statements", 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 Consolidated Financial Statements and their accompanying notes have been translated from Spanish to English.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements in accordance with IFRS as issued by the IASB, requires the Corporation's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the 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). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined 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 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 conservative judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. In addition, these changes would lead to modifications in the usage of estimates related to charges for depreciation and amortization, calculation of stripping adjustments, determination of impairment charges, expected future disbursements related to decommissioning, restoration.

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 the Chilean 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.

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 the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is lower than their carrying amount, an impairment loss exists.

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, could impact the carrying amounts of the corresponding assets.

Estimates of factors 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.

The review for impairment includes subsidiaries, associates and joint arrangements.

d) Provisions for decommissioning and site restoration costs - The Corporation is obligated 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.

For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubing 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 must be made, as well as a discount rate used to discount the estimated cash flows, 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 recorded as of a reporting date represent management's best estimate of the present value of the future decommissioning and site restoration costs. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 "Property, Plant and Equipment". Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is adjusted to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36 "Impairment of Assets". If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. 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 at their net present value. These decommissioning costs are charged to net income over the life of the mine, through the depreciation of the corresponding asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

e) Accrual for employee benefits - Employee benefits costs for 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 charged to profit or loss on an accrual basis.

The Corporation uses assumptions and best estimates to determine the future obligation related to these benefits. Such estimates, as well as assumptions, are determined through external actuarial calculations. These assumptions include demographic assumptions, mortality and morbidity rates, discount rate and expected salary increases and rotation levels, among other factors. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

f) Provisional Pricing Arrangements - 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 Note 2 r).

g) Fair Value of Derivatives and Other 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 consolidated financial statements, it is possible that new developments could lead the Corporation to modify these estimates in the future. Such modifications, if occurred, 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 consolidated financial statements of Corporación Nacional del Cobre de Chile include:

- Statements of Financial Position as of December 31, 2016 and 2015
- Statements of Comprehensive Income for the year ended December 31, 2016 and 2015.
- Statements of Changes in Equity for the year ended December 31, 2016 and 2015.
- Statements of Cash Flows for the year ended December 31, 2016 and 2015.

b) Basis of preparation - The consolidated financial statements of the Corporation for the period ended as of December 31, 2016 have been prepared in accordance with the instructions from the SVS which are consistent with IFRS, as issued by the IASB.

The Consolidated Statement of Financial Position as of December 31, 2015, and the Consolidated Statements of Comprehensive Income, net equity and of cash flows for the period ended December 31, 2015, 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 period ended December 31, 2016.

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

c) Functional Currency - The functional currency of the Corporation is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it earns 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, as established in IAS 21 "The Effects of Changes in Foreign Exchange Rates". However, for those subsidiaries and associates that represent an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco); the functional currency is also the US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not clear, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

The Corporation recognizes the foreign exchange differences related to the consolidation of subsidiaries which functional currency is different than US dollar in the statement of other comprehensive income in line item "Foreign currency conversion reserve".

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the functional currency of the Corporation, are translated using the following procedures:

- Assets and liabilities are translated using the exchange rate at the date of the statement of financial position.

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

- All resulting exchange differences are recognized as a separate component of comprehensive income in equity.

The exchange rates used in each period are as follows:

Relation	Exchange rates	
	12/31/2016	12/31/2015
US$ / CLP	0.00149	0.00141
US$ / GBP	1.23396	1.48280
US$ / BRL	0.30744	0.25109
US$ / EUR	1.05396	1.09075

d) Basis of consolidation - The consolidated financial statements include the financial statements of Codelco and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which usually the Corporation obtains control, and continue to be consolidated until the date such control ceases.

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

All significant balances and transactions between the consolidated companies are eliminated, and the equity share of non-controlling interests has been recognized and presented in the line “Non-controlling Interests”. The companies included in the consolidation are as follows:

Taxpayer Number	Company	*Country*	Currency	12/31/2016 % Participation			12/31/2015 % Participation
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	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	US$	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	-
Foreign	Ecometales Limited	Anglonormandars	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	99.90
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
96.854.500-0	Instituto de Innovación en Minería y Metalurgia S.A.	Chile	US$	-	-	-	100.00
96.876.140-4	Santiago de Rio Grande S.A.	Chile	US$	-	-	-	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	US$	-	91.32	91.32	85.03
96.991.180-9	Codelco Tec SpA (Ex -Biosigma S.A.)	Chile	US$	99.91	0.09	100.00	66.67
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
76.883.610-8	Energía Minera S.A.	Chile	US$	-	-	-	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	Inst. 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

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 power to govern its operating and financial decisions in order to obtain benefits from its activities in accordance with the provisions of IFRS 10, Consolidation. The 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. For partially owned subsidiaries, the net assets and net earnings

attributable to non-controlling shareholders are presented as "Non-controlling interests" in the consolidated statements of financial position and consolidated statement of income.

- **Associates -** An associate is an entity over which the Corporation exercises significant influence, but not to control or jointly control, through the power to participate in the financial and operating decisions of that entity.

  Codelco's interest ownership in such entities is recorded in the consolidated financial statements under the equity method. Under this method, the initial investment is recorded at cost. The carrying amount of the investment is adjusted to recognize changes in the Corporation's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

  The statement of profit or loss reflects Corporation's share of the results of operations of the associate.

- **Acquisitions and Disposals -** The results of businesses acquired are incorporated in the consolidated financial statements from the date when the control is obtained; the results of businesses sold during the period are included into the consolidated financial statements up to the effective date of disposal. Gain or loss 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 the Corporation loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

  If at the acquisition date of an investment in an associate, the purchase price paid by the Corporation is lower than the fair value of the net identified assets and liabilities, the Corporation records a gain for the difference.

- **Joint Ventures -** The entities that qualify as joint ventures in which joint control exists are accounted using the equity method, consistent with the accounting method applied in associates as explained above.

e) Foreign currency transactions - Monetary assets and liabilities denominated in a currency other that the functional currency, have been translated into U.S. dollars at the closing exchange rate of the period.

Monetary assets and liabilities denominated in currency other than the functional currency, indexed in Unidades de Fomento (UF or inflation index-linked units of account) (12/31/2016: US$39.36; 12/31/2015: US$36.09), are expressed in U.S. dollars at the

closing exchange rates of the period. Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the transaction date.

f) Offsetting Balances and Transactions: In general, assets and liabilities, income and expenses, are not offset in the financial statements, except in cases in which there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

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 pay the liabilities simultaneously, are stated net in the statement of income.

g) Property, plant and equipment and depreciation - Property, plant and equipment items are initially recorded at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

Costs of modernization or improvements resulting in an increase in productivity, capacity or efficiency or an increase in the useful life of the assets are capitalized.

Furthermore, this caption includes acquired assets under finance lease contracts. These assets are not legally owned by the Corporation until the corresponding purchase option is exercised.

Until fiscal year 2013 property, plant and equipment was depreciated using the straight line method over the assets' respective estimated useful lives. 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 related to the production process. This change was applied prospectively. Other assets are depreciated using the straight-line method.

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

Items	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 of the mine 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 teams	Units of production
Intangibles - Software	Straight-line over 8 years
Open pit and underground mine development	Units of production, or life of mine

The assets under finance leases are depreciated during the term of the lease contract or over their estimated useful life, whichever is shorter.

Estimated useful lives, residual values and the depreciation method are reviewed at year end, and any change in estimates is recorded prospectively.

Additionally, depreciation criteria and estimated useful lives of the various 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 can happen at any time if the conditions of ore reserves change significantly as a result of new known information, confirmed and officially recognized by the Corporation.

The profit or loss from disposal of an asset is the difference between the net proceeds received upon disposal and the carrying value of the asset.

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. Upon this moment such assets are subject to depreciation.

The mining rights owned by the Corporation are recorded in the accounting records at US$1 (one US dollar).

Notwithstanding the above, rights over reserves and resources acquired as part of business combinations is recorded at fair value less any accumulated impairment losses. Subsequently such value is decreased by the use or consumption of such reserves.

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 property, plant and equipment.

h) **Intangible assets -** Intangible assets acquired separately are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over their estimated economic useful life and assessed for impairment once a year or whenever there is an indication that the intangible assets might be impaired. Intangible assets with indefinite lives are not amortized, but tested for impairment.

The main intangible asset of the Corporation is Expenses for Research and Technological Development and Innovation. 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 of the period in which were incurred.

i) **Impairment of property, plant and equipment and intangible assets -** Property, plant and equipment and intangible assets with finite useful life are reviewed for impairment, in order to assess whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets with indefinite useful lives, the impairment testing is performed annually at year end.

If the asset does not generate cash flows which are independent from other assets, the Corporation determines the recoverable amount of the CGU which the asset belongs to.

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted 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 (reserves) considering the Life of Mine ("LOM") based on a model of discounted cash flow. For resources and potential resources to exploit the Corporation uses the measurement of fair value by applying a market model of multiples for comparable transactions.

If the recoverable value of an asset or CGU is estimated to be lower than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, such reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss as a reduction of depreciation expense for the year.

The CGU future cash flow estimates are based on the estimates of future production forecasts, future prices of basic products and future production costs. IAS 36 "Impairment of Assets" includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future cost efficiencies. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

j) Exploration for and evaluation of mineral resources, mine development and mining operations costs and expenses - The Corporation has defined an accounting policy for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income during the year when incurred.

Exploration and evaluations costs such as: drillings of deposits, include the expenses necessary to locate new mineralized areas and engineering studies to determine their potential for commercial exploitation are recorded in profit or loss, normally until the feasibility is realized.

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 recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

k) Deferred stripping - Costs that arise by removing mine waste materials (overburden) in open pits that are in production, incurred in order to access to mineral deposits, are recognized in property, plant and equipment, provided they meet the following criteria set out in International Financial Reporting Interpretations the Committee ("IFRIC") 20 "Stripping Costs in the Production Phase of a Surface Mine":

- 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 using to the units of production method based on the estimated quantity of mineral that will be 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 record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2.398, as well as the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events which generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates and joint ventures, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

The tax reform, established by the Law No. 20.780, implied a change in the rates for the determination of the income tax, whose effect has a prospective impact in the Statements of Financial Position. The detail of the effect of the tax reform is described in note 5 Deferred taxes and income tax.

m) Inventory - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Inventory comprises of materials, products in process and finished products. Costs have been determined according to the following methods:

- Finished products and products in process: This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of property, plant and equipment, the amortization of intangible assets and the indirect expenses of each period. The inventories of work in process are classified in current and non-current inventories, according to the normal cycle of operation.

- Materials in warehouse: This inventory is stated at acquisition cost, and the Corporation determines an allowance for obsolescence related to slow moving materials in the warehouse.

- Materials in transit: This inventory is stated at acquisition cost (costs incurred) at period-end date. Any difference, between net realizable value of the inventory and its carrying amount, is recognized in income.

n) Dividends – The Corporation has an obligation to pay dividends on its net revenue as determined in Article 6 of D.L. 1.350. The dividends are accrued at year end.

o) Employee benefits - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided**.**

The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit 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 benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid according to a fixed percentage of the monthly assessable salary of the employees covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, expected increases in salaries and future permanence, 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 means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

p) Provisions for dismantling and restoration costs - A legal or constructive obligation arises when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are annually reviewed.

The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs arises. The Corporation recognizes the liability concurrently with an asset that represent the costs required to perform the dismantling and restoration activities.

Changes in the estimated timing of dismantling and restoration costs or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place.

The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed.

Interest accrued on the liability is recorded in finance costs.

q) Leases - (Codelco as a lessee) Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired and liabilities assumed under finance leases are recognized as assets and concurrently as liabilities at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

Under the provisions of IFRIC 4 titled "Determining whether an Arrangement Contains a Lease", an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All "take-or-pay" contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of existence of an embedded lease.

r) Revenue recognition - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the London Metals Exchange ("LME"). In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue". The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices on the LME up to the date of final settlement. The period between provisional

invoicing and final settlement can be between one and nine months. Changes in fair value over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Exposure to the price movements from delivery/shipment date to final payment date is treated as an embedded derivative. The price adjustment feature is closely related to the contract to supply a commodity.

Sales in the national market are recorded 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 the sales price for the internal market.

As indicated in Note 2 s) below the Corporation enters into operations in the market of metal derivatives. The net results of these contracts are added to or discounted from revenues.

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

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

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently adjusted at fair value at each reporting date.

The Corporation from time to time hedges certain future copper delivery commitments and production in order to manage the risks associated with copper price volatility. The Corporation uses hedge accounting for all the embedded derivatives whereby the quotation period is different from its Commercial policy of LME plus 1 month.

The Corporation has hedged a portion of its exchange rate and interest rate exposure by entering into forward exchange contracts to hedge against fluctuations in the UF to U.S. dollar exchange rate for its outstanding UF denominated bonds.

The effective part of the changes in fair value of the derivatives that are designated as “effective cash flow hedges”, is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in the statements of comprehensive income on lines “Finance expenses” or “Finance income” depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying item attributable to the hedged risk, are offset with the changes in the fair

value or in the cash flows of the hedge instruments, with effectiveness between ranges of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- ***Hedging policies for exchange rates:*** From time to time, the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are recognized assets or liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

  The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- ***Hedging policies in the market of metal derivatives:*** In accordance with the policies approved by the Board of Directors, the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

  The hedging policies seek to protect expected cash flows from the sale of products by fixing the 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, income from sales and derivative operations is offset.

  At each reporting date, these derivative contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

  Hedging operations carried out by the Corporation are not of a speculative nature.

- ***Embedded derivative:*** 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 recorded separately.

The procedure consists of an initial characterization of each contract that allows for distinguishing among those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

t) Financial information by segment - For the purposes of IFRS 8, "Operating Segments", segments are defined as Codelco's Divisions. The mining deposits in operation, where the Corporation conducts its production processes in the extractive and processing area, are managed by its Chuquicamata, Radomiro Tomic, Minister Hales, Gabriela Mistral, Salvador, Andina and El Teniente divisions. To these divisions Ventanas is added, which operates only in the smelting and refining area. These divisions have a separate operational management, which report to the Executive Presidency, through the Vice Presidents of Operations North and South Central, respectively. Income and expenses of the Head Office are distributed in the defined segments.

u) Presentation of Financial Statements - For the purposes of IAS 1 "Presentation of the Financial Statements", the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.

In the Statements of Other Comprehensive Income (loss) the effects recorded in relation to cash flow hedges and share of associates and joint ventures accounted under equity method will be recorded against the statement of Other Comprehensive income, while the actuarial gains (losses) will not be reclassified in the future periods.

v) Current and non-current financial assets - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

- ***Financial assets at fair value through profit or loss*:** This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.
- ***Loans granted and accounts receivable*:** These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued

interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is recognized 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 loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

Accounts receivable are not considered recoverable when events such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement are identified.

w) Financial liabilities - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method**.**

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 when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

x) Allowance for doubtful accounts – The Corporation records an allowance for doubtful accounts after 6 months have passed from the pre-judicial notification, initiating a judicial collection. Write-offs of uncollected receivables is recorded when the Corporation has exhausted all means of collection and in the following cases:

a. debtor is declared in bankrupt,
b. absence of debtor's goods and/or
c. the cost of the demand is 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 by direct method - Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

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

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short-term deposits and other highly liquid short-term investments with an original maturity of three months or less that are not subject to significant changes in value. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.

- **Investing activities:** These correspond to acquisition or sales activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.

- **Financing activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.

z) Law No. 13.196 – Law 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 discounts 10% on the amounts that Codelco transferred to its Chilean account. The amount for this concept is presented in the statement of comprehensive income in the item other expenses (see Note 23.b).

aa) Cost of sales - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with 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 standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Corporation for the year ended December 31, 2015.

4. New accounting pronouncements

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not 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 Clients	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.

Amendments to IFRS	Date of mandatory application	Summary
IFRS 10 – Consolidated Financial Statements IAS 28 – Investments in Associates with Joint Ventures	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 located in a subsidiary).
IAS 12 – Income Taxes	Annual periods beginning on or after January 1, 2017	Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
IFRS 2 – Share-based Payment	Annual periods beginning on or after January 1, 2018	Presents modifications related to the classification and valuation of share-based payment transactions.
IAS 40 – Investment Property	Annual periods beginning on or after January 1, 2018	Clarifies the requirements to the treatment of investment property transfers.

IAS, International Accounting Standard, IFRS, International Financial Reporting Standard, IFRIC, International Financial Reporting Interpretations Committee.

Management believes that these standards, amendments and interpretations described above, shall be adopted in the consolidated financial statements of the Corporation in the respective years indicated. Codelco is still evaluating the impact that could be generated from such rules and changes.

III. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are as follows:

Item	12/31/2016 ThUS$	12/31/2015 ThUS$
Cash on hand	6,740	4,132
Bank balances	44,025	682,348
Time deposits	501,278	1,047,641
Mutual Funds – Money Market	1,497	-
Resale agreements	23,186	13,597
Total Cash and cash equivalents	**576,726**	**1,747,718**

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

The Corporation does not have restricted cash and cash equivalents.

2. Trade and other receivables

a) Provisional Pricing Arrangements

As mentioned above, the Corporation adjusts its revenues and corresponding trade accounts receivable balance, based on future copper prices until the shipment arrives to destination.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in "Current Assets", decreasing the amounts owed by these customers.

- Customers that do not have debt balances with the Corporation are presented in the item "Trade and other payables under Current Liabilities".

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

Based on the above-mentioned, trade receivables as of December 31, 2016, include an a positive adjustment of ThUS$95,971 for provisional pricing arrangements. As of December 31, 2015, a negative adjustment to trade receivables was recorded in the amount of ThUS$66,977.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, net of the allowance for doubtful accounts:

Items	Current		Non-Current	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
	ThUS$	ThUS$	ThUS$	ThUS$
Trade receivables (1)	1,549,882	1,200,388	524	850
Allowance for doubtful accounts (3)	(2,238)	(2,470)	-	-
Subtotal trade receivables, net	**1,547,644**	**1,197,918**	**524**	**850**
Other receivables (2)	713,884	684,976	94,792	84,219
Allowance for doubtful accounts (3)	(6,797)	(6,031)	-	-
Subtotal other receivables, net	**707,087**	**678,945**	**94,792**	**84,219**
Total	**2,254,731**	**1,876,863**	**95,316**	**85,069**

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

(2) Other receivables includes receivable from:

- The Corporation's personnel, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
- Claims from insurance companies.
- Liquidations to the Central Bank as per Law 13.196 (please refer to Note 2.z).
- Advance payments to suppliers and contractors.
- Accounts receivable for toll services (Ventanas' Smelter).
- Tax credit export VAT remains susceptible to refund and other taxes receivable in the amount of ThUS$141,885 and ThUS$137,653 at December 31, 2016 and December 31, 2015, respectively.

(3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and their aging.

The movement of the allowance for doubtful accounts in the periods ended December 31, 2016 and 2015 was as follows:

Items	12/31/2016	12/31/2015
	ThUS$	ThUS$
Opening balance	**8,501**	**7,524**
Increases	1,497	1,464
Write-offs/applications	(963)	(487)
Movement, subtotal	**534**	**977**
Final balance	**9,035**	**8,501**

Past due receivables for which an allowance for doubtful accounts has not been recorded are as follows:

Maturity	12/31/2016 ThUS$	12/31/2015 ThUS$
Less than 90 days	13,232	29,780
Between 90 days and 1 year	1,505	20,958
More than 1 year	14,551	9,150
Total past-due with no allowance for doubtful accounts[1]	**29,288**	**59,888**

3. Balance and related party disclosures

a) Operations related to third parties

According to the New Corporate Governance Law, Codelco's Board Members entered into transactions with related parties, as described in Title XVI of the Corporations law (regarding transactions with related parties in publically traded companies and their affiliates).

Notwithstanding the foregoing, pursuant to the provisions of the final paragraph of Article 147 b) of Title XVI, which contains emergency regulations regarding the approval process for related party transactions, the Corporation established a general policy of regularity (reported to the SVS as material fact), which establishes common transactions that are ordinarily made with its related parties within their line of business, contribute to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with individuals and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), the latest version of which is currently in force, was approved by the Executive President and the Board.

Codelco, without the authorization indicated in NCC No. 18 and of the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as

[1] The Corporation has not recorded an allowance for doubtful accounts as it has guarantees from the clients. Such amounts are subject to confirmations between Codelco and the clients and represent the quotation period adjustments of up to LME +M6.

well as remove related job responsibilities from any member within these positions who may be involved.

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

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each one of the contracts.

Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2016 12/31/2016	1/1/2015 12/31/2015
					Amount ThUS$	Amount ThUS$
Ecometales Limited agencia en Chile.	59.087.530-9	Chile	Affiliate	Services	-	20
Fundación Orquesta Sinfónica Infantil de los Andes.	65.018.784-9	Chile	Founder	Services	-	561
Centro de Capacitación y Recreación Radomiro Tomic.	75.985.550-7	Chile	Other related companies	Services	-	137
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Purchases of goods	-	700,000
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Commercial current account	85,000	-
Kairos Mining S.A.	76.781.030-K	Chile	Other related companies	Services	-	14,800
Biosigma S.A.	96.991.180-9	Chile	Affiliate	Services	-	15,296
OOPrestaciones de Servicios de la Salud Intersalud Ltda.	77.270.020-2	Chile	Affiliate	Services	5,739	-
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	-	2,069
Anglo American Sur S.A.	77.762.940-9	Chile	Associate	Services	1	-
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	46,339	41,007
Institución de Salud Previsional Chuquicamata Ltda.	79.566.720-2	Chile	Affiliate	Services	1,133	-
Clinica San Lorenzo Ltda.	88.497.100-4	Chile	Affiliate	Services	1,849	-
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Affiliate	Services	-	44,795
Sociedad Contractual Minera El Abra.	96.701.340-4	Chile	Associate	Supplies	-	1,188
Instituto de Innovación en Minería y Metalúrgica S.A.	96.854.500-0	Chile	Affiliate	Services	-	48,000
S y S Ingenieros Consultores Ltda.	84.146.100-2	Chile	Employee's relative	Services	8	-
Clínica Río Blanco S.A.	99.573.600-4	Chile	Affiliate	Services	2,569	-
Finning Chile S.A.	91.489.000-4	Chile	Employee's relative	Supplies	5,134	88,047
Exploraciones Mineras Andinas S.A.	99.569.520-0	Chile	Affiliate	Services	-	170,000
Complejo Portuario Mejillones S.A.	96.819.040-7	Chile	Affiliate	Services	-	6,000
Fundación Educacional el Salvador	73.435.300-0	Chile	Founder	Services	24	32
Fundación Sewell	65.493.830-K	Chile	Founder	Services	5	-
Femont y cía. Ltda.	77.395.540-9	Chile	Employee's relative	Supplies	-	725
Arcadis Chile S.A.	89.371.200-3	Chile	Employee's relative	Services	2,325	1,441
RSA Seguros Chile S.A.	99.017.000-2	Chile	Employee's relative	Services	-	24,100
Sonda S.A.	83.628.100-4	Chile	Employee's relative	Services	152	156
Ingeniería de Protección S.A.	89.722.200-0	Chile	Employee's relative	Supplies	-	135
Xtreme Mining Ltda.	96.953.700-1	Chile	Employee's relative	Supplies	5	46
SGS Chile Limitada, Sociedad de Control	80.914.400-3	Chile	Employee's relative	Services	2,251	1,099
Club de Ski Chapa Verde	71.275.900-3	Chile	Employee's relative	Services	-	48
Esinel Ingenieros S.A.	76.477.780-8	Chile	Employee's relative	Services	-	15
Maestranza Acosta y Cía. Ltda.	76.813.840-0	Chile	Employee's relative	Supplies	22	7
Komatsu Chile S.A.	96.843.130-7	Chile	Employee's relative	Services	194,249	105,917
Cuatro C Consultores en Ingeniería Civil Limitada	79.693.340-4	Chile	Employee's relative	Services	-	27
SGS Minerals Ltda.	96.671.880-3	Chile	Employee's relative	Services	255	1,432
Soc. S y S Ingeniería Ltda.	79.592.060-9	Chile	Employee's relative	Services	-	100
Transelec S.A.	76.555.400-4	Chile	Member of the Board	Services	-	1,856
Representaciones Comerciales Ltda.	78.841.100-6	Chile	Employee's relative	Services	-	4
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	-
Nueva Ancor Tecmin S.A.	76.411.929-0	Chile	Employee's relative	Supplies	169	-

Sodimac S.A.	96.792.430-K	Chile	Employee's relative	Supplies	575	-
Industrial y Comercial Artimatemb Ltda.	76.108.720-7	Chile	Employee's relative	Services	19	-
Centro de Especialidades Médicas San Lorenzo Ltda.	76.124.156-7	Chile	Affiliate	Services	622	-
Kaefer Buildteck SpA	76.105.206-3	Chile	Employee's relative	Services	8,080	-

b) Key Personnel of the Corporation

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

During the periods ended December 31, 2016 and 2015, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2016 12/31/2016	1/1/2015 12/31/2015
					Amount ThUS$	Amount ThUS$
Augusto González Aguirre	6.826.386-7	Chile	Director	Director´s fees	-	33
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	-	53
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director´s fees	114	108
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Director´s fees	91	93
Gerardo Jofré Miranda	5.672.444-3	Chile	Director	Director´s fees	91	93
Isidoro Palma Penco	4.754.025-9	Chile	Director	Director´s fees	91	60
Juan Morales Jaramillo	5.078.923-3	Chile	Director	Director´s fees	91	60
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Director´s fees	91	93
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director´s fees	-	-
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director´s fees	-	41
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the Board	Director´s fees	137	140
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director´s fees	91	93
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	44	36

(1) During the periods between January 1, 2015 and May 11, 2015 and January 1, 2014 and December 31, 2014, the Company did not issue any payment of wages to Mr. Marcos Büchi Buc, stemming from his participation (and until the end of his period) as a Director of the Corporation, as he has expressly and irrevocably waived such payments, in addition to any collection of wages present or future in relation to his participation.

Through Supreme Decree of the Ministry of Finance No. 36, dated January 28, 2016, it was established that the payroll of Directors of the Corporation will be fixed for two years since March 1, 2016, in accordance with the current austerity policies. This document details the calculation method of such remunerations, as per the following:

a. The monthly salary of the Directors of Codelco for participating in Board meetings was fixed in the amount of Ch$3,835,860 - (three million eight hundred and thirty five thousand, eight hundred and sixty Chilean pesos). It is required the assistance to one session per calendar month at least.

b. A monthly salary of Ch$7,671,720 - (seven million six hundred and seventy one thousand, seven hundred and twenty Chilean pesos) is established for the Chairman of the Board.

c. Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of Law No. 18.046 or another established by the by-laws of the Corporation, receive a single additional monthly amount of Ch$1,278,619 - (one million two hundred and seventy eight thousand, six hundred and nineteen Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch$2,557,240 - (two million five hundred fifty seven thousand, two hundred and forty Chilean pesos).

d. The established salaries are in effect for a period of two years, as of March 1, 2016. They were adjusted on January 1, 2017, in accordance with the same provisions that govern the general wage adjustments of officials of the Public Sector.

On the other hand, in relation to the short-term benefits from the executives who serve in the administrative roles for the Corporation; they are paid during the period of January – December 2016, a total amount of ThUS$8,714 (January – December 2015: ThUS$8,925)

The criteria that determines the wages for the executives was established by the Board of Directors by agreement of January 29, 2003.

During the periods of January through December of 2016 and 2015, payments were made to the Principle Executives of Codelco as compensation for years of service, equal to ThUS$444 and ThUS$109, respectively.

There were no payments for other noncurrent benefits during the period of January through December 2016 and 2015, other than those mentioned in the previous paragraph.

There are no share-based benefit plans.

c) Transactions with companies in which Codelco has participation

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for the periods of January – December 2016 and 2015, are the following: Sociedad GNL Mejillones S.A., Sociedad Contractual Minera El Abra, Agua de La Falda S.A., Planta Recuperadora de Metales SpA, Deutsche Giessdraht and Anglo American Sur S.A.

Trading operations related to Copper Partners Investment Company Limited ("CuPIC") are presented in the Category Other non-current liabilities.

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to related companies as of December 31, 2016 and 2015, are detailed as follows:

Accounts receivable from related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2016	12/31/2015	12/31/2016	12/31/2015
					ThUS$	ThUS$	ThUS$	ThUS$
73.063.022-5	Inca de Oro	Chile	Associate	US$	-	17	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	13,286	-	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	-	8,019	21,489	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	383	2,350	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	US$	-	-	224	224
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	US$	-	10,671	-	-
Totals					**13,669**	**21,057**	**21,713**	**224**

Accounts payable to related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2016	12/31/2015	12/31/2016	12/31/2015
					ThUS$	ThUS$	ThUS$	ThUS$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	US$	-	500	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	74,101	100,888	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	21,822	25,918	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	US$	-	29,724	-	157,049
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	7,971	6,336	-	-
Totals					**103,894**	**163,366**	**-**	**157,049**

The transactions performed between the Corporation and its related companies for the periods ended December 31, 2016 and 2015 are detailed in the next table together with their corresponding effects on profit or loss:

Taxpayer Number	Entity	Nature of the transaction	Country	Index. Currency	1/1/2016 12/31/2016		1/1/2015 12/31/2015	
					Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$
Foreign	Copper Partners Investment Co. Ltd.	Sales of goods	Bermuda	US$	14,597	14,597	119,965	119,965
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	US$	14,430	-	104,650	-
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	US$	-	-	36,876	-
77.762.940-9	Anglo American Sur S.A.	Dividend receivables	Chile	US$	13,286	-	-	-
77.762.940-9	Anglo American Sur S.A.	Purchase of goods	Chile	US$	480,218	(480,218)	458,103	(458,103)
76.775.710-7	Sociedad GNL Mejillones S.A.	Retention services	Chile	US$	-	-	(469)	(469)
76.775.710-7	Sociedad GNL Mejillones S.A.	Retention inventories	Chile	US$	-	-	469	469
76.775.710-7	Sociedad GNL Mejillones S.A.	Reimbursement	Chile	US$	-	-	5,887	(5,887)
96.701.340-4	SCM El Abra	Dividends received	Chile	US$	53,900	-	51,450	-
96.701.340-4	SCM El Abra	Purchase of goods	Chile	US$	245,684	(245,684)	394,445	(394,445)
96.701.340-4	SCM El Abra	Sales of goodss	Chile	US$	15,517	15,517	38,844	38,844
96.701.340-4	SCM El Abra	Other sales	Chile	US$	1,493	1,493	1,493	1,493
96.701.340-4	SCM El Abra	Purchase of services	Chile	US$	236	(236)	4,043	(4,043)
96.701.340-4	SCM El Abra	Commissions received	Chile	US$	124	124	181	181
96.701.340-4	SCM El Abra	Other purchases	Chile	US$	1,884	(1,884)	398	(398)
96.801.450-1	Agua de la Falda S.A.	Sales of services	Chile	CLP	5	5	7	7
96.801.450-1	Agua de la Falda S.A.	Contribution	Chile	US$	(743)	-	-	-
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	772	-	1,021	-
76.063.022-5	Inca de Oro S.A.	Contribution	Chile	US$	(461)	-	(481)	-
76.028.880-2	Minera Purén SCM	Dividends received	Chile	US$	-	-	2,450	-
76.255.054-7	Planta Recuperadora de Metales	Loan	Chile	US$	16,090	-	11,254	-
							-	-

d. Additional information
The current account receivable to the Planta Recuperadora de Metales SpA corresponds to the loan balance granted to build its plant.

Transactions for the purchase and sales of products with Anglo American Sur S.A., correspond to regular business operations to acquire copper and other products. On the other hand, there are certain transactions associated with the contract between the affiliate Inversiones Mineras Nueva Acrux SpA (the non-controlling shareholder is Mitsui) and Anglo American Sur S.A., under which the latter agrees to sell a portion of its annual copper output to said subsidiary.

Transactions with the company, CuPIC, correspond to the current conditions described in Note 30 b) of these financial statements.

4. Inventories

Inventories as of December 31, 2016 and 2015 are detailed as follows:

Items	Current		Non-current	
	12/31/2016 ThUS$	12/31/2015 ThUS$	12/31/2016 ThUS$	12/31/2015 ThUS$
Finished products	335,431	512,711	-	-
Products in process	1,055,864	1,108,291	337,411	185,470
Material in warehouse and other	499,905	555,317	-	-
Obsolescence allowance adjustment	(90,930)	(79,293)	-	-
Subtotal material in warehouse and other, net	**408,975**	**476,024**	**-**	**-**
Total Inventories	**1,800,270**	**2,097,026**	**337,411**	**185,470**

Inventories recognized as cost of operation for the year ended December 31, 2016 and 2015 correspond to finished goods amounting to ThUS$9,413,714 and ThUS$9,877,505, respectively.

For the period ended December 31, 2016, the Corporation does not have reclassifications of strategic inventories to Property, Plant and Equipment.

The change in the obsolescence provision is described in the following table:

Obsolescence provision	ThUS$
Initial Balance 1/1/2016	**(79,293)**
Period allowance	(11,637)
Final Balance 12/31/2016	**(90,930)**

For the year ended December 31, 2016 and 2015 Codelco has written off inventory for an amount of ThUS$10,377 and ThUS$68,708, respectively, which has been recognized in other expenses by function.

The Corporation adjusted its inventories for which the book value exceeded its net realizable value for an amount of ThUS$10,344 as of December 31, 2016. (December 31, 2015: ThUS$84,527).

During the year ended December 31, 2016, the Corporation has not recorded any reversal of the obsolescence provision.

Codelco purchases copper from Sociedad Contractual Minera El Abra. At December 31, 2016 and December 31, 2015, the finished good balances do not represent any provision for intragroup profits.

The Corporation purchases and sells copper from and to its associate Anglo American Sur S.A. As of December 31, 2016 and 2015, the related of finished goods balance does not include any provisions on intragroup profits.

5. Deferred taxes and income taxes

a) Income tax expense

Items	12/31/2016 ThUS$	12/31/2015 ThUS$
Current tax expenses	-	(4,156)
Effect of Deferred Taxes (i)	113,185	894,607
Additional income taxes paid as a result of tax audits (ii)	-	(148,935)
Other	(16,089)	(13,118)
Total Income Taxes	**97,096**	**728,398**

i. Includes deferred tax loss carryforwards for the year ended December 31, 2016, please see the table below.

ii. As a part of the process of the tax audit for the long-term sales agreement between the Corporation and its subsidiary, CuPIC, Codelco received two tax assessments which are indicated in Note 28 Contingencies and Restrictions. These settlements were challenged by the Corporation through several administrative and judicial means. As part of those proceedings, the Corporation and the Internal Revenue Services ("IRS") agreed to make certain adjustments to the tax basis which resulted in the payment of ThUS$148,935, on August 31, 2015. This additional payment was recorded in Income taxes of the Statement of Comprehensive Income.

Such agreement has enabled the Corporation to resolve the liquidated and collected differences related to this matter until 2011, plus the differences due to this same matter for the years 2012, 2013 and 2014.

b) Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12/31/2016 ThUS$	12/31/2015 ThUS$
Provisions	1,352,823	1,039,129
Unrealized gains	-	9,213
Finance lease	21,997	20,379
Advances from clients	-	128,804
Cross currency swap	-	12,361
Health care plans	-	14,654
Tax losses	1,808,782	672,907
Other	-	9,234
Total deferred tax assets	**3,183,602**	**1,906,681**

Deferred tax liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
IFRIC 20 First adoption	-	14,971
Taxes from Mining Activity	145,168	55,487
Property, plant and equipment variations	1,015,951	523,733
Valuation of employee termination benefits	26,536	27,100
Accelerated depreciation	4,999,085	4,334,433
Anglo American Sur S.A. investment	11,638	66,430
Income from fair value of mining properties	108,518	108,509
Derivatives Hedging future contracts	482	1,034
Affiliates income deferred taxes	20,163	30,030
Other	-	2,559
Total deferred tax liabilities	**6,327,541**	**5,164,286**

The effect of deferred taxes affecting equity is summarized as follows:

Deferred taxes affecting Equity	12/31/2016 ThUS$	12/31/2015 ThUS$
Cash Flow Hedge	(32,831)	5,557
Defined Benefit Plans	46,178	53,438
Total deferred taxes affecting equity	**13,347**	**58,995**

The following table shows the reconciliation of the effective tax rate:

Items	12/31/2016						
	Taxable Base			Tax rate			
	24.0% ThUS$	40.0% ThUS$	5% ThUS$	24.0% ThUS$	Addit. 40% ThUS$	5% ThUS$	Total ThUS$
(Loss) profit before taxes	(365,267)	(365,267)	(365,267)	87,664	146,107	18,263	252,034
Profit before taxes affiliates	(65,409)	(65,409)	(65,409)	15,698	26,164	3,270	45,132
Profit before taxes consolidated	(430,676)	(430,676)	(430,676)	103,362	172,271	21,533	297,166
Permanent differences							
Taxes of first category (24%)	(94,555)			22,693			22,693
Specific tax for government firms Art. 2 D.L. 2.398 (40%)		274,926			(109,970)		(109,970)
Specific mining tax			(755,998)			(37,800)	(37,800)
Tax effect from non-usable losses			(1,499,866)			(74,993)	(74,993)
TOTAL TAX EXPENSE				**126,055**	**62,301**	**(91,260)**	**97,096**

Items	12/31/2015						
	Taxable Base			Tax rate			
	22.5% ThUS$	40.0% ThUS$	5% ThUS$	22.5% ThUS$	Addit. 40% ThUS$	5% ThUS$	Total ThUS$
(Loss) profit before taxes	(2,221,603)	(2,221,603)	(2,221,603)	499,861	888,641	111,080	1,499,582
Profit before taxes affiliates	(834,574)	(834,574)	(834,574)	187,779	333,830	41,729	563,338
Profit before taxes consolidated	(3,056,177)	(3,056,177)	(3,056,177)	687,640	1,222,471	152,809	2,062,920
Permanent differences							
Taxes of first category (22.5%)	40,851			(9,191)			(9,191)
Specific tax for government firms Art. 2 D.L. 2.398 (40%)		2,721,525			(1,088,610)		(1,088,610)
Specific mining tax			(3,188,280)			(159,414)	(159,414)
TOTAL TAX EXPENSE				**678,449**	**133,861**	**(6,605)**	**805,705**
Other payments to the State				(15,692)	(23,118)	(110,125)	(148,935)
Change of tax rate							71,628
TOTAL TAX EXPENSE							**728,398**

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 Tax System on income, and which introduces various adjustments to the Tax System", was published.

Among the principal changes, the creation of two optional tax systems stands out: The Attributed Income System, which establishes the progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016 and 2017 increasing such rate to 21%, 22.5%, 24% and 25%, respectively; and in the Partially Integrated System, which establishes a progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016, 2017 and 2018 increasing such rate to 21%, 22.5%, 24%, 25.5% and 27% respectively.

For the calculation of the deferred taxes, the Corporation, notwithstanding the above, has applied the General Taxation Regime[2], with tax rates notched for fiscal years 2014, 2015, 2016, and 2017 onwards, increasing them to 21%, 22.5%, 24% and 25%, respectively. Codelco, as a state-owned company, has the option to avail itself of the schemes provided for in Article 14 of the mentioned Tax Reform.

A rate of 5% for the Specific Mining Tax has been estimated, in accordance with Law No. 20.496.

[2] Codelco as a state owned Company is not subject to the Attributed Income or Partially Integrated System and applies a general tax regime, where the tax rate from 2017 onwards amounts to 25%.

6. Current tax assets and liabilities

The current tax balance is presented net of provisional monthly payments as assets or liabilities:

Tax Assets	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Recoverable Taxes	(255,528)	255,528
Reclassification to Non-current Assets (*)	255,528	-
Recoverable Taxes	12,009	14,884
Total Current Tax Assets	**12,009**	**270,412**

(*) Please refer to Note 11 for the reclassification

Current Tax Liabilities	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Provision for Mining Tax	-	4,156
Provision PPM	-	8,565
Others	15,068	3,532
Total Current Tax Liabilities	**15,068**	**16,253**

7. Property, Plant and Equipment

a) The balance of property, plant and equipment at December 31, 2016 and 2015, are is follows:

Property, Plant and Equipment, gross	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Work in progress	6,266,471	4,890,617
Land	151,239	133,133
Buildings	5,141,194	4,962,596
Plant and equipment	14,295,916	14,129,173
Fixtures and fittings	50,687	56,229
Motor vehicles	1,977,631	1,998,687
Land improvements	4,914,797	4,715,847
Mining operations	5,823,625	5,199,036
Mine development	3,980,114	3,863,754
Other assets	1,368,649	1,433,836
Total Property, Plant and Equipment, gross	**43,970,323**	**41,382,908**

Property, Plant and Equipment, accumulated depreciation	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Work in progress	-	-
Land	6,824	-
Buildings	2,734,011	2,594,337
Plant and equipment	8,893,258	8,644,487
Fixtures and fittings	37,537	38,680
Motor vehicles	1,170,564	1,111,840
Land improvements	2,824,931	2,663,029
Mining operations	3,285,416	2,588,786
Mine development	572,408	659,444
Other assets	468,113	453,994
Total Property, Plant and Equipment, accumulated depreciation	**19,993,062**	**18,754,597**

Property, Plant and Equipment, net	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Work in progress	6,266,471	4,890,617
Land	144,415	133,133
Buildings	2,407,183	2,368,259
Plant and equipment	5,402,658	5,484,686
Fixtures and fittings	13,150	17,549
Motor vehicles	807,067	886,847
Land improvements	2,089,866	2,052,818
Mining operations	2,538,209	2,610,250
Mine development	3,407,706	3,204,310
Other assets	900,536	979,842
Total Property, Plant and Equipment, net	**23,977,261**	**22,628,311**

b) Movements of Property, plant and equipment:

Movements (in Thousands of US$)	Work in Progress	Land	Buildings	Plan and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine Development
Opening balance as 1/1//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
Additions	2,613,389	-	1,167	50,282	94	3,415	1,244	358,759	4,280
Disposals	(22,560)	-	(5,523)	(36,392)	(226)	(3,128)	(5,222)	(14,995)	-
Transfers	(1,424,507)	17,603	258,561	548,873	675	38,898	263,637	51,634	244,594
Depreciation and amortization	-	(6,824)	(165,079)	(552,804)	(2,451)	(120,513)	(197,960)	(739,075)	(67,022)
Reclassifications	(76,184)	-	(64,096)	(98,284)	54	1,543	(24,642)	278,885	21,544
Dismantling Asset	287,780	-	-	-	-	-	-	-	-
Other (*)	(2,064)	503	13,894	6,297	(2,545)	5	(9)	(7,249)	-
Total movements	1,375,854	11,282	38,924	(82,028)	(4,399)	(79,780)	37,048	(72,041)	203,396
Final 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**

Movements (in Thousands of US$)	Work in Progress	Land	Buildings	Plan and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine Development
Opening balance as 1/1/2015	4,468,987	125,699	2,445,734	5,860,944	17,189	902,279	1,842,579	2,765,774	2,442,089
Additions	3,037,635	1,006	4,056	31,662	2,661	-	3,137	720,072	-
Disposals	(388,881)	-	(718)	(73,752)	(25)	(1,354)	(99)	-	(3,331)
Transfers	(1,243,012)	12,085	138,102	557,259	793	80,355	308,908	121,832	3,522
Depreciation and amortization	-	-	(162,877)	(681,957)	(3,285)	(143,874)	(204,701)	(615,187)	(64,717)
Reclassifications	(738,778)	-	1,019	(45,236)	168	51,987	118,005	(249,180)	826,746
Dismantling Asset	(45,889)	-	(15,469)	(34,419)	-	(1)	(20,616)	-	-
Impairment	(200,864)	(4,236)	(44,228)	(106,941)	(64)	(2,477)	(11,634)	5,867	-
Other (*)	1,419	(1,421)	2,640	(22,874)	112	(68)	17,239	(138,928)	1
Total movements	421,630	7,434	(77,475)	(376,258)	360	(15,432)	210,239	(155,524)	762,221
Final Balance 12/31/2015	**4,890,617**	**133,133**	**2,368,259**	**5,484,686**	**17,549**	**886,847**	**2,052,818**	**2,610,250**	**3,204,310**

(*) please refer to letter g) below.

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

d) The Corporation has contracted insurance policies to cover the potential risks to which the various elements of property, plant and equipment are exposed to, 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 year ended December 31, 2016 amounted to ThUS$150,554 at an annual capitalization rate of 3.95%. Borrowing costs capitalized for the year ended December 31, 2015, amounted to ThUS$127,568 at an annual capitalization rate of 3.83%.

f) The costs of exploration and drilling of deposits are recognized in profit or loss in accordance with the Corporation's accounting policy. Such expenditures are presented as follows:

Expenditure on exploration and drilling reservoirs	Year ended December 31, 2016 ThUS$	Year ended December 31, 2015 ThUS$
Results of the period	34,341	87,047
Cash outflows	26,533	52,431

g) The item "Other assets" under "Property, plant and equipment" includes:

Other assets, net	12/31/2016 ThUS$	12/31/2015 ThUS$
Leased assets	98,695	96,534
Mining properties from the purchase of Anglo American Sur S.A. shares (*)	402,000	402,000
Maintenances and other major repairs	285,144	340,303
Other assets Plan Calama[3]	108,327	133,464
Others	6,370	7,541
Total other assets, net	**900,536**	**979,842**

(*) fair value adjustment for assets acquired in a business combination in 2012. Please refer to note 8.

h) With the exception of assets under financing leases whose legal title belongs to the lessor, the Corporation currently has no ownership restrictions relating to assets included in Property, plant and equipment.

[3] Corresponds to the costs incurred to move the employees from the mine site of Chuquicamata to Calama. Such assets are depreciated over a 15-year time period.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to guarantee payment obligations.

i) According to the accounting policy indicated in note 2.i), related to impairment of Property Plant & Equipment and Intangible Assets, and as indicated in note 25 Operating Segments, as of December 31, 2016, there were not impairment indicators neither reversals of impairment from prior periods.

For the year ended December 31, 2015, the Corporation recorded an impairment charge and decreased the value of certain assets of the Divisions Ventanas and Salvador. The adjustments amount to ThUS$54,047 (Ventanas) and ThUS$310,530 (Salvador), before taxes.

8. Investments accounted for using the equity method

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

Item	Equity Method balance		share of profit (loss)	
	12/31/2016	12/31/2015	1/1/2016 12/31/2016	1/1/2015 12/31/2015
	ThUS$	ThUS$	ThUS$	ThUS$
Investments in associates accounted for using the equity method	3,753,974	3,977,786	(177,358)	(2,586,742)
Joint ventures	-	114,031	-	85,090
Total	3,753,974	4,091,817	(177,358)	(2,501,652)

a) Associates

Agua de la Falda S.A.

As of December 31, 2016, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of December 31, 2016, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

Company activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

As of December 31, 2016, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business 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 December 31, 2016, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. The Corporaion initially owned 50% interest in this investment, however, on November 5, 2010, its interest was diluted since the Corporation did not proportionally increase its capital contribution agreed by the shareholders of meeting held on that date.

This company's line of business 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, individually or in partnership with third parties.

Comotech S.A.

On April 4, 2016, the Internal Revenue Service ("IRS") approved the end of operations of this company.

Inca de Oro S.A.

On June 1, 2009 Codelco's Board authorized the incorporation of a company with the purpose develop studies to allow continuity of the Inca de Oro Project.

On February 15, 2011, the partnership between Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the intererest of Inca de Oro S.A. held by Minera PanAust IDO Ltda. and the remaining 34% by Codelco. Pior to entering into the partnership agreement, Codelco owned 100% of the company.

The Corporation recorded a gain of ThUS$33,668, before taxes, in the consolidated financial statements ending December 31, 2011.

At December 30, 2014, in the Extraordinary meeting of the shareholders held on that date, it was agreed to increase the capital share of ThUS$102,010, reducing Codelco's participation to 33.19%.

At December 31, 2014, the Corporation has decreased the mining property valuations and exploration and evaluation expenditures, due to an impairment analysis of assets in accordance with IFRS.

As of December 31, 2016, Codelco holds a participation of 33.2% of shared capital.

Copper for Energy S.A.

On April 25, 2016, the IRS approved the end of operations of Copper for Energy S.A.

Planta Recuperadora de Metales SpA

On December 3, 2012, Planta Recuperadora Metales SpA was incorporaated, with Codelco owning 100% of the entity.

On July 7, 2014, Codelco reduced its participation in the total equity of the firm Planta Recuperadora de Metales SpA to a 51% interest. LS-Nikko Copper Inc. holds the remaining 49% of the equity.

On October 14, 2015, Codelco reduced its participation in the total equity of the firm Planta Recuperadora de Metales SpA to a 34% interest. LS-Nikko Copper Inc. holds the remaining 66% of the equity.

As of December 31, 2016, LS-Nikko Copper Inc. holds the control of the entity, which is based on the control elements that are described in the shareholders' agreement.

The principal activity of the company is the processing of intermediate products of the refining and processing of copper and other metals, with the aim to recover copper, the other metals and other containing sub products, their transformation in commercial products and to commercialize and distribute all class of goods or inputs which stand in relation with the mentioned process.

Deutsche Giessdraht GmbH

As of December 31, 2016, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

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

Anglo American Sur S.A.

At December 31, 2016, the control of Anglo American Sur belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Inversiones Mineras Acrux SpA. Codelco controls Inversiones Mineras Acrux SpA with a share interest of a 67.8% and holds a significant influence of 29.5% in Anglo American Sur S.A. through its affiliate Inversiones Mineras Becrux SpA.

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 naturally presented. 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 in which the shareholders agree.

The following table demonstrates the equity value and share of profit (loss) on investments in associates:

Associates	Taxpayer Number	Funct. Currenc.	Equity Interest		Equity Method Balance		Share of profit (loss) on associates	
			12/31/2016	12/31/2015	12/31/2016	12/31/2015	1/1/2016 12/31/2016	1/1/2015 12/31/2015
			%	%	ThUS$	ThUS$	ThUS$	ThUS$
Deutsche Geissdraht GmbH	Foreign	EUR	40.0%	40.0%	3,594	3,033	1,748	1,143
Agua de la Falda S.A.	96.801.450-1	US$	43.3%	43.3%	5,064	4,591	(270)	(357)
Sociedad Contractual Minera El Abra	96.701.340-4	US$	49.0%	49.0%	628,977	650,726	17,649	(3,595)
Minera Purén SCM	76.028.880-2	US$	35.0%	35.0%	10,091	10,192	(101)	4,014
Sociedad GNL Mejillones S.A.	76.775.710-7	US$	37.0%	37.0%	70,485	68,029	2,455	8,977
Inca de Oro S.A.	73.063.022-5	US$	33.2%	33.2%	12,937	23,097	(10,533)	-
Anglo American Sur S.A.	77.762.940-9	US$	29.5%	29.5%	3,011,836	3,214,570	(187,552)	(2,596,610)
Planta Recuperadora de Metales SpA	76.255.054-7	US$	34.0%	34.0%	10,990	3,548	(754)	(301)
Comotech S.A.	76.009.778-9	US$	-%	48,19%	-	-	-	(13)
TOTAL					**3,753,974**	**3,977,786**	**(177,358)**	**(2,586,742)**

The following tables detail the assets and liabilities at December 31 2016 and 2015 and main movements and results for the periods ended December 31, 2016 and 2015, with respect to investments in associates accounted for under the equity method:

Assets and liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
Current Assets	1,711,809	1,240,418
Non-current Assets	5,835,998	6,120,536
Current Liabilities	527,116	339,828
Non-current Liabilities	1,538,710	1,156,418

Net Income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Revenue	2,239,048	2,965,080
Cost of sales	(2,525,338)	(3,140,367)
Net loss for the period	(286,290)	(175,287)

Movements of Investment in Associates	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Opening balances	**3,977,786**	**6,665,113**
Contributions	9,499	481
Dividends	(67,959)	(91,797)
Net income for the period	(98,547)	(147,247)
Foreign exchange differences	(415)	-
Anglo American Sur S.A. Impairment	(78,811)	(2,439,495)
Other	12,421	(9,269)
Final balance	**3,753,974**	**3,977,786**

The following tables provide details of asset and liabilities of the significant associates at December 31, 2016 and 2015, and present the major movements and their results for the year ended December 31, 2016 and 2015.

Anglo American Sur S.A.

Assets and liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
Current Assets	1,187,986	750,664
Non-current Assets	4,121,970	4,419,038
Current Liabilities	378,584	271,345
Non-current Liabilities	1,035,354	626,548

Net Income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Revenue	1,675,679	2,080,438
Cost of sales	(2,000,005)	(2,189,688)
Loss for the period	(324,326)	(109,250)

Sociedad Contractual Minera El Abra

Assets and liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
Current Assets	451,765	443,237
Non-current Assets	1,151,562	1,221,180
Current Liabilities	48,497	54,475
Non-current Liabilities	271,203	252,782

Net Income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Revenue	502,895	807,957
Cost of sales	(466,876)	(815,294)
Profit for the period	36,019	(7,337)

b) Joint ventures

On April 7, 2016, Codeco sold its 50% share interest in Copper Partners Investment Company Limited ("CuPIC") that is had through its subsidiary Codelco International (please refer to Note 30). Codelco was a shareholder in a joint venture with Album Enterprises Limited (a subsidiary of Minmetals) before selling its shares. Please refer to Note 30 b) for more details.

Joint Venture	Equity
Copper Partners Investment Company Limited	50%[4]

Assets and liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
Current Assets	-	76,806
Non-current Assets	-	161,956
Current Liabilities	-	10,705
Non-current Liabilities	-	-

Net Income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Revenue	-	306,160
Cost of sales	-	(135,981)
Profit for the year	-	170,179

[4] Participation sold on April 7, 2016

Movements of the investment in joint ventures	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Opening balances	**114,031**	**133,593**
Reduction of share	(99,601)	-
Dividends	(14,430)	(104,650)
Profit (loss) for the period	-	85,090
Other	-	(2)
Final balance	**-**	**114,031**

c) Additional information about profit and losses on intragroup transactions

The Corporation has eliminated intragroup profits for the purchases and sales of products, mining properties, property, plant and equipment and ownership rights with intragroup entities.

The balance of intragroup profit at December 31, 2016 amounts to ThUS$0 (December 31, 2015: ThUS$14,283).

Codelco carries out copper purchase and sales with Sociedad Contractual Minera El Abra. At December 31, 2016 and 2015, the value of finished products inventories category presents eliminations of intragroup profits.

Codelco carries out copper purchases and sales with Anglo American Sur S.A. At December 31, 2016, the value of finished products inventories category presents no provision for intragroup profits. At December 31, 2015, the company had a provision of an intragroup profit amounting to ThUS$161.

The Company has recorded unrealized gains for the purchase of rights to use GNL terminal of Contractual Minera El Abra in the amount of ThUS$3,920 at December 31, 2016 and 2015.

d) Share in companies acquired at fair value

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of an investment in the amount of ThUS$6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

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 time of the acquisition of Anglo American Sur S.A.

The transaction has not resulted in the acquisition of control of the acquired company.

The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources".

As part of update process by applying the valuation methodology described above, the fair value of the net assets of Anglo-American Sur S.A. amounts to US$22,646 million. Codelco acquired 29.5% share interest in the Company through Inversiones Mineras Becrux SpA. Anglo-American Sur S.A. fair value amounts to US$6,681 million at the date of acquisition by Codelco.

e) Additional information about impairment of investments accounted for using the equity method

As of December 31, 2015, the Corporation identified the existence of impairment indicators in the operating units of Anglo American Sur S.A. Accordingly, the Corporation performed a calculation of the recoverable amount over the amounts calculated at the acquisition date to verify the existence of impairment.

With the purpose of determining the recoverable amount, the Corporation applied the methodology of fair value less disposal costs. The recoverable amount of the operating assets was determined according to the LOM indicator, which is based on a discounted cash flow model, mainly affected by the ore reserves of the associate, the copper price, the supply costs, foreign exchange rates, discount rates and the market information for the long-term assets valuation. The discount rate used for this calculation was 8% for the year, before taxes.

Furthermore, the resources which are not included in the LOM, as well as the potential resources to explore, have been valued using a market model of multiples for comparable transactions.

Such valuation methodologies are in line with the one used at the acquisition date, which is detailed in letter d) of this note.

As a result, the Corporation recognized an impairment of ThUS$2,439,495 over the associate identified assets, which are disclosed in the line “Share of profit of associates and joint ventures accounted for using the equity method" of the Consolidated Statements of

Comprehensive Income for the period ended December 2015. Such impairment loss is mainly due to the drop in copper prices during the year 2015.

As of December 31, 2016, the parent company of Anglo American Sur S.A. performed a review of the discounted cash flow model of its Cash Generating Units (CGU), determining an impairment of assets of the El Soldado CGU due to the uncertainty in the Operations Plan approval presented to SERNAGEOMIN, specifically related to environmental permits. This raises questions about the generation of future economic benefits to support the value of the assets related to said CGU.

According to the above, and with the purpose of making the accurate adjustments in the recognition of its participation over the Company's profit or loss for the period, the Corporation performed a calculation of the recoverable amount of the investment related to El Soldado operations.

As a result, the Corporation recognized an impairment of ThUS$78,811 over the identified assets related to El Soldado operations, which are disclosed in the line "Share of profit of associates and joint ventures accounted for using the equity method" of the Consolidated Statements of Comprehensive Income for the period ended December 2016.

After the recognition of the share of loss of associates, according to the details above, there is no additional evidence requiring further impairment recognition other than mentioned above, on the recoverable amount of the investment held in Anglo American Sur S.A.

f) **Share of loss of associates and joint ventures accounted for under the equity method**

The share of the loss corresponding to Anglo American Sur S.A. investment for the year ended December 31, 2016, amounts to ThUS$(95,676). In addition to that, the Corporation has recorded an impairment over the investment that resulted adjusting the net assets and the depreciation by ThUS$(91,876). This amount has been decreased from the line item "Share of loss of associates and joint ventures accounted under the equity method" in the Consolidated Statements of Comprehensive Income.

9. Intangible assets other than goodwill

As of December 31, 2016 and 2015, the intangible assets other than goodwill are as follows:

a) This item is comprised as follows:

Item	12/31/2016 ThUS$	12/31/2015 ThUS$
Intangible Assets with finite useful life, net	14,314	13,699
Intangible assets with indefinite useful life	182,583	172,383
Total	**196,897**	**186,082**

b) Balances:

	12/31/2016		
Item	Gross ThUS$	Accumulated Amortization ThUS$	Net 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**

	12/31/2015		
Item	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,959	-	7,959
Software	2,349	(1,056)	1,293
Technological development and innovation	164,424	-	164,424
Other	12,824	(446)	12,378
Total	**187,584**	**(1,502)**	**186,082**

c) Movements:

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1/2016	28	7,959	1,293	164,424	12,378	186,082
Additions	-	-	212	10,200	1,061	11,473
Amortization	-	-	(358)	-	(352)	(710)
Reclassifications	-	-	515	-	(515)	-
Other	-	-	243	-	(191)	52
Total Movements	-	-	*612*	*10,200*	*3*	*10,815*
Final Balance 12/31/2016	**28**	**7,959**	**1,905**	**174,624**	**12,381**	**196,897**

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1//2015	28	5,715	713	148,656	11,950	167,062
Additions	-	2,244	1,019	15,768	718	19,749
Disposals	-	-	(67)	-	(61)	(128)
Amortization	-	-	(329)	-	(350)	(679)
Other	-	-	(43)	-	121	78
Total Movements	-	*2,244*	*580*	*15,768*	*428*	*19,020*
Final Balance 31/12/2015	**28**	**7,959**	**1,293**	**164,424**	**12,378**	**186,082**

d) Additional Information
- As of December 31, 2016 and 2015, the Corporation owns significant intangible assets which amount to ThUS$174,624 and ThUS$164,424, respectively, related to the "Proyecto Minera Continua" – internally generated intangible asset.
- As of December 31, 2016 and 2015, there are no fully amortized intangible assets that are being used in the operations.
- For the years ended December 31, 2016 and 2015, expenses for research and technological development and innovation recorded in the statement of comprehensive income amounts to ThUS$7,473 and ThUS$23,872, respectively. Cash outflows for research and development amounted to ThUS$11,317 and ThUS$11,793 as of December 31, 2016 and 2015, respectively.

10. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and liabilities	12/31/2016 ThUS$	12/31/2015 ThUS$
Current Assets	489,259	503,468
Non-current Assets	3,812,342	3,970,939
Current Liabilities	383,060	364,030
Non-current Liabilities	1,306,171	1,268,184

Net Income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Revenue	1,542,901	(678,343)
Cost of sales	(1,786,958)	(1,905,224)
Profit (loss) for the period	(244,057)	(2,583,567)

11. Other non-current non-financial assets

Other non-current non-financial assets included in the consolidated statement of financial position as of December 31, 2016 and 2015 is detailed as follows:

Other non-current non-financial assets	12/31/2016 ThUS$	12/31/2015 ThUS$
Law No.13.196 Asset (1)	8,099	19,866
Others (2)	6,218	8,042
Total	**14,317**	**27,908**

(1) Corresponds to the recording of the commitment related to Law No. 13.196 (please refer to Note 2.z), for the advance payment received for the copper sales contract signed with CuPIC. This amount will be amortized according to the shipments made.
(2) Corresponds to a reclassification of recoverable income taxes to a category Tax Assets in the consolidated statement of financial position.

12. Current and non-current financial assets

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

	12/31/2016				
Classification in the statement of financial position	At fair value though profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets ThUS$**
Cash and cash equivalents	1,497	575,229	-	-	**576,726**
Trade and other current receivables	95,971	2,158,760	-	-	**2,254,731**
Accounts receivables, non – current	-	95,316	-	-	**95,316**
A/R due from related companies, current	-	13,669	-	-	**13,669**
A/R due from related companies, non – current	-	21,713	-	-	**21,713**
Other current financial assets	-	2,391	7,470	-	**9,861**
Other non - current financial assets	-	6,550	64,035	-	**70,585**
TOTAL	**97,468**	**2,873,628**	**71,505**	**-**	**3,042,601**

	12/31/2015				
Classification in the statement of financial position	At fair value though profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets ThUS$**
Cash and cash equivalents	-	1,747,718	-	-	**1,747,718**
Trade and other current receivables	(66,977)	1,943,840	-	-	**1,876,863**
Accounts receivables, non – current	-	85,069	-	-	**85,069**
A/R due from related companies, current	-	21,057	-	-	**21,057**
A/R due from related companies, non – current	-	224	-	-	**224**
Other current financial assets	-	7,425	2,777	-	**10,202**
Other non - current financial assets	-	5,526	30,765	-	**36,291**
TOTAL	**(66,977)**	**3,810,858**	**33,542**	**-**	**3,777,423**

- **Financial assets designated at fair value through profit or loss:** At December 31, 2016, this category mainly includes provisional pricing arrangements and mutual fund investments made by Codelco Chile subsidiaries.

The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and other receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

  The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

  No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** These correspond to the receivable balances for derivative contracts from the exposure generated by existing operations and which affect the period's profit and loss from the liquidation of these operations. The details of derivative transactions are included in Note 29.

- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss.

  Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39 "Financial Instruments: recognition and measurement".

13. Interest-bearing borrowings

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method.

The tables below show the composition of the other financial liabilities, current and non-current.

Items	12/31/2016					
	Current			Non-current		
	Loans and other payables	Hedging derivatives	Total	Loans and other payables	Hedging derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans from financial entities	166,294	-	166,294	2,988,447	-	2,988,447
Bonds	150,563	-	150,563	11,608,257	-	11,608,257
Financial Lease	23,683	-	23,683	100,808	-	100,808
Hedge obligations	-	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**

Items	12/31/2015					
	Current			Non-current		
	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial entities	995,891	0	995,891	2,511,654	0	2,511,654
Bonds	146,923	0	146,923	11,176,610	0	11,176,610
Financial Lease	19,173	0	19,173	99,401	0	99,401
Hedge obligations	0	107	107	0	162,437	162,437
Other financial liabilities	4,116	0	4,116	76,829	0	76,829
Total	**1,166,103**	**107**	**1,166,210**	**13,864,494**	**162,437**	**14,026,931**

- **Borrowings from financial institutions:**

The Corporation obtains mainly its financing for its projects from financial markets outside of Chile.

On August 23, 2012, the subsidiary Inversiones Gacrux SpA (Gacrux), entered into a Credit Agreement, with Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) by borrowing approximately US$1,863 million, renewable monthly until November 26, 2012, after which, if not paid or renegotiated, is automatically renovated as loan with a 7.5 years maturity from the date of disbursement, and bearing interest at an annual rate of Libor + 2.5%. The Corporation has not issued any guarantees ("non-recourse") in relation to this loan. Inversiones Gacrux SpA is the parent of Inversiones Mineras Acrux SpA which has a subsidiary Inversiones Mineras Becrux SpA.

Codelco's indirect subsidiary Inversiones Mineras Becrux SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

On October 31, 2012, the Credit Agreement mentioned above was amended, changing the original floating rate to a fixed rate of 3.25% per annum and a maturity of 20 years, to be payable in 40 semi-annual payments of principal and interest. The modified credit agreement includes a pledge over the shares that Inversiones Gacrux SpA has over Acrux Inversiones SpA (shared participation with Mitsui and non-controlling shareholder in Anglo American Sur S.A.), in order to ensure compliance with the obligations that the financial agreement contemplates

Under pre-arranged agreements, Mitsui will be entitled to receive an additional interest equivalent to one-third of the savings that will accrue to Gacrux from the comparison between the refinanced loan and the originally signed Credit Agreement.

Prior to the amendment, Mitsui was entitled to receive an additional interest equivalent to one-third of the savings that Gacrux benefits with the modified agreement as compared with the original agreement..

Furthermore, Mitsui (through a subsidiary) held an option to purchase from Gacrux an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US$998 million, to be used in full to prepay Gacrux's debt under the Credit Agreement.

Subsequently, on November 26, 2012, Mitsui finished the mentioned purchase of the additional 15.25% share interest in Acrux. Codelco reduced its loan balance by the sales amount with Mitsui.

On November 26, 2016, Codelco entered into a financing with Oriente Copper Netherlands BV, to refinance a semi-annual installment, the conditions establish an annual rate of Libor + 2.5% and a duration of 5 years, payable at one installment at maturity date with semi-annual interest payment. As of December 31, 2016, the credit agreement balance amounts to ThUS$ 739,440.

- ***Bond obligations:***

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF 6,900,000 in a single series denominated 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, with a 4% annual interest rate and with bi-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, with a 5.6250% annual interest rate and with bi-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, with a 6.15% annual interest rate and with bi-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 mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

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 mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

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 mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

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. The ThUS$1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS$750,000 with an interest rate of 4.25% mature on July 17, 2042, and each have interest paid annually.

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, which will mature in a single installment on August 13, 2023, with a coupon of 4.5% per annum with interest paid semiannually.

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, which will mature in a single installment on October 18, 2043, with a coupon of 5.625% per annum with interest paid semiannually.

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, which will mature in a single installment on July 9, 2024, with a coupon of 2.25% per annum with the interest paid annually.

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, which will mature in a single installment on November 4, 2044, with a coupon of 4.875% per annum with interest paid semiannually.

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, which will mature in a single installment on September 16, 2025, with a coupon of 4.5% per annum with interest paid semiannually.

On August 24, 2016, the Corporation issued and placed bonds in the local market for a nominal amount of UF10,000,000 in only one series named as Series C, which is composed by 20,000 tittles of UF500 each one. These bonds will mature in a single installment on August 24, 2026, with a coupon of 2.5% per annum with interest paid semiannually.

As of December 31, 2016 and 2015 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:**

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- **Finance leases:**

  Finance lease transactions are generated for service contracts, principally for buildings and machinery.

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

12/31/2016									
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	Semi-annual principal installments from 2015 until maturity	Semi-annual
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	26-11-2021	Fixed	US$	23,946,863	Semi-annual principal installments at maturity.	Semi-annual
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR			
			Other						
TOTAL									

Taxpayer number	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Anual
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual
TOTAL							

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

As of December 31, 2015, the details of loans from financial institutions and bond obligations are as follows:

12/31/2015										
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	Nor
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US$	100,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	7/20/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	Semi-annual principal installments at maturity.	Semi-annual	
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR				
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR				
			Other							
TOTAL										

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	N
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Annual	
TOTAL								

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

The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

12/31/2016					Current				No
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
Bank of Tokyo Mitsubishi Ltd.	US$	1.70%	1.63%	Quarterly	2,062	2,073	4,135	8,269	258,12
Export Dev Canada	US$	1.66%	1.50%	Quarterly	1,151	3,415	4,566	9,131	309,14
Mizuho Corporate Bank Ltd.	US$	1.83%	1.58%	Quarterly	1,188	3,629	4,817	303,629	
Bank of America N.A.	US$	1.75%	1.53%	Quarterly	1,011	3,475	4,486	305,792	
Bank of Tokyo Mitsubishi Ltd.	US$	1.62%	1.51%	Quarterly	-	3,426	3,426	304,644	
Export Dev Canada	US$	1.60%	1.51%	Quarterly	1,155	3,428	4,583	303,327	
Mizuho Corporate Bank Ltd	US$	1.81%	1.57%	Quarterly	373	1,140	1,513	97,255	
Export Dev Canada	US$	1.58%	1.50%	Quarterly	2,244	3,428	5,672	306,533	
Bank of Tokyo-Mitsubishi Ltd.	US$	2.23%	1.83%	Semi-annual	-	25,001	25,001	36,666	
Japan Bank International Cooperation	US$	1.91%	1.73%	Semi-annual	-	34,937	34,937	68,207	65,96
BONO 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	667,500	
BONO 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,037,50
BONO 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	1,239,12
BONO 144-A REG. 2022	US$	3.17%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,00
BONO 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,50
BONO 144-A REG. 2025	US$	4.78%	4.50%	Semi-annual	45,000	90,000	135,000	180,000	180,00
BONO 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,25
BONO 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,50
BONO 144-A REG. 2042	US$	4.41%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,75
BONO 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,87
BONO 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,55
Oriente Copper Netherlands B.V.	US$	5.37%	3.25%	Semi-annual	-	75,588	75,588	146,852	141,13
Oriente Copper Netherlands B.V.	US$	4.02%	3.79%	Semi-annual	-	915	915	1,840	25,78
				Total ThUS$	**142,310**	**552,607**	**694,917**	**3,430,195**	**3,783,20**
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,00
BONO BCODE-C 2026	U.F.	2.19%	2.50%	Semestral	124,228	124,228	248,457	496,913	496,91
				Total U.F.	262,228	262,228	524,457	1,048,913	1,048,91
				Subtotal ThUS$	**10,320**	**10,320**	**20,641**	**41,282**	**41,28**
BONO 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,00
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,000,00
				Subtotal ThUS$	**-**	**14,229**	**14,229**	**28,457**	**28,45**
				Total ThUS$	**152,630**	**577,156**	**729,786**	**3,499,934**	**3,852,94**

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

12/31/2015					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
Mizuho Corporate Bank Ltd	US$	1.20%	0.92%	Quarterly	467	100,467	100,934	-	
Bank of Tokyo Mitsubishi Ltd.	US$	1.13%	0.82%	Quarterly	524	251,561	252,085	-	
HSBC Bank USA. N.A.	US$	1.23%	0.92%	Quarterly	1,180	251,167	252,347	-	
Export Dev Canada	US$	1.25%	0.82%	Quarterly	526	250,973	251,499	-	
Mizuho Corporate Bank Ltd.	US$	1.37%	1.13%	Quarterly	858	2,594	3,452	306,028	
Bank of America N.A.	US$	1.18%	0.97%	Quarterly	1,479	1,479	2,958	305,898	
Bank of Tokyo Mitsubishi Ltd.	US$	1.04%	0.94%	Quarterly	714	2,151	2,865	305,016	
Export Dev Canada	US$	1.04%	0.94%	Quarterly	724	2,158	2,882	304,992	
Mizuho Corporate Bank Ltd	US$	1.33%	1.10%	Quarterly	261	796	1,057	1,850	
Export Dev Canada	US$	1.03%	0.94%	Quarterly	1,430	2,150	3,580	4,987	3
Bank of Tokyo-Mitsubishi Ltd.	US$	1.55%	1.17%	Semi-annual	-	24,926	24,926	48,994	
Japan Bank International Cooperation	US$	1.24%	1.07%	Semi-annual	-	34,172	34,172	67,292	
ORIENTE COPPER NETHERLANDS B.V	US$	3.60%	5.37%	Semi-annual	39,161	38,663	77,824	151,188	1
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	6
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,0
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	
BOND 144-A REG. 2022	US$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	
BOND 144-A REG. 2025	US$	4.77%	4.50%	Semi-annual	45,000	45,000	90,000	180,000	1
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	
BOND 144-A REG. 2042	US$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	1
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	
				Total ThUS$	**180,450**	**1,310,409**	**1,490,859**	**2,456,795**	**3,1**
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	5
				Total U.F.	138,000	138,000	276,000	552,000	5
				Subtotal ThUS$	**4,980**	**4,980**	**9,961**	**19,921**	
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,0
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,0
				Subtotal ThUS$	**-**	**14,725**	**14,725**	**29,450**	
				Total ThUS$	**185,430**	**1,330,114**	**1,515,545**	**2,506,167**	**3,1**

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

Payment commitments for financial leasing transactions are summarized in the following table:

Financial Leasing	12/31/2016			12/31/2015		
	Gross ThUS$	Interest ThUS$	Net ThUS$	Gross ThUS$	Interest ThUS$	Net ThUS$
Less than 90 days	10,907	(2,497)	8,410	10,025	(2,434)	7,591
Between 90 days and 1 year	22,535	(7,262)	15,273	19,117	(7,535)	11,582
Between 1 and 2 years	32,335	(10,047)	22,288	28,319	(10,386)	17,933
Between 2 and 3 years	24,697	(8,574)	16,123	23,131	(9,259)	13,872
Between 3 and 4 years	32,388	(9,458)	22,930	40,157	(13,178)	26,979
Between 4 and 5 years	7,710	(1,856)	5,854	11,191	(3,197)	7,994
More than 5 years	42,706	(9,093)	33,613	37,883	(5,260)	32,623
Total	173,278	(48,787)	124,491	169,823	(51,249)	118,574

Future minimum lease payments under operating leases agreements recognized in the statements of comprehensive income are summarized in the following table:

Future payments under operating leases	**12/31/2016 ThUS$**	**12/31/2015 ThUS$**
Less than one year	591,697	1,114,212
Between one and five years	440,030	620,318
More than five years	32,823	268,864
TOTAL	1,064,550	2,003,394

Operating lease payments recognized in the Statement of Comprehensive Income	**12/31/2016 ThUS$**	**12/31/2015 ThUS$**
Minimum payments for operating leases	230,463	181,876

14. Fair Value of financial assets and liabilities

As the carrying amount of financial assets is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

Regarding financial liabilities, the following table shows a comparison at December 31, 2016 between the book value and the fair value of financial liabilities other than those whose book value approximate fair value.

Comparison between book value & fair value As of December 31, 2016	**Accounting treatment for valuation**	**Book value ThUS$**	**Fair value ThUS$**
Financial Liabilities			
Bond Obligations	Amortized cost	11,758,820	12,199,472

15. Fair value hierarchy

The estimated market value for the Corporation's portfolio of financial instruments is based on calculations of observable inputs. Each of these methodologies has been analyzed to determine to which of the following levels the instruments can be classified:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued assets and liabilities.
- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued assets and liabilities.
- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued assets and liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation as of December 31, 2016:

Financial assets and liabilities at fair value with effect in profit and loss statement	12/31/2016			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets				
Provisional price sales contracts	-	95,971	-	95,971
Cross Currency Swap	-	63,782	-	63,782
Mutual funds installment	1,497	-	-	1,497
Metals futures (*)	7,724	-	-	7,724
Financial Liabilities				
Metals Futures	112	-	-	112
Cross Currency Swap		148,972		148,972

(*) Please refer to Note 29 for the accounting treatment

There were no transfers between different levels of hierarchy of fair value during the reporting period.

16. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

Items	Current Liabilities	
	12/31/2016 ThUS$	12/31/2015 ThUS$
Trade payables	983,320	1,103,310
Payables to employees	31,624	20,299
Withholdings	76,615	77,088
Tax withholdings	41,364	26,240
Other payables	75,203	79,778
Total	**1,208,126**	**1,306,715**

17. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

Other Provisions	**Current**		**Non-current**	
	12/31/2016 ThUS$	**12/31/2015** ThUS$	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Trade (1)	14,174	14,038	-	-
Operating (2)	102,270	327,181	-	-
Law No. 13.196	99,014	171,530	-	-
Sundry	74,076	9,946	17,176	10,913
Onerous Contract (6)	468	-	1,600	-
Closure, decommissioning and restoration (3)	-	-	1,544,823	1,140,080
Contingencies	-	-	29,013	25,194
Total	290,002	522,695	1,592,612	1,176,187

Accrual for employee benefits	**Current**		**Non-current**	
	12/31/2016 ThUS$	**12/31/2015** ThUS$	**12/31/2016** ThUS$	**12/31/2015** ThUS$
Employees' collective bargaining agreements	205,931	206,869	-	-
Employee termination benefit	29,521	37,131	748,185	700,882
Bonus	20,237	1,121	-	-
Vacation	157,634	136,933	-	-
Medical care programs (4)	408	922	537,829	457,067
Retirement plans (5)	8,233	47,725	14,415	62,504
Other	17,621	15,511	8,442	7,774
Total	439,585	446,212	1,308,871	1,228,227

(1) Corresponds to sales transactions related accruals, which includes charges for freight, loading, and unloading that were not yet billed at the end of the period.
(2) Corresponds to the provision for customs duties, freight on purchases, electricity, among others.
(3) Corresponds to future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The provision is calculated based on the present value of discounted cash flow using a pretax discount rate of 2.01% in Chilean pesos and 1.38% pretax discount rate in US dollars, and reflect the corresponding assessments of the time value of money, according to the current market trends. The discount rates include the risks associated to the liability that is being determined, except those that are included in the cash flows. The discount period

varies between 11 and 82 years. The Company determines and records the liability in accordance with the accounting policies mentioned in note II.1 letter d) and II.2 letter o) of the Accounting Policies.

(4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.

(5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in effect for personnel retirement.

(6) Corresponds to an accrual for onerous contract with CuPIC (see Note 30).

Movements of Other provisions were as follows:

Movements	1/1/2016 12/31/2016			
	Other Provisions, non-current	Provision for mine closure	Contingencies	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	10,913	1,140,080	25,194	1,176,187
Onerous contract provision	4,670	-	-	4,670
ARO provision adjustment	-	287,780		287,780
Financial expenses	-	28,781	-	28,781
Payment of liabilities	(22)	(4,980)	(4,977)	(9,979)
Exchange differences	(1,169)	96,462	2,455	97,748
Onerous contract, shift to current	(3,071)	-	-	(3,071)
Other variations	7,455	(3,300)	6,341	10,496
Final Balance	18,776	1,544,823	29,013	1,592,612

18. Employee benefits

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

Provision for post-employment benefits mainly corresponds to employee termination benefits, recorded to reflect the obligations for severance, and medical care plans, and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements and to partially cover the costs of medical services.

Both long term benefits are based on the agreements in the employment contracts or collective bargaining agreements signed between the Corporation and workers.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

These obligations are denominated in Chilean pesos, therefore the amount included in the Corporation´s financial statements are exposed to the risk of changes in exchange rates.

The results from adjustments and changes in actuarial assumptions are charged or credited to the statements of other comprehensive income within equity in the period in which they occur.

For the year ended December 31, 2016, there were no significant changes in the Corporation's post-employment benefits plans.

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

Assumptions	12/31/2016		12/31/2015	
	Retirement plan	Health plan	Retirement plan	Health plan
Annual Discount Rate	4.24%	4.66%	4.66%	5.11%
Voluntary Annual Turnover Rate for Retirement (Men)	3.90%	3.90%	4.24%	4.24%
Voluntary Annual Turnover Rate for Retirement (Women)	4.30%	4.30%	3.44%	3.44%
Salary Increase (real annual average)	3.41%	3.41%	3.72%	3.72%
Future Rate of Long-Term Inflation	3.00%	3.00%	3.00%	3.00%
Inflation Health Care	5.05%	5.05%	5.05%	5.05%
Mortality tables used for projections	CB14-RV14	CB14-RV14	CB14-RV14	CB14-RV14
Average duration of future cash flows (years)	7.27	17.84	7.02	18.50
Expected Retirement Age (Men)	60	60	60	60
Expected Retirement Age (Women)	59	59	59	59

The discount rates used correspond to interest rates of government bonds issued in Chile in the secondary market. Annual inflation corresponds to the long-term goal publicly announced by the Central Bank of Chile. Rotation rates were determined based on past history of the Corporation, by studying the cumulative expenditures for the last three years on the current (analysis executed by causal) behavior. Salary increase rates are based on the long-term trend observed by reviewing the historical salaries paid by the Corporation. The mortality tables used for the actuarial calculations correspond to data issued by the SVS, which the Corporation believes represent appropriately the Chilean market trends. The duration of the liabilities corresponds to the average maturity of the cash flows related to the defined benefits.

The roll forward of the post-employment benefit and other long term benefits provision is as follows:

Movements	1/1/2016 12/31/2016		1/1/2015 12/31/2015	
	Retirement plan ThUS$	Health plan ThUS$	Retirement plan ThUS$	Health plan ThUS$
Opening balance	738,013	457,989	805,881	493,082
Service cost	68,499	32,735	78,193	1,047
Financial cost	11,882	9,389	12,894	8,432
Paid contributions	(92,335)	(44,704)	(86,021)	(36,850)
Actuarial (gains)/losses	12,339	54,586	44,289	34,878
Transfers from other benefits	-	2,910	-	7,780
Subtotal	*738,398*	*512,905*	*855,236*	*508,369*
(Gains)/Losses on foreign exchange rate	39,308	25,332	(117,223)	(50,380)
Final Total	777,706	538,237	738,013	457,989

For the year ended December 31, 2016 the Corporation recognized an actuarial loss in relation to its retirement plan for an amount of ThUS$12,339, in other comprehensive income. Such actuarial loss relates to changes in demographic assumptions for an amount of ThUS$468, a

loss due to a revaluation of the financing assumptions for an amount of ThUS$3,144 and a loss of ThUS$8,728 related to adjustment to historical experience.

For the year ended December 31, 2016, the Corporation recognized net actuarial loss in relation to its health plan for an amount of ThUS$54,586, in other comprehensive income. Such net actuarial loss is comprised of a gain of ThUS$16 due to changes in demographic assumptions, a loss in financing assumptions of ThUS$72,764 and a gain corresponding to historical experience adjustments of ThUS$18,162.

The current balance of the liability amounts to ThUS$29,521 and ThUS$408, corresponding to staff severance indemnities and Health Benefits, respectively.

The Corporation estimates that at December 31, 2017, the liability for staff severance indemnities amounts to ThUS$853,362 and ThUS$508,205 for health benefits. Such amounts are calculated based on the projections made by the Management. The estimation on the actual cash outflows for the upcoming 12 month period for staff severance indemnities and health benefits amount to ThUS$2,460 and ThUS$34, respectively.

The following table discloses the sensitivity analysis on the employee benefits by illustrating three scenarios: low, medium and high for severance indemnities and health benefits and others.

Severance Benefits for Years of Service	**Low**	**Medium**	**High**	**Reduction**	**Increase**
Financial effect on interest rates	3.540%	4.540%	5.540%	5.35%	-4.71%
Financial effect on the real increase in income	3.221%	3.721%	4.221%	-2.18%	2.31%
Demographic effect of job rotations	3.440%	3.940%	4.440%	1.42%	-1.47%
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	3.864%	4.864%	5.864%	15.19%	-11.93%
Financial effect on health inflation	4.550%	5.050%	5.550%	-5.55%	6.79%
Demographic effect, planned retirement age	58 / 57	60 / 59	62 / 61	3.71%	-3.70%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	-9.80%	6.40%

b. Provision for termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increase labor productivity, facilitated by the incorporation of modern technologies and/or best management practices, has established personnel severance programs, using the corresponding addendum to contracts or collective bargaining agreements, with benefits that encourage retirement, for which necessary provisions are made based on the accrued obligation at present value.

At December 31, 2016 and 2015, a thee current balance of these obligations amount to ThUS$8,233 and ThUS$47,725, respectively, while the non-current balance amounts to ThUS$14,415 and ThUS$62,504, respectively, the latter of which is associated with the provision related to the term of the collective bargaining process that the Administration negotiated with Codelco Chuquicamata during the month of December 2012 with union workers

of that Division. These amounts have been discounted using a discount rate equivalent to that used for calculating employee benefits.

c. Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenditure by Nature of Employee Benefits	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Benefits - Short term	1,573,004	1,684,043
Benefits - Post employment	32,735	1,047
Benefits - Termination	13,914	59,963
Benefits by years of service	68,499	78,193
Total	**1,688,152**	**1,823,246**

19. Net equity

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, in order 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 founded 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 Finance 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 it was decided to provide capital for US$600 million once reviewed the follow-up and Development Business Plan 2014-2018 for Codelco, that was submitted for approval on December 2, 2015.

On December 1st, 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 were recorded on December 28, 2016.

This contribution will be financed by the Public Treasury and sourced from debt issues performed by the Republic pursuant to Article 2 of Law No. 20.790, which establishes an Extraordinary Capital Contribution for Codelco and authorizes it to incur additional debt.

As of December 31, 2016 and December 31, 2015, no dividends payable were provisioned.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

Reclassification adjustments from other comprehensive income to profit or loss resulted in a loss of ThUS$727 and a ThUS$261 for the periods ended December 31, 2016 and 2015, respectively.

a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other Reserves	12/31/2016 ThUS$	12/31/2015 ThUS$
Foreign exchange differences on conversion reserves	(10,607)	(12,974)
Cash flow hedge reserves	12,342	(6,549)
Capitalization fund and reserves	4,955,966	5,172,162
Reserve of gains (losses) of defined benefit plans	(267,171)	(246,424)
Other reserves	626,862	625,705

Total other reserves	**5,317,392**	**5,531,920**

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Subsidiaries	Non-controlling participation		Net equity		Gain (loss)	
	12/31/2016 %	12/31/2015 %	12/31/2016 ThUS$	12/31/2015 ThUS$	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Biosigma S.A.	-	33.30%	-	669	-	(633)
Inversiones Gacrux SpA	32.20%	32.20%	978,664	1,042,171	(58,175)	(834,890)
Ecosea Farming S.A.	8.68%	14.97%	-	-	6	(40)
Otros	-	-	2	15	7	-
Total			978,666	1,042,855	(58,162)	(835,563)

Between January 1 and December 31, 2016, Inversiones Gacrux SpA did not report any dividends paid to non-controlling interest.

The percentage of non-controlling interest over the assets of Inversiones Mineras Acrux SpA is equal to 32.2% and generates a non-controlling interest in the affiliated company Inversiones Gacrux SpA, which had the following figures in its statement of financial position, statement of comprehensive income and cash flows:

Assets and liabilities	**12/31/2016 ThUS$**	**12/31/2015 ThUS$**
Current Assets	113,993	169,276
Non-current assets	3,014,897	3,215,675
Current liabilities	152,607	168,068
Non-current liabilities	670,771	686,999

Results	**1/1/2016 12/31/2016 ThUS$**	**1/1/2015 12/31/2015 ThUS$**
Revenues	303,216	(2,009,439)
Expenses	(519,810)	(635,488)
Profit (loss) of the period	(216,594)	(2,644,927)

Cash flow	**1/1/2016 12/31/2016 ThUS$**	**1/1/2015 12/31/2015 ThUS$**
Net cash flow from operating activities	5,348	78,263
Net cash flow from investing activities	256	61,647
Net cash flow from financing activities	(55,523)	(152,376)

20. Operating income

Item	**1/1/2016 12/31/2016 ThUS$**	**1/1/2015 12/31/2015 ThUS$**
Revenue from sales of own copper	8,774,060	8,721,880
Revenue from sales of third-party copper	1,753,491	2,039,161

Revenue from sales of molybdenum	419,475	391,587
Revenue from sales of other products	584,331	538,289
Revenue in futures market	5,394	2,575
Total	**11,536,751**	**11,693,492**

21. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Short-term benefits to employees	1,573,004	1,684,043
Depreciation	1,036,500	1,213,102
Amortization	899,652	811,738
Total	**3,509,156**	**3,708,883**

22. Impairment of Assets

Cash Generating Unit Salvador Division

As of December 31, 2016, there were not impairment indicators neither reversals of impairment from prior periods, hence, the Corporation has not performed adjustment to the assets' value.

Recognition of impairment of assets 2015

As of December 31, 2015, the Corporation performed a calculation of the recoverable amount in the CGU Salvador Division, in order to verify the existence of an impairment of value for the assets related to the mentioned Division, which book value amounted to ThUS$463,314.

As result of the above, an impairment loss was recognized of ThUS$310,530 (before taxes), which was recorded in Other Expenses by Function in the Consolidated Statements of Comprehensive Income for the period 2015. (See note 23 b).

The recoverable amount was determined by using the discounted cash flows model by using an annual discount rate of an 8.5%, before taxes. The main variables used for determining the recoverable amount correspond to copper prices, treatment and refining charges, exchange rates and discount rates.

The impairment loss is mainly due to a decrease in copper prices during 2015 and a downward adjustment for the expected production.

Assets affected by losses due to impairment during the period ended December 31, 2015, correspond to items of the category Property, Plant & Equipment, mainly in the items of Plant & Equipment, Ongoing Construction and Buildings. (See note 7).

Cash Generating Unit Ventanas Division

For the year ended December 31, 2016, there were not impairment indicators, neither reversals of impairment from prior periods.

Recognition of impairment of assets 2015

As of December 31, 2015, the Corporation performed a calculation of the recoverable amount in the CGU Ventanas Division, in order to verify the existence of an impairment of value for the assets related to the mentioned Division, which book value amounted to ThUS$284,000.

As result of the above, an impairment loss was recognized for an amount of ThUS$54,047 (before taxes), which was recorded in Other Expenses by Function in the Consolidated Statements of Comprehensive Income for the period 2015. (See note 23 b).

The recoverable amount was determined by using the discounted cash flows model by using an annual discount rate of an 8.5%, before taxes. The main variables used for determining the recoverable amount correspond to copper prices, treatment and refining charges, exchange rate and discount rates.

The impairment loss was mainly due to the decrease in copper prices during the year 2015.

Assets affected by the impairment loss recorded in 2015, were items of the category Property, Plant & Equipment, mainly in the items of Plant & Equipment, Ongoing Construction and Buildings. (See note 7).

The Corporation has not identify based on an analysis performed the existence of impairment indicators for the rest of the 6 Divisions not mentioned above.

23. Other revenues and expenses by function

Other revenues and expenses by function are detailed in the following tables:

a) Other income by function

Item	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Penalties to suppliers	7,607	16,737
Delegated Administration[5]	4,071	4,070
Miscellaneous sales (net)	13,763	17,467
Insurances recoveries by incidents	24,813	-
Reversal of provisions	-	26,710

[5] Corresponds to the Law. No.16.744 related to the safety of the employees. CODELCO administrates a safety fund that generates revenue and costs, respectively.

Won trials	-	18,762
Gain from intragroup transactions[6]	14,283	19,563
Other income	73,937	49,580
Totals	138,474	152,889

b) Other expenses by function

Item	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Law No. 13.196	(865,655)	(864,797)
Research expenses	(85,884)	(87,047)
Bonus for the end of collective bargaining	(64,375)	(35,112)
Retirement plan	(13,914)	(59,963)
Write-off of investment projects	(28,836)	(276,523)
Write-off of property, plant & equipment	(56,945)	(64,110)
Write-off research projects	-	(101,229)
Medical care plan	(32,735)	(1,047)
Impairment of assets (See Note 22)	-	(364,577)
Write-off inventories	(13,739)	(68,708)
Loss due to onerous contract	(3,275)	-
Damages related to Climate impacts	-	(25,132)
Contractors mobilization	-	(13,242)
Extraordinary gratification	(17,954)	-
Other	(140,837)	(125,241)
Totales	(1,324,149)	(2,086,728)

Information related to the impairment recorded in 2015 is disclosed in Note 22 Impairment of Assets.

24. Finance costs

Finance costs are detailed as follows:

Item	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Bond interests	(374,754)	(335,847)
Bank loan interests	(71,548)	(82,101)
Exchange differences on severance indemnity provision	(9,969)	(12,327)
Exchange differences on other non-current provisions	(52,536)	(60,629)
Other	(38,540)	(33,943)
Total	**(547,347)**	**(524,847)**

25. Operating segments

In Section II, "Summary of Significant Accounting Policies" it has been indicated that, in conformity with IFRS No. 8, "Operating Segments", the operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Head Office are distributed among the defined opening segments.

[6] Transactions with El Abra where a provision for intragroup profits was realized.

Mining sites in operation, in which the Corporation performs extraction and processing, are organized in the following divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Salvador, Andina, El Teniente and Gabriela Mistral. Additionally the Ventanas Division is added even though it is operating solely as a smelter and refinery. Those operations are administered independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

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) Head Office Distribution

Revenue and expenses controlled by the Head Office are allocated to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

Sales and Cost of Sales of Head Office commercial transactions

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

Other income, by function

- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of “other income” and “finance income” of the respective operating segment.

Distribution costs

- Expenses associated and identified with each operating segment are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each operating segment.

Administrative Expenses

- Administrative expenses associated and identified with each segment are allotted directly.
- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

Other Expenses, by function

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

Other Earnings

- Other earnings associated and identified with each individual operating segment are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each operating segment.

Finance Income

- Finance income associated and identified with each operating segment is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining finance income is distributed in relation to the operating cash expenses of each operating segment.

Finance costs

- Finance costs associated and identified with each operating segment in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each operating segment.

Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method

- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

Foreign currency conversion

- Foreign currency conversion identifiable with each individual operating segment is allotted directly.
- Foreign currency conversion of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining foreign currency conversion is distributed in relation to operating cash expenses of each operating segment.

Contribution to the Treasury of Chile Law No. 13.196

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

Income tax income (expenses)

- First category income tax (corporate), of D.L. 2.398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.

- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2.398 allotted to each operating segment.

Losses due to impairment of value

- Losses related to the investment in Anglo American Sur S. A. recognized as of December 31, 2016, (Note 8) has been allocated to Head Office.

b) Transactions between segments

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

c) Cash flow from segments

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

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

d) Impairment

For the year ended December 31, 2016, there were not impairment indicators neither reversals of impairment from prior periods.

During the period 2015, the operating segments of Ventanas and Salvador Division present in their income statement an impairment of value of ThUS$54,047 and ThUS$310,530, before

taxes, respectively. This corresponds to the impairment of asset of Property, Plant and Equipment assigned to those Divisions, in their capacity as CGU.

The detail of the recognition of the asset impairment in the period 2015 is disclosed in Note 22.

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

	From 1/1/2016 to 12/31/2016								
Segments	**Chuquicamata**	**R. Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hales**	**Total Segments**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Revenue from sales of own copper	1,692,052	1,565,865	507,168	869,197	2,344,595	110,342	609,058	1,046,392	8,744,66
Revenue from sales of third-party copper	(13,688)	-	(124)	-	-	47,610	-	372,742	406,54
Revenue from sales of molybdenum	222,591	20,584	11,768	65,561	96,316	-	-	-	416,82
Revenue from sales of other products	111,562	-	58,818	5,165	92,089	212,848	-	103,849	584,33
Revenue from futures market	1,695	1,603	(270)	1,261	1,213	(872)	537	59	5,22
Revenue between segments	195,700	-	81,640	860	141	98,058	-	-	376,39
Revenue	**2,209,912**	**1,588,052**	**659,000**	**942,044**	**2,534,354**	**467,986**	**609,595**	**1,523,042**	**10,533,98**
Cost of sales of own copper	(1,316,910)	(1,207,848)	(504,108)	(904,483)	(1,499,721)	(108,326)	(514,329)	(1,025,790)	(7,081,51
Cost of sales of copper third-party copper	437	-	-	-	-	(51,669)	-	(379,032)	(430,26
Cost of sales of molybdenum	(83,214)	(25,745)	(9,276)	(23,852)	(40,441)	-	-	-	(182,52
Cost of sales of other products	(34,558)	-	(30,192)	(56)	(74,632)	(213,677)	-	(4,734)	(357,84
Cost of sales between segments	(328,044)	50,576	(51,809)	6,712	14,967	(103,277)	-	34,476	(376,39
Cost of sales	**(1,762,289)**	**(1,183,017)**	**(595,385)**	**(921,679)**	**(1,599,827)**	**(476,949)**	**(514,329)**	**(1,375,080)**	**(8,428,55**
Gross profit	**447,623**	**405,035**	**63,615**	**20,365**	**934,527**	**(8,963)**	**95,266**	**147,962**	**2,105,43**
Other income, by function	27,243	578	34,703	7,224	15,226	612	12,109	(1,865)	96,33
Distribution costs	(2,564)	(127)	(678)	(348)	(452)	(972)	-	(1,100)	(6,24
Administrative expenses	(51,106)	(27,016)	(11,891)	(24,778)	(59,602)	(9,646)	(25,942)	(25,473)	(235,45
Other expenses, by function	(160,224)	(30,710)	(51,425)	(51,425)	(53,062)	(8,515)	(5,617)	(15,340)	(376,31
Law No. 13.196	(178,767)	(154,201)	(52,547)	(79,412)	(202,360)	(26,107)	(59,255)	(113,006)	(865,65
Other gains (losses)	-	-	-	-	-	-	-	-	
Finance income	1,422	921	405	300	1,746	216	(185)	293	5,11
Finance costs	(115,370)	(41,927)	(16,906)	(85,739)	(164,854)	(6,377)	(12,249)	(52,523)	(495,94
Share in the profit (loss) of associates and joint ventures accounted by the equity method	222	-	630	(887)	(1,451)	-	-	-	(1,48
Exchange differences	(65,623)	(24,378)	(20,867)	(14,996)	(63,904)	(4,638)	(10,180)	(23,901)	(228,48
Profit (loss) before taxes	**(97,144)**	**128,175**	**(54,961)**	**(229,696)**	**406,314**	**(64,390)**	**(6,053)**	**(84,953)**	**(2,70**
Income tax expenses	**44,270**	**(93,078)**	**22,192**	**135,078**	**(279,274)**	**38,741**	**(1,633)**	**39,684**	**(94,02**
Profit (loss)	**(52,874)**	**35,097**	**(32,769)**	**(94,618)**	**127,040**	**(25,649)**	**(7,686)**	**(45,269)**	**(96,72**

From 1/1/2015 to 12/31/2015										
Segmentos	**Chuquicamata**	**R. Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hales**	**Total Segments**	**Su ass H**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	
Revenue from sales of own copper	1,647,849	1,614,728	318,001	957,522	2,246,131	161,432	662,832	1,113,169	8,721,664	
Revenue from sales of third-party copper	36,497	-	2,458	-	-	74,461	-	448,675	562,091	
Revenue from sales of molybdenum	157,529	14,415	10,400	100,396	109,808	-	-	-	392,548	
Revenue from sales of other products	91,255	-	48,000	4,745	102,379	200,522	1,004	90,384	538,289	
Revenue from futures market	1,272	1,349	693	(1,025)	(5,375)	3,530	742	759	1,945	
Revenue between segments	222,191	-	80,439	644	142	99,702	-	-	403,118	
Revenue	**2,156,593**	**1,630,492**	**459,991**	**1,062,282**	**2,453,085**	**539,647**	**664,578**	**1,652,987**	**10,619,655**	
Cost of sales of own copper	(1,513,500)	(1,239,743)	(458,986)	(920,584)	(1,449,409)	(159,901)	(566,186)	(1,082,526)	(7,390,835)	
Cost of sales of copper third-party copper	(35,589)	-	(3,115)	-	-	(75,374)	-	(471,060)	(585,138)	
Cost of sales of molybdenum	(67,674)	(21,040)	(12,305)	(33,014)	(40,113)	-	-	-	(174,146)	
Cost of sales of other products	(19,807)	-	(36,700)	(60)	(66,040)	(185,870)	(1,035)	(3,573)	(313,085)	
Cost of sales between segments	(336,168)	40,607	(44,196)	3,648	17,505	(97,448)	-	12,934	(403,118)	
Cost of sales	**(1,972,738)**	**(1,220,176)**	**(555,302)**	**(950,010)**	**(1,538,057)**	**(518,593)**	**(567,221)**	**(1,544,225)**	**(8,866,322)**	
Gross profit	**183,855**	**410,316**	**(95,311)**	**112,272**	**915,028**	**21,054**	**97,357**	**108,762**	**1,753,333**	
Other income, by function	15,497	6,927	16,654	14,132	10,633	1,927	2,467	3,885	72,122	
Distribution costs	(2,007)	(119)	(312)	(407)	(612)	(782)	-	(904)	(5,143)	
Administrative expenses	(48,831)	(16,228)	(7,438)	(25,411)	(61,264)	(7,974)	(27,454)	(29,136)	(223,736)	
Other expenses, by function	(122,021)	(16,655)	(514,001)	(177,478)	(62,443)	(64,261)	(14,123)	(34,798)	(1,005,780)	
Law No. 13.196	(179,769)	(158,320)	(34,362)	(95,559)	(195,302)	(29,002)	(64,260)	(108,223)	(864,797)	
Other gains (losses)	-	-	-	-	-	-	-	-	-	
Finance income	1,580	515	401	233	1,985	279	132	499	5,624	
Finance costs	(115,587)	(31,320)	(12,266)	(92,550)	(142,123)	(6,873)	(10,639)	(51,281)	(462,639)	
Share in the profit (loss) of associates and joint ventures accounted by the equity method	14,586	30,102	86	(2,868)	30,380	-	-	-	72,286	
Exchange differences	155,119	66,451	61,103	46,545	128,047	12,362	19,251	21,227	510,105	
Profit (loss) before taxes	**(97,578)**	**291,669**	**(585,446)**	**(221,091)**	**624,329**	**(73,270)**	**2,731**	**(89,969)**	**(148,625)**	
Income tax expenses	**62,450**	**(186,668)**	**374,685**	**141,498**	**(399,571)**	**46,893**	**(1,748)**	**57,581**	**95,120**	
Profit (loss)	**(35,128)**	**105,001**	**(210,761)**	**(79,593)**	**224,758**	**(26,377)**	**983**	**(32,388)**	**(53,505)**	

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The assets and liabilities related to each operating segment, including the Corporation's head office as of Dece 31, 2015 are detailed in the following tables:

	12/31/2016							
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hal**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS**
Current assets	953,971	605.154	229,135	292,710	746,672	135,869	217,749	4
Non-current assets	5,349,989	2,156,765	717,540	3,998,820	5,828,982	349,229	1,260,025	3,6
Current liabilities	567,733	112,502	122,596	170,520	414,811	58,474	81,686	1
Non-current liabilities	918,652	227,952	285,138	298,700	916,632	67,643	127,021	

	12/31/2015							
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hal**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS**
Current assets	850,220	628,448	227,828	318,103	710,726	143,119	254,985	5
Non-current assets	4,734,984	2,081,427	680,660	3,879,018	5,359,301	289,947	1,325,783	3,6
Current liabilities	558,521	134,687	242,124	195,320	524,188	78,811	115,695	1
Non-current liabilities	839,186	187,810	257,839	208,714	730,323	48,279	120,740	

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Total revenue from domestic customers	745,089	769,769
Total revenue from foreign customer	10,791,662	10,923,723
Total	**11,536,751**	**11,693,492**

Revenue per geographical areas	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
China	2,123,055	2,875,992
Rest of Asia	1,328,971	2,162,099
Europe	2,551,270	1,362,513
America	1,464,017	1,874,217
Others	4,069,439	3,418,671
Total	**11,536,751**	**11,693,492**

The main customers of the Corporation are listed in the following table:

Principal Customers	Country	1/1/2016 12/31/2016 ThUS$
Trafigura Pte Ltd.	Singapore	719,899
Southwire Company	U.S.A.	519,343
Glencore International Ag.	Switzerland	399,452
Ls-Nikko Copper Inc	South Korea	386,152
Nexans France	France	362,926
Maike Metals International Ltd	China	356,937
Louis Dreyfus Company Metals S	Switzerland	337,853
Mitsui & Co., Ltd.	Japan	325,855
Red Kite Master Fund Ltd.	U.S.A.	261,283
Wanxiang Resources (Singapore)	Singapore	227,206
Total		**3,896,906**

26. Foreign exchange differences

According to Decree Law 1.350, the Corporation maintains its accounting records in United States dollars (US$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate as of closing report for each of the financial statements.

This is consistent with the definition of Functional Currency described in Note 2 c, included in these Financial Statements.

The following table summarizes the foreign exchange differences included in the Consolidated Statements of Comprehensive Income:

Gain (loss) from foreign exchange differences recognized in income	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
Gain from foreign exchange differences	57,722	629,166
Loss from foreign exchange differences	(290,617)	(163,846)
Total exchange difference, net	**(232,895)**	**465,320**

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	1/1/2016 12/31/2016 ThUS$	1/1/2015 12/31/2015 ThUS$
VAT Refund	1,294,642	1,346,761
Other	342,299	428,345
Total	**1,636,941**	**1,775,106**

Other payments from operating activities	1/1/2016 12/31/2016 THUS$	1/1/2015 12/31/2015 THUS$
Contribution to the Chilean Treasury (Law No. 13.196)	(916,735)	(866,507)
Finance hedge and sales	28,699	35,096
VAT and other similar taxes paid	(1,126,098)	(1,143,972)
Total	**(2,014,134)**	**(1,975,383)**

28. Financial risk management, objectives and policies

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

The risks to which Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

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 the financial assets and liabilities as of December 31, 2016 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$43 million of gains or losses, respectively. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US$, with respect to the real exchange rate as of the date of this financial statement.

As of December 31, 2016, the balance of deposits in national currency amounts to ThUS$12 million. As of December 31, 2015, Codelco does not have any balances related to these deposits.

- Interest rate risk:

This risk is generated by 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 as of December 31, 2016, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$26 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 December 31, 2016 amount to ThUS$12,498,259 and ThUS$2,416,081, 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 by-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.

At December 31, 2016, if the future price of copper varied by + / - 5% (with the other variables constant), the result would vary + / - US$160 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect at December 31, 2016 (MTMF 675). 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 date of presentation of the financial statements, these contracts are adjusted to fair value, recording this effect, at the settlement date of the hedging transactions as part of net product sales. Codelco applies hedge accounting to protect its exposure against sales prices.

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 derivative market.

At December 31, 2016, 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 ThUS$83 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.

No hedging transactions with the specific aim to mitigate 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 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 12/31/2016	**Less than one year** ThUS$	**Between one and five years** ThUS$	**More than five years** ThUS$
Loans from financial institutions	166,294	2,202,078	786,369
Bonds	150,563	2,728,976	8,879,281
Finance leases	23,683	67,195	33,613
Derivatives	10,155	-	161,619
Other financial liabilities	1,915	72,338	-
Total	**352,610**	**5,070,587**	**9,860,882**

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 credit risk exposure as of December 31, 2016 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.

Explanatory note 2 in "Trade and other receivables" presents overdue 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 December 31, 2016 and 2015, 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 period ended December 31, 2016 and 2015, 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

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has entered into to hedge contracts, 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$7,337.

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

December 31, 2016

Hedge item	Bank	Type of derivative contract	Maturity	Currency	Amount THUS$	Financial obligation: hedging instrument THUS$	Exposure THUS$	Asset THUS$	Liability THUS$
Bond UF Maturity 2025	Credit Suisse (USA)	Swap	4/1/2025	US$	271,560	208,519	63,781	331,336	(267,555)
Bond EUR Maturity 2024	Santander (Chile)	Swap	7/9/2024	US$	316,188	409,650	(84,155)	375,732	(459,887)
Bond EUR Maturity 2024	Deustche Bank (England)	Swap	7/9/2024	US$	316,188	409,680	(83,391)	375,946	(459,337)
Bond UF Maturity 2026	Santander (Chile)	Swap	8/24/2024	US$	393,565	406,212	(6,208)	444,257	(450,465)
Total					**1,297,501**	**1,434,061**	**(109,973)**	**1,527,271**	**(1,637,244)**

As of December 31, 2016 the balance for cash deposit guarantees amount to ThUS$12,736.

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. At December 31, 2016, these operations generated a gain of ThUS$4,143.

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 December 31, 2016, the Corporation performed derivative market transactions of copper that represent 339,165 metric tons of fine copper. Codelco uses hedge accounting

to protect its exposure against the sales prices. Such hedging operations are part of the Corporation's commercial policy.

The current contracts as of December 31, 2016, presenting a potential loss of ThUS$7,123 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 completed between January 1, 2016 and December 31, 2016 generated a gain on net income of ThUS$6,222, which is comprised of the amounts received for sales contracts for ThUS$6,025 and the values paid for purchases contracts for ThUS$197.

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

As of December 31, 2016, the Corporation maintains derivative contracts related to the sale of gold for MOZT 74,7 and silver for MOZT 452,9.

The contracts outstanding at December 31, 2016 represents a potential loss of ThUS$112, 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 completed between January 1, 2016 and December 31, 2016 generated a loss in net income of ThUS$2,079, which is comprised of the amounts received for sales contracts for ThUS$1,138 and the values paid for purchases contracts for ThUS$941. These hedging transactions mature in April 2017.

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

The Corporation does not entered into any cash flow hedges backed by future production as of December 31, 2016.

Exposure of metal hedges is summarized in the following tables, as referred to in point b above:

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

December 31, 2015	Maturity date						
ThUS$	2016	2017	2018	2019	2020	Upcoming	Total
Flex Com Copper (Asset)	1,452	-	-	-	-	-	1,452
Flex Com Copper (Liability)	(107)	(684)	-	-	-	-	(791)
Flex Com Gold/Silver	994	-	-	-	-	-	994
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	2,339	(684)	-	-	-	-	1,655

December 31, 2016	Maturity date						
ThTM/Ounces	2016	2017	2018	2019	2020	Upcoming	Total
Copper Futures [MT]	246.99	84.18	8.00	-		-	339.17
Gold/Silver Futures [ThOZ]	527.66	-	-	-		-	527.66
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

December 31, 2015	Maturity date						
ThTM/Ounces	2016	2017	2018	2019	2020	Upcoming	Total
Copper Futures [MT]	199.640	29.100	-	-	-	-	228,740
Gold/Silver Futures [ThOZ]	1,475.452	-	-	-	-	-	1,475.452
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 material potential losses. Codelco defends its rights and exercises 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.

- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).

- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and do not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 531 cases that have a clearly estimated value. It is estimated that 381 of these, which represent 71.75% of the total and which amount to ThUS$29,013, could have possible negative impact on the results of the Corporation. There are also 124 lawsuits, representing 23.55% of the total and which amount to ThUS$1,244, about which there is remote possibility that the outcome would be unfavorable for Codelco. For the 26 remaining cases, which amount to ThUS$60, the Corporation's legal advisors believe that there is a remote possibility for an unfavorable outcome. In addition, there are 219 lawsuits for undetermined amounts. It is believed that the result of 62 of these could be possibly unfavorable to Codelco.

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 Public Companies 40%). The settlement was related to the years 2008 to 2012. Similar findings could be foreseen for the fiscal years 2012 to 2014. The IRS issued a Resolution No.17020000038 on September 8, 2015 and the Exempt Resolution DGC 17600 No.118/2015 whereby it confirmed that the collections No.478211, 478143 and 478179 will not have effect.

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For litigation costs and potential loss, the necessary provisions exist, which are recorded as contingency provisions.

b) Other Commitments

i. Continuity of the Salvador Division: On January 21, 2016, it was proposed at an Extraordinary Session of the Management Committee of the Board a segmented view of the Salvador Division that is 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 March 2017, which must provide sufficient information to make the decision about the continuity of the Salvador Division. It should be noted that the above depends on the copper market conditions and the financing capacity of the Corporation.

On January 21, 2016, at the Ordinary Season of the Board, the following was proposed:

- To take a segmented view of the Division, by analyzing Mine Concentrator Plant, 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.

As of December 31, 2015, the contract is operational, and monthly shipments began in June 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 December 31, 2016, 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 means Codelco retiring from its participation as a shareholder of CuPIC.

On April 7, 2016, the Corporation discontinued to be as the shareholder of CuPIC. Before that date Codelco posed 50% share interest through its subsidiary Codelco International. Until that date, the remaining share interest was owned by Album Enterprises Limited (a subsidiary of Minmetals).

Codelco signed a set of agreements in order to discontinue its participation in CuPIC:

• Copper sales contract modifications from Codelco to CuPIC signed in 2006 (described in Note 30, letter b), paragraph ii)), which establishes the reduction by half

of the outstanding tonnage to deliver to said company. Codelco agrees to pay to CuPIC ThUS$99,330.

• Share capital decrease in CuPIC equivalent to 50% share interest that Codelco International posed in CuPIC. CuPIC pays repays Codelco the amount of ThUS$99,330.

• Resignation of any dividends by Codelco 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 current accounting standards, which impacts negatively the results 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, includes a pledge over the shares that the subsidiary has on Acrux Inversiones SpA (shared participation with Mitsui and non-controlling 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, at December 31, 2016 and 2015, has complied with these conditions.

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 power purchase agreements 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, 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 account 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 "Provisions, Contingent Liabilities and Contingent Assets" and described in Note 2, letter o) of Main Accounting Policies.

As of December 31, 2016, the Corporation has agreed guarantees for an annual amount of U.F.21,603,004, with the purposal to comply with the aforementioned Law N°20.551. The following table details the main given guarantees:

Issuing bank	Division	Principal	Currency Index	Issuing date	Maturity date	Issuing rate %	Amount ThUS$
Banco Estado	Ventanas	205,208	UF	3/15/2016	3/18/2017	0.07	8,500
Banco Estado	Ventanas	62,932	UF	3/30/2016	3/18/2017	0.07	2,700
Banco Estado	Radomiro Tomic	2,166,997	UF	5/3/2016	5/10/2017	0.09	85,564
Banco Estado	Ministro Hales	1,072,330	UF	5/3/2016	5/12/2017	0.07	42,341
BCI	Chuquicamata	2,122,707	UF	5/13/2016	5/26/2017	0.10	83,815
Itaú	Chuquicamata	3,900,000	UF	5/17/2016	5/26/2017	0.15	153,992
Chile	El Teniente	987,594	UF	5/20/2016	6/1/2017	0.25	38,995
Santander	El Teniente	5,000,000	UF	5/23/2016	6/1/2017	0.20	197,425
Banco Estado	Gabriela Mistral	1,064,019	UF	6/9/2016	6/9/2017	0.09	42,013
Chile	Salvador	2,355,477	UF	8/11/2016	8/17/2017	0.14	93,006
Banco Estado	Andina	2,665,740	UF	11/2/2016	11/3/2017	0.09	105,257
Total		**21,603,004**					**853,608**

ix. On May 24, 2012, the Corporation has signed with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd. a financing contract for up to US$320 million for the development, construction and operation of a plant metal processing in the second region of Chile, of which, on October 28, 2015, have been drawn the totality of the funds.

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

The term of the contract 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.

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	12/31/2016			12/31/2015
		Currency	Maturity	ThUS$	ThUS$
Directorate-General for the Merchant Marine and Maritime Territory	Environmental	CLP	Mar-16	-	1,519
Urban Regional Manager, Metropolitan	Building project	UF	Mar-17	9	-
Urban Regional Manager, Valparaiso	Building project	UF	Jan-17	43	-
Urban Regional Manager, Valparaiso	Building project	UF	Jan-17	28	-
Urban Regional Manager, Valparaiso	Building project	UF	Jan-17	47	-
Department of Public Works, General Office of Waters	Building project	UF	Jul-16	-	24,201
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	-	37,435
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	-	37,435
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	-	37,435
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	-	37,435
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	-	37,435
Department of Public Works	Building project	USD	Jun-18	209	-
Oriente Copper Netherlands B.V.	Pledge on shares	USD	Nov-32	877,813	877,813
Sernageomin	Environmental	UF	Mar-16	-	1,081
Sernageomin	Environmental	USD	May-16	-	10,500
Sernageomin	Environmental	USD	May-16	-	4,450
Sernageomin	Environmental	USD	May-16	-	30,600
Sernageomin	Environmental	UF	Jun-16	-	26,700
Sernageomin	Environmental	UF	Jun-16	-	3,660
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	-
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	-
					-
Total				**1,742,507**	**1,167,699**

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	12/31/2016 ThUS$	12/31/2015 ThUS$
Andina	21,905	36,526
Chuquicamata	21,621	44,284
Casa Matriz	703,173	404,825
Radomiro Tomic	5,352	7,088
Salvador	30,893	47,592
Ministro Hales	5	5
El Teniente	58,602	47,505
Ventanas	5,044	10,575
Gabriela Mistral	721	1,474
Total	**847,316**	**599,874**

32. Balances in foreign currency

a) Assets by Type of Currency

Category	12/31/2016 ThUS$	12/31/2015 ThUS$
Liquid assets	**586,587**	**1,757,920**
US Dollars	540,977	1,702,657
Euros	7,892	3,600
Other currencies	4,282	4,772
Non-indexed Ch$	30,795	46,443
U.F.	2,641	448
Cash and cash equivalents	**576,726**	**1,747,718**
US Dollars	531,946	1,694,053
Euros	7,640	3,339
Other currencies	4,282	4,772
Non-indexed Ch$	30,422	45,230
U.F.	2,436	324
Other current financial assets	**9,861**	**10,202**
US Dollars	9,031	8,604
Euros	252	261
Other currencies	-	-
Non-indexed Ch$	373	1,213
U.F.	205	124
Short and long term receivables	**2,385,429**	**1,983,213**
US Dollars	1,635,971	1,266,467
Euros	92,701	110,671
Other currencies	1,347	619
Non-indexed Ch$	631,582	591,331
U.F.	23,828	14,125
Trade and other receivables	**2,254,731**	**1,876,863**
US Dollars	1,600,589	1,245,186
Euros	92,701	110,411
Other currencies	1,316	468
Non-indexed Ch$	537,292	506,673
U.F.	22,833	14,125

Category	12/31/2016 ThUS$	12/31/2015 ThUS$
Rights receivables, non-current	95,316	85,069
US Dollars	-	-
Euros	-	260
Other currencies	31	151
Non-indexed Ch$	94,290	84,658
U.F.	995	-
Due from related companies, current	13,669	21,057
US Dollars	13,669	21,057
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Due from related companies, non-current	21,713	224
US Dollars	21,713	224
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Rest of assets	30,430,625	29,563,782
US Dollars	29,990,703	28,625,772
Euros	49,273	407,102
Other currencies	222	31,452
Non-indexed Ch$	118,867	238,061
U.F.	271,560	261,395
Total assets	33,402,641	33,304,915
US Dollars	32,167,651	31,594,896
Euros	149,866	521,373
Other currencies	5,851	36,843
Non-indexed Ch$	781,244	875,835
U.F.	298,029	275,968

b) Liability by type of currency:

Current liability by currency	12/31/2016		12/31/2015	
	Up to 90 days ThUS$	90 days to 1 year ThUS$	Up to 90 days ThUS$	90 days to 1 year ThUS$
Current liabilities	2,212,250	255,689	2,885,773	836,415
US Dollars	1,755,127	178,941	2,638,242	780,581
Euros	132,463	41,343	53,949	-
Other currencies	9,261	-	791	-
Non-indexed Ch$	270,592	29,714	185,515	51,688
U.F.	44,807	5,691	7,276	4,146
Other current financial liabilities	127,616	224,994	380,929	785,281
US Dollars	111,045	176,681	346,797	780,581
Euros	6,729	41,343	28,988	-
Other currencies	-	-	-	-
Non-indexed Ch$	1,401	1,494	953	554
U.F.	8,441	5,476	4,191	4,146
Bank loans	4,550	161,744	274,621	721,270
US Dollars	3,892	127,924	252,029	721,270
Euros	-	33,820	21,946	-
Other currencies	-	-	-	-
Non-indexed Ch$	359	-	389	-
U.F.	299	-	257	-
Obligations	112,741	37,822	94,601	52,322
US Dollars	99,765	30,299	85,041	52,322
Euros	6,729	7,523	7,042	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	6,247	-	2,518	-
Finance lease	8,410	15,273	7,591	11,582
US Dollars	6,044	8,303	5,611	6,882
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch$	471	1,494	564	554
U.F.	1,895	5,476	1,416	4,146
Others	1,915	10,155	4,116	107
US Dollars	1,344	10,155	4,116	107
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch$	571	-	-	-
U.F.	-	-	-	-
Other current liabilities	2,084,634	30,695	2,504,844	51,134
US Dollars	1,644,082	2,260	2,291,445	-
Euros	125,734	-	24,961	-
Other currencies	9,261	-	791	-
Non-indexed Ch$	269,191	28,220	184,562	51,134
U.F.	36,366	215	3,085	-

Non-current liability by currency	12/31/2016				12/31/2015			
	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	5,969,958	2,866,846	5,893,456	6,314,033	5,166,907	2,192,825	6,603,167	5,887,007
US Dollars	5,609,256	2,728,331	4,916,894	4,347,467	4,939,297	2,064,442	6,081,114	4,317,803
Euros	-	-	(10,015)	960,360	-	-	(11,213)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	343,985	130,378	268,192	514,850	199,062	119,227	253,221	1,055,716
U.F.	16,717	8,137	718,385	491,356	28,548	9,156	280,045	513,488
Other non-current financial liabilities	2,334,118	2,736,469	5,604,973	4,255,909	1,304,942	2,073,599	6,349,946	4,298,444
US Dollars	2,315,498	2,728,332	4,896,603	3,295,549	1,292,189	2,064,443	6,081,114	4,298,444
Euros	-	-	(10,015)	960,360	-	-	(11,213)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	5,927	-	-	-	1,413	-	-	-
U.F.	12,693	8,137	718,385	-	11,340	9,156	280,045	-
Bank loans	1,626,564	575,514	143,227	643,142	1,196,308	453,408	174,939	686,999
US Dollars	1,626,564	575,132	143,227	643,142	1,196,308	452,783	174,939	686,999
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	382	-	-	-	625	-	-
Obligations	596,805	2,132,171	5,266,514	3,612,767	-	1,585,218	5,979,947	3,611,445
US Dollars	596,805	2,132,171	3,940,127	2,652,407	-	1,585,218	5,072,052	3,611,445
Euros	-	-	622,361	960,360	-	-	643,237	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	704,026	-	-	-	264,658	-
Finance Lease	38,411	28,784	33,613	-	31,805	34,973	32,623	-
US Dollars	20,392	21,029	19,254	-	19,729	26,442	17,236	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	5,326	-	-	-	736	-	-	-
U.F.	12,693	7,755	14,359	-	11,340	8,531	15,387	-
Others	72,338	-	161,619	-	76,829	-	162,437	-
US Dollars	71,737	-	793,995	-	76,152	-	816,887	-
Euros	-	-	(632,376)	-	-	-	(654,450)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	601	-	-	-	677	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non-current	3,635,842	130,377	288,482	2,058,123	3,861,967	119,226	253,220	1,588,562
US Dollars	3,293,759	-	20,291	1,051,918	3,647,109	-	-	19,359
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	338,059	130,378	268,192	514,850	197,650	119,227	253,221	1,055,716
U.F.	4,025	-	-	491,356	17,209	-	-	513,488

33. Sanctions

As of December 31, 2016 and 2015, neither Codelco Chile nor its Directors and Managers have been sanctioned by the SVS or any other administrative authorities.

34. Subsequent events

- On January 27, 2017, Law No. 20.989 the Capitalization Law was enacted, which contemplates the contribution of an additional amount that establishes a maximum of US$475 million per year for 2016 and 2017, with the purpose of reducing the indebtedness of the Corporation, as a mitigation equivalent to the difference between the transfers made by the Copper Reserved Law (Law 13.196) and the surplus that the Corporation has.
- On March 7, 2017, it was informed as an essential fact that Mr. Mauricio Larraín Medina, General Manager of El Teniente Division, tendered his resignation from the Corporation as of April 1, 2017.
- On March 13, 2017, it was informed as an essential fact that Mr. André Sougarret Larroquete has been designed as General Manager of El Teniente Division as of April 1, 2017.

The Corporation's management is not aware of any significant events of a financial or other nature that would affect these statements occurring between January 1, 2017 and the date of issuance of these financial statements (March 30, 2017) that may affect them.

35. 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 December 31, 2016, 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 periods from January 1 to December 31, 2016 and 2015, respectively, and the projected future expenses are stated below.

Entity	Project Name	Disbursements 12/31/2016				12/31/2015	Future committed disbursements	
		Project status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	Chuquicamata		**101,023**			**108,270**	**430,873**	
Codelco Chile	Talambre dam capacity extension, 8th stage	In Progress	14,614	Asset	P, P & E	19,774	300,048	2020
Codelco Chile	Emergency restoration system dust control crushing plant 2/3	In Progress	4,299	Asset	P, P & E	1,080	6,299	2018
Codelco Chile	Extension of 5th cps smelting	In Progress	14,505	Asset	P, P & E	-	582	2017
Codelco Chile	Replacement of circulation pot 1A and 2A	In Progress	7,485	Asset	P, P & E	14,083	21,915	2018
Codelco Chile	Standarization sampling and weighing system	In Progress	1,027	Asset	P, P & E	-	-	-
Codelco Chile	Construction installation surplus management	In Progress	7,445	Asset	P, P & E	-	6,817	2017
Codelco Chile	Replacement of water treatment plant	In Progress	5,367	Asset	P, P & E	-	34,578	2018
Codelco Chile	Replacement gas management system	In Progress	10	Asset	P, P & E	-	10,317	2018
Codelco Chile	Acid plants	In Progress	23,124	Expenditure	Adm. Expense	48,141	25,641	2016
Codelco Chile	Solid waste	In Progress	1,367	Expenditure	Adm. Expense	2,360	1,560	2016
Codelco Chile	Tailings	In Progress	21,062	Expenditure	Adm. Expense	21,848	22,446	2016
Codelco Chile	Acid drainage	In Progress	-	Expenditure	Adm. Expense	-	-	2016
Codelco Chile	Water treatment plant	In Progress	248	Expenditure	Adm. Expense	301	420	2016
Codelco Chile	Environmental monitoring	In Progress	470	Expenditure	Adm. Expense	683	250	2016
	Salvador		**95,987**			**91,438**	**208,133**	
Codelco Chile	Improvement of integrated gas collection process	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Construction Ditch Hazardous Waste	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Construction 5th stage tailings treatment	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Construction peralte north wall second stage	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Improved integration of the gas process	In Progress	54,904	Asset	P, P & E	53,804	170,407	2018
Codelco Chile	Sanitary landfill construction	In Progress	-	Asset	P, P & E	-	-	-
Codelco Chile	Environmental improvement to Puerto Barquito	In Progress	-	Asset	P, P & E	1,630	-	-
Codelco Chile	Concentrator filter plant construction	In Progress	10,746	Asset	P, P & E	-	8,857	2017
Codelco Chile	Tailings	In Progress	1,918	Expenditure	Adm. Expense	2,621	1,837	2016
Codelco Chile	Acid plants	In Progress	26,269	Expenditure	Adm. Expense	31,473	24,992	2016
Codelco Chile	Solid waste	In Progress	1,311	Expenditure	Adm. Expense	1,256	1,063	2016
Codelco Chile	Water treatment plant	In Progress	839	Expenditure	Adm. Expense	654	977	2016
Codelco Chile	Envioronmental management and monitoring, consulting	In Progress	-	Expenditure	Adm. Expense	-	-	2014
	Andina		**162,685**			**159,523**	**212,975**	
Codelco Chile	Construction of water trap for east ballast deposit	Finished	-	Asset	P, P & E	4,691	-	-
Codelco Chile	Drain water treatment	In Progress	15,143	Asset	P, P & E	-	8,557	2017
Codelco Chile	Constuction tracking works	In Progress	-	Asset	P, P & E	-	-	
Codelco Chile	Water Normative Phase 2	In Progress	3,918	Asset	P, P & E	7,633	5,189	2018
Codelco Chile	Building evacuation and capturing towers, Ovejería	In Progress	280	Asset	P, P & E	3,497	-	2016
Codelco Chile	Construction works infiltration plan	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Improvement to irrigation	In Progress	-	Asset	P, P & E	3,290	-	-
Codelco Chile	Improvements to line wall sand	In Progress	-	Asset	P, P & E	220	-	-
Codelco Chile	Construction site emergency plan	In Progress	6,845	Asset	P, P & E	-	24,603	2017
Codelco Chile	Construction site emergency plan	In Progress	206	Asset	P, P & E	18,696	-	2016
Codelco Chile	Construction adduction Los Leones	In Progress	66	Asset	P, P & E	3,764	-	2016
Codelco Chile	Construction well container spills	In Progress	-	Asset	P, P & E	561	-	-
Codelco Chile	Drain water treatment DLN	In Progress	-	Asset	P, P & E	11,842	-	2017
Codelco Chile	Level 640 tranque	In Progress	36,644	Asset	P, P & E	15,276	67,808	2017
Codelco Chile	Improved water internal tip E2	In Progress	6,200	Asset	P, P & E	5,172	5,438	2017
Codelco Chile	Replacement Ovejeria line tailings	In Progress	492	Asset	P, P & E	6,284	-	-
Codelco Chile	Improvement of power supply	In Progress	1,208	Asset	P, P & E	254	-	-
Codelco Chile	Water rights and lands early acquisition	In Progress	381	Asset	P, P & E	7,538	-	-
Codelco Chile	Construction of emergency transport system works	In Progress	10,028	Asset	P, P & E	-	25,021	2017
Codelco Chile	Río Blanco trap	In Progress	4,049	Asset	P, P & E	641	-	-
Codelco Chile	Construction early alert plan	In Progress	1,529	Asset	P, P & E	-	365	2017
Codelco Chile	Solid waste	In Progress	2,183	Expenditure	Adm. Expense	1,935	2,712	2016
Codelco Chile	Water treatment plant	In Progress	2,866	Expenditure	Adm. Expense	3,532	4,110	2016
Codelco Chile	Trailing	In Progress	67,239	Expenditure	Adm. Expense	61,968	65,517	2016
Codelco Chile	Acid drainage	In Progress	3,408	Expenditure	Adm. Expense	2,729	3,655	2016
Subtotal			**359,695**			**359,231**	**851,981**	

Entity	Project Name	Disbursements 12/31/2016				12/31/2015	Future committed disbursements	
		Project status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	El Teniente		**209,108**			**193,207**	**399,941**	
Codelco Chile	Construction of 7th phase of Carén	In Progress	2,707	Asset	P, P & E	1,697	-	2016
Codelco Chile	Network Monitoring System	Finished	-	Asset	P, P & E	250	-	-
Codelco Chile	Construction of 6th phase of Carén	In Progress	28,213	Asset	P, P & E	28,213	81,619	2017
Codelco Chile	Installation of Powder control	In Progress	-	Asset	P, P & E	172	-	-
Codelco Chile	Flowmeter Acquisitions	In Progress	-	Asset	P, P & E	124	-	-
Codelco Chile	Environmental reconstruction of courts	In Progress	-	Asset	P, P & E	1,557	-	-
Codelco Chile	Emergency reservoir construction	In Progress	-	Asset	P, P & E	2,099	-	-
Codelco Chile	Reinforcement structure and other critical sectors	In Progress	-	Asset	P, P & E	701	-	-
Codelco Chile	Scale and bridges replacement	In Progress	122	Asset	P, P & E	122	-	-
Codelco Chile	Coya module acquisition	In Progress	309	Asset	P, P & E	4	-	-
Codelco Chile	Construction of slag treatmentn plant	In Progress	6,092	Asset	P, P & E	-	37,112	2016
Codelco Chile	Smelting emissions network	In Progress	41,880	Asset	P, P & E	-	129,373	2019
Codelco Chile	Acid plants	In Progress	61,240	Expenditure	Adm. Expense	68,748	60,973	2016
Codelco Chile	Solid waste	In Progress	4,079	Expenditure	Adm. Expense	3,474	3,687	2016
Codelco Chile	Water treatment plant	In Progress	12,886	Expenditure	Adm. Expense	14,423	13,803	2016
Codelco Chile	Tailings	In Progress	51,580	Expenditure	Adm. Expense	71,623	73,374	2016
	Gabriela Mistral		**11,278**			**17,072**	**12,471**	
Codelco Chile	Installation of modular pool cover	In Progress	691	Asset	P, P & E	-	-	-
Codelco Chile	Installation of gravel dump	In Progress	7,682	Asset	P, P & E	14,243	8,721	2017
Codelco Chile	Installation of gravel dump phase IV	In Progress	41			-	368	2016
Codelco Chile	Environmental monitoring	In Progress	1,668	Expenditure	Adm. Expense	140	65	2016
Codelco Chile	Solid waste	In Progress	51	Expenditure	Adm. Expense	1,532	2,067	2016
Codelco Chile	Water treatment plant	In Progress	1,145	Expenditure	Adm. Expense	1,157	1,250	2016
	Ventanas		**65,543**			**59,683**	**51,873**	
Codelco Chile	Capturing of second gases	In Progress	15,034	Asset	P, P & E	14,236	7,796	2017
Codelco Chile	Capturing of racking gases	In Progress	2,044	Asset	P, P & E	6,921	-	-
Codelco Chile	Treatment of gases in line	In Progress	1,828	Asset	P, P & E	6,356	-	-
Codelco Chile	Natural gas conversion burner	Finished	-	Asset	P, P & E	397	-	-
Codelco Chile	Standardization of Measurements	Finished	-	Asset	P, P & E	48	-	-
Codelco Chile	Eliminating Visible Smokes	In Progress	10,170	Asset	P, P & E	3,263	2,135	2017
Codelco Chile	Fugitive gas treatment	In Progress	10,063	Asset	P, P & E	1,524	6,799	2017
Codelco Chile	Treatment of secondary gases	In Progress	14	Asset	P, P & E	-	-	-
Codelco Chile	Reparation of exchanger	In Progress	30	Asset	P, P & E	517	-	-
Codelco Chile	Installation Cloth 6	In Progress	-	Asset	P, P & E	22	-	-
Codelco Chile	Container carrier	In Progress	46	Asset	P, P & E	-	1,731	2017
Codelco Chile	Acid plants	In Progress	18,030	Expenditure	Adm. Expense	18,687	21,425	2016
Codelco Chile	Solid waste	In Progress	1,643	Expenditure	Adm. Expense	1,430	2,381	2016
Codelco Chile	Environmental monitoring	In Progress	1,529	Expenditure	Adm. Expense	1,542	1,544	2016
Codelco Chile	Effluent treatment plant	In Progress	5,112	Expenditure	Adm. Expense	4,740	8,062	2016
	Radomiro Tomic		**3,014**			**2,001**	**4,809**	
Codelco Chile	Application of monitoring system	In Progress	127	Asset	P, P & E	-	1,493	2017
Codelco Chile	Solid waste	In Progress	1,199	Expenditure	Adm. Expense	989	1,324	2016
Codelco Chile	Environmental monitoring	In Progress	764	Expenditure	Adm. Expense	-	945	2016
Codelco Chile	Effluent treatment plant	In Progress	924	Expenditure	Adm. Expense	1,012	1,047	2016
	Ministro Hales		**15,669**			**3,875**	**3,295**	
Codelco Chile	Mounting system acquisition and washing	In Progress	-	Asset	P, P & E	496	-	-
Codelco Chile	Improving accessibility and integration villas	In Progress	12,496	Asset	P, P & E	2,579	-	-
Codelco Chile	Acquisition sprinkler truck	In Progress	-	Asset	P, P & E	22	-	-
Codelco Chile	Silicone Bagging Facility	In Progress	-	Asset	P, P & E	308	-	2015
Codelco Chile	Enlargement plant plant filter	In Progress	-	Asset	P, P & E	470	-	2015
Codelco Chile	Solid waste	In Progress	1,726	Expenditure	Adm. Expense	-	1,800	2016
Codelco Chile	Environmental monitoring	In Progress	669	Expenditure	Adm. Expense	-	695	2016
Codelco Chile	Water treatment plant	In Progress	778	Expenditure	Adm. Expense	-	800	2016
	Ecometales Limited		**217**			**207**	**215**	
Ecometales Ltd.	Smelting plant of foundry dust	In Progress	217	Expenditure	Adm. Expense	207	215	2015
Subtotal			**304,829**			**276,045**	**472,604**	
Total			**664,524**			**635,276**	**1,324,585**	

Nelson Pizarro Contador
Chief Executive Officer

Alejandro Rivera Stambuk
Chief Financial Officer

Gonzalo Zamorano Martínez
Accounting and Finance Control Manager

Javier Tapia Avila
Accountant Director

CODELCO – CHILE

Consolidated Financial Statements as of December 31, 2015

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

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EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Building a better working world

Report of Independent Auditors
(A free translation of the original report issued in Spanish)

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

We have audited the accompanying consolidated financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with International Financial Reporting Standards, this responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Corporación Nacional del Cobre de Chile and its subsidiaries as of December 31, 2015 and 2014, and the results of its operations, and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Oscar Gálvez R.

EY Ltda.

Santiago, June 30, 2016

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

(In thousands of US dollars - ThUS$)

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

	Notes	12/31/2015	12/31/2014
Assets			
Current Assets			
Cash and cash equivalents	1	1,747,718	1,310,616
Other current financial assets	12	10,202	31,748
Other current non-financial assets		34,611	31,652
Trade and other current receivables	2	1,876,863	2,177,782
Accounts receivable due from related companies, current	3	21,057	9,488
Inventory	4	2,097,026	2,237,791
Current tax assets	6	270,412	189,883
Total current assets		**6,057,889**	**5,988,960**
Non-current assets			
Non-current inventories	4	185,470	168, 421
Other non-current financial assets	12	36,291	62,413
Other non-current non-financial assets	11	27,908	35,915
Non-current receivables	2	85,069	124,675
Accounts receivable due from related companies, non-current	3	224	224
Investment accounted for under the equity method	8	4,091,817	6,798,706
Intangible assets other than goodwill	9	186,082	167,062
Property, plant and equipment, net	7	22,767,239	21,904,361
Investment property		5,854	5,829
Total non-current assets		**27,385,954**	**29,267,606**
Total Assets		**33,443,843**	**35,256,566**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2015 and 2014

(In thousands of US dollars - ThUS$)

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

	Notes	12/31/2015	12/31/2014
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	1,166,210	986,168
Trade and other current payables	16	1,306,715	1,443,650
Accounts payable to related companies, current	3	163,366	150,640
Other current provisions	17	661,623	435,365
Current tax liabilities	6	16,253	2,225
Current employee benefit accruals	17	446,212	453,752
Other current non-financial liabilities		100,738	104,035
Total current liabilities		**3,861,116**	**3,575,835**
Non-current liabilities			
Other non-current financial liabilities	13	14,026,931	12,951,242
Accounts payable to related companies, non-current	3	157,049	193,710
Other non-current provisions and accrued expenses	17	1,176,187	1,438,825
Deferred tax liabilities	5	3,257,605	4,204,009
Non-current employee benefit accruals	17	1,228,227	1,363,241
Other non-current non-financial liabilities		3,907	4,192
Total non-current liabilities		**19,849,906**	**20,155,219**
Total liabilities		**23,711,022**	**23,731,054**
Equity			
Issued capital		2,524,423	2,524,423
Retained earnings		33,623	1,793,557
Other reserves	19	6,131,920	5,343,797
Equity attributable to owners of the parent		**8,689,966**	**9,661,777**
Non-controlling interests	19	1,042,855	1,863,735
Total equity		**9,732,821**	**11,525,512**
Total liabilities and equity		**33,443,843**	**35,256,566**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended as of December 31, 2015 and 2014
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2015 12/31/2015	1/1/2014 12/31/2014
Profit (loss)			
Revenue	20	11,693,492	13,826,677
Cost of sales		(9,916,805)	(10,111,412)
Gross profit		**1,776,687**	**3,715,265**
Other Income, by function	23.a	152,889	98,346
Distribution costs		(12,435)	(9,343)
Administrative expenses		(363,494)	(451,122)
Other expenses	23.b	(2,086,728)	(1,620,977)
Other gains		20,885	37,682
(Loss) profit from operating activities		**(512,196)**	**1,769,851**
Finance income		17,198	19,744
Finance costs	24	(524,847)	(464,671)
Share of loss of associates and joint ventures accounted for under the equity method	8	(2,501,652)	(194,585)
Foreign exchange differences	26	465,320	378,820
(Loss) profit for the period before tax		**(3,056,177)**	**1,509,159**
Income tax expense	5	728,398	(1,581,861)
Loss for the period		**(2,327,779)**	**(72,702)**
(Loss) profit attributable to owners of the parent		(1,492,216)	75,029
Loss attributable to non-controlling interests	19.b	(835,563)	(147,731)
Loss for the period		**(2,327,779)**	**(72,702)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Continuation)
For the years ended as of December 31, 2015 and 2014
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2015 12/31/2015	1/1/2014 12/31/2014
Loss for the period		(2,327,779)	(72,702)
Components of other comprehensive income (loss), before tax:			
Exchange differences on translation of foreign operations			
Loss on exchange differences on translation of foreign operations, before tax		(7,211)	(6,983)
Other comprehensive loss, before tax, exchange differences on translation of foreign operations		(7,211)	(6,983)
Cash flow hedges			
(Loss) gain on cash flow hedges, before tax		(8,664)	12,918
Other comprehensive (loss) income, before tax, cash flow hedges		(8,664)	12,918
Other comprehensive loss, before tax, losses for defined benefit plans		(79,167)	(315,225)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method, before tax		(9,632)	(1,816)
Other comprehensive loss, before tax		(104,674)	(311,106)
Income tax related to other comprehensive income:			
Income tax related to cash flow hedges of other comprehensive income (loss)	5	5,557	(7,656)
Income tax relating to defined benefit plans of other comprehensive income		53,438	208,049
Aggregated income tax related to components of other comprehensive income		58,995	200,393
Other comprehensive loss		**(45,679)**	**(110,713)**
Other comprehensive loss, net reclassified to profit or loss in subsequent periods		(19,950)	(3,537)
Other comprehensive loss, net not reclassified to profit or loss in subsequent periods		(25,729)	(107,176)
Total comprehensive loss		**(2,373,458)**	**(183,415)**
Comprehensive loss attributable to:			
Comprehensive loss attributable to owners of the parent		(1,537,895)	(35,684)
Comprehensive loss attributable to non-controlling interests	19.b	(835,563)	(147,731)
Total comprehensive loss		**(2,373,458)**	**(183,415)**

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD
As of December 31, 2015 and 2014
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2015 12/31/2015	1/1/2014 12/31/2014
Cash flows provided by (used in) operating activities:			
Cash receipts provided by operating activities			
Cash flows provided by sales of goods and rendering of services		12,134,350	14,153,053
Other cash flows provided by operating activities	27	1,775,106	1,655,763
Types of cash payments			
Payments to suppliers for goods and services		(6,829,745)	(7,881,636)
Payments to and on behalf of employees		(1,672,219)	(2,091,504)
Other cash flows used in operating activities	27	(1,975,383)	(2,251,720)
Dividends received		211,142	495,690
Income taxes paid		(247,888)	(578,946)
Net cash flows provided by operating activities		3,395,363	3,500,700
Cash flows provided by (used in) investing activities:			
Other payments to acquire equity or debt instruments of other entities		(65,511)	(22,502)
Purchases of property, plant and equipment		(4,260,783)	(3,799,708)
Interest received		8,328	4,651
Other inflows (outflows) of cash		35,564	(705)
Net cash flows used in investing activities		(4,282,401)	(3,818,264)
Cash flows provided by (used in) financing activities:			
Total amounts from loans		2,798,955	3,885,490
Repayments of loans		(1,510,776)	(1,910,687)
Dividends paid		-	(660,582)
Interest paid		(550,536)	(468,176)
Capital contribution		600,000	-
Net cash flows provided by financing activities		1,337,643	846,045
Net increase in cash and cash equivalents before foreign exchange difference		450,604	528,481
Effect of exchange rate changes		(13,503)	31,466
Net increase in cash and cash equivalents		437,102	559,946
Cash and cash equivalents at the beginning of period	1	1,310,616	750,670
Cash and cash equivalents at the end of period	1	1,747,718	1,310,616

The accompanying notes form an integral part of these Consolidated Financial Statements.

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

As of December 31, 2015
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I

December 31, 2015	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial losses in defined benefits plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Retained earnings	
Initial balance as of 1/1/2015	2,524,423	(5,763)	(3,442)	(220,695)	5,573,697	5,343,797	1,793,557	
Changes in equity								
Loss for the period							(1,492,216)	
Other comprehensive income (loss)		(7,211)	(3,107)	(25,729)	(9,632)	(45,679)		
Comprehensive income								
Dividends							-	
Increase (decrease) through transfers and other changes	-	-	-	-	833,802	833,802	(267,718)	
Total increase (decrease) in equity	-	(7,211)	(3,107)	(25,729)	824,170	788,123	(1,759,934)	
Final balance as of 12/31/2015	2,524,423	(12,974)	(6,549)	(246,424)	6,397,867	6,131,920	33,623	

The accompanying notes form an integral part of these Consolidated Financial Statements.

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
As of December 31, 2014
(In thousands of US dollars - ThUS$)
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note

December 31, 2014	Issued capital	Foreign currency conversion reserve	Cash flow hedge reserve	Reserve of actuarial losses in defined benefits plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Retained earnings
Initial balance as of 1/1/2014	2,524,423	1,220	(8,704)	(113,519)	5,366,710	5,245,707	2,590,388
Changes in equity							
Profit for the period							75,029
Other comprehensive income (loss)		(6,983)	5,262	(107,176)	(1,816)	(110,713)	
Comprehensive income							
Dividends							(660,582)
Increase (decrease) through transfers and other changes	-	-	-	-	208,803	208,803	(211,278)
Total increase (decrease) in equity	-	(6,983)	5,262	(107,176)	206,987	98,090	(796,831)
Final balance as of 12/31/2014	2,524,423	(5,763)	(3,442)	(220,695)	5,573,697	5,343,797	1,793,557

The accompanying notes form an integral part of these 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 (discussed in Note 8).

The Corporation trades its products based on a policy with the objective of selling 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 is registered under Securities Registry No. 785 of the Chilean Superintendency of Securities and Insurance (the "SVS") and is subject to the supervision of said SVS. According to Article 10 of Law No. 20.392 (on the new Corporate Governance of Codelco), such supervision will 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, telephone number (56-2) 26903000.

Codelco Chile was formed as stipulated by D.L. No. 1.350 of 1976, which is the statutory decree of the Corporation. In accordance with the statutory decree, Codelco is a state-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 statutes, and in matters not covered by them and, insofar as they are compatible and do not go against the

provisions of these rules, the rules that govern 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 a budgeting system that is composed of an Operations Budget, an Investment Budget and a Debt Amortization Budget.

The tax system applicable to Codelco's 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 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.d.

The associates correspond to companies located in Chile and abroad, which are detailed in the Explanatory Notes Section III of Note 8.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated financial statements are presented in thousands of US dollars and were prepared based on the accounting records maintained by Codelco Chile and its subsidiaries, and have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (hereinafter "IASB").

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these consolidated financial statements and expressly states its responsibility for the consistent and reliable nature of the information included in the consolidated financial statements as of December 31, 2015, for the effects of which IFRS principles issued by the IASB have been applied in full. The December 31, 2015 consolidated financial statements were approved by the Board of Directors in a meeting on June 30, 2016.

Accounting Principles

These consolidated financial statements reflect the financial position of Codelco Chile and its subsidiaries as of December 31, 2015 and 2014; the results of their operations; changes in equity and cash flows for the years ended December 31, 2015 and 2014; and their related notes, all of which have been prepared and presented in accordance with IAS 1 "Presentation of Financial Statements".

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Significant Accounting Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements, in accordance with IFRS as issued by the IASB, requires the Corporation's management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the 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). When there are indicators that could lead to changes in the estimated useful lives of such assets, these changes are determined 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 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 conservative judgment in determining the ore reserves, and as such, possible changes in these estimates could significantly impact the estimates of net revenues over time. In addition, these changes would lead to modifications in the usage estimates related to charges for depreciation and amortization, calculation of stripping

adjustments, determination of impairment charges and determination of expected future disbursements related to decommissioning, restoration.

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 the Chilean 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.

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 the evaluation of impairment, the assets are grouped into cash generating units ("CGUs") to which the assets belong. The recoverable amount of these assets or CGUs is calculated as the present value of the cash flows expected to be derived from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. If the recoverable amount of the assets is lower than their carrying amount, an impairment loss exists.

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, could impact the carrying amounts of the corresponding assets.

Estimation of factors 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 constituted at the level of each of its current operating divisions.

The review for impairment includes subsidiaries, associates and joint arrangements.

d) Provisions for decommissioning and site restoration costs - The Corporation is obligated 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.

For these purposes, a defined list of mine sites, installations and other equipment assigned to this process, considered at the engineering level profile, the cubing 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 must be made, as well as a discount rate used to discount the estimated cash flows, 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 recorded as of a reporting date represent management's best estimate of the present value of the future decommissioning and site restoration costs. Changes to estimated future costs are recognized in the statement of financial position by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16 "Property, Plant and Equipment". Any reduction in the decommissioning and site restoration liability and therefore any deduction from the decommissioning and site restoration asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is adjusted to profit or loss.

If the change in estimate results in an increase in the decommissioning and site restoration liability and therefore an addition to the carrying value of the asset, the entity is required to consider whether this is an indication of impairment of the asset as a whole and test for impairment in accordance with IAS 36 "Impairment of Assets". If the revised asset net of decommissioning and site restoration provisions exceeds the recoverable value, that portion of the increase is charged directly to profit or loss statement. 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 at their net present value. These decommissioning costs are charged to net income over the life of the mine, through the depreciation of the corresponding asset. The depreciation is included in operating costs, while the unwinding of the discount in the provision is included in finance costs.

e) Accrual for employee benefits - Employee benefits costs for 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 charged to profit or loss on an accrual basis.

The Corporation uses assumptions and best estimates to determine the future obligation related to these benefits. Such estimates, as well as assumptions, are determined through external actuarial calculations. These assumptions include demographic assumptions, mortality and morbidity rates, discount rate and expected salary increases and rotation levels, among other factors. Although the Corporation believes that the assumptions used are appropriate, a change in these assumptions could affect net income.

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).

g) Fair Value of Derivatives and Other 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 these above-mentioned estimates have been made based on the best information available as of the date of issuance of these consolidated financial statements, it is possible that future developments could lead the Corporation to modify these estimates in the future. Such modifications, if occurred, 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 consolidated financial statements of Corporación Nacional del Cobre de Chile include:

- Statements of Financial Position as of December 31, 2015 and 2014.
- Statements of Comprehensive Income for the years ended December 31, 2015 and 2014.
- Statements of Changes in Equity for the years ended December 31, 2015 and 2014.
- Statements of Cash Flows for the years ended December 31, 2015 and 2014.

b) Basis of preparation – The consolidated financial statements of the Corporation for the period ended as of December 31, 2015 have been prepared in accordance with IFRS, as issued by the IASB.

The consolidated statement of financial position as of December 31, 2014, and the consolidated statements of comprehensive income, equity and of cash flows for the year ended December 31, 2014, 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 year ended December 31, 2015.

c) Functional Currency - The functional currency of Codelco is the US dollar, which is the currency of the primary economic environment in which the Corporation operates and the currency in which it receives its revenues. Transactions other than those in the Corporation's functional currency are translated at the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than the functional currency are translated using the exchange rates at the balance sheet date. Gains and losses from foreign currency translations are included in profit or loss within the line item "Foreign exchange differences".

The presentation currency of the consolidated financial statements of Codelco is the US dollar.

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, as established in IAS 21 "The Effects of Changes in Foreign Exchange Rates". However, for those subsidiaries and associates that represent an extension of the operations of Codelco (entities that are not self-sufficient and whose main transactions are performed with Codelco); the functional currency is also the US dollar, as this is the functional currency of Codelco.

When the indicators are mixed and the functional currency is not obvious, management uses its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions under which each entity operates.

d) Basis of consolidation - The consolidated financial statements include the financial statements of the Corporation and its subsidiaries.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which usually the Corporation obtains control, and continue to be consolidated until the date such control ceases.

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

All significant balances and transactions between the consolidated companies are eliminated, and the equity share of non-controlling interests has been recognized and presented in the line "Non-controlling Interests". The companies included in the consolidation are as follows:

Taxpayer Number	Company	Country	Currency	12/31/2015			12/31/2014
				Entity Share Percentage			Entity Share Percentage
				Direct	Indirect	Total	Total
Foreign	Chile Copper Limited	England	GBP	100.00	-	100.00	100.00
Foreign	CK Metal Agentur GmbH	Germany	EUR	-	-	-	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	EUR	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	US$	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	Ecometales Limited	Anglonormandars	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
78.712.170-5	Compañía Minera Picacho (SCM)	Chile	US$	-	-	-	100.00
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	Clínica 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	99.90
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
96.854.500-0	Instituto de Innovación en Mineria y Metalurgia S.A.	Chile	US$	99.93	0.07	100.00	100.00
96.876.140-4	Santiago de Rio Grande S.A.	Chile	US$	99.99	0.01	100.00	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	US$	-	91.32	91.32	85.03
96.991.180-9	Biosigma S.A.	Chile	US$	66.67	-	66.67	66.67
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	US$	99.90	0.10	100.00	100.00
99.573.600-4	Clínica 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	Sociedad de Inversiones Copperfield Ltda.	Chile	US$	99.99	0.01	100.00	100.00
76.883.610-8	Energía Minera S.A.	Chile	US$	99.00	1.00	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	Inst. de Salud Previsional Fusat. Ltda.	Chile	CLP	-	99.70	99.70	99.70
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

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 power to govern its operating and financial decisions in order to obtain benefits from its activities in accordance with the provisions of IFRS 10, Consolidation. The 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. For partially owned subsidiaries, the net assets and net earnings attributable to non-controlling shareholders are presented as "Non-controlling interests" in the consolidated statements of financial position and consolidated statement of income.

- **Associates -** An associate is an entity over which Codelco exercises significant influence, but not to control or jointly control, through the power to participate in the financial and operating decisions of that entity.

  Codelco's interest ownership in such entities is recorded in the consolidated financial statements under the equity method. Under this method, the initial investment is recorded at cost. The carrying amount of the investment is adjusted to recognize changes in Codelco's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

  The statement of profit or loss reflects Codelco's share of the results of operations of the associate.

- **Acquisitions and Disposals -** The results of businesses acquired are incorporated in the consolidated financial statements from the date when the control is obtained; the results of businesses sold during the period are included into the consolidated financial statements up to the effective date of disposal. Gain or loss 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 a control is lost over a subsidiary, the remaining investment will be recorded at its fair value.

  If at the acquisition date of an investment in an associate, the purchase price paid by Codelco is less than the net fair value of the identified assets and liabilities, Codelco records a gain at the date of the acquisition.

- **Joint Ventures -** The entities that qualify as joint ventures, in which joint control exists over the operating and financial decisions, are accounted for using the equity method, consistent with the accounting method applied to associates as explained above.

e) Foreign currency transactions - Monetary assets and liabilities denominated in a currency other that the functional currency have been translated into U.S. dollars at the closing exchange rate of the period.

Monetary assets and liabilities denominated in currency other than the functional currency, indexed in Unidades de Fomento (UF or inflation index-linked units of account) (12/31/2015: US$36.09; 12/31/2014: US$40.63), are expressed in U.S. dollars at the closing exchange rates of the period.

Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the transaction date.

Exchange differences are recognized in profit or loss.

The financial statements of subsidiaries, associates and jointly controlled entities, whose functional currency is different from the functional currency of Codelco, are translated using the following procedures:

- Assets and liabilities are translated using the exchange rate at the statement of financial position.

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

- All resulting exchange differences are recognized as a separate component of comprehensive income in equity.

The exchange rates used in each period are as follows:

Relation	Exchange rates	
	12/31/2015	12/31/2014
US$ / CLP	0.00141	0.00165
US$ / GBP	1.48280	1.55618
US$ / BRL	0.25109	0.37622
US$ / EUR	1.09075	1.21640

f) Offsetting Balances and Transactions: In general, assets and liabilities, income and expenses, are not offset in the financial statements, except in cases in which there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. 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 pay the liabilities simultaneously, are stated net in the statement of income.

g) Property, plant and equipment and depreciation - Property, plant and equipment items are initially recorded at cost. After their initial recognition, they are recorded at cost, less any accumulated depreciation and any accumulated impairment losses.

The costs of extension, modernization or improvement representing an increase in productivity, capacity or efficiency or an increase in the useful life of the assets is capitalized.

Furthermore, this caption includes assets under finance lease contracts. These assets are not legally owned by the Corporation until the corresponding purchase option is exercised.

Until fiscal year 2013, property, plant and equipment was depreciated using the straight-line method over the assets' respective estimated useful lives. 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 related to the production process. This change was applied prospectively. Other assets are depreciated using the straight-line method.

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

Items	Useful Life
(1) Land	Not depreciated
Land on mine site	Units of production
(2) Buildings	Straight-line over 20-50 years
Buildings in underground mine levels	Units of production of the mine level
(3) Vehicles	Straight-line over 3-7 years
Plant and equipment	Units of production
(4) Smelters	Straight-line
Refineries	Units of production
Mining rights	Units of production
Support teams	Units of production
Intangibles - Software	Straight-line over 8 years
Cost of evaluation and development (1)	Units of production, or life of mine

(1) Corresponds to the cost of explorations and development cost after a feasibility study has confirmed that the project is viable.

The assets under finance leases are depreciated during the term of the lease contract or over their estimated useful life, whichever is shorter.

Estimated useful lives, residual values and the depreciation method are reviewed at year end, and any change in estimates is recorded prospectively.

Additionally, depreciation criteria and estimated useful lives of the various 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 can happen at any time if the conditions of ore reserves change significantly as a result of new known information, confirmed and officially recognized by the Corporation.

The profit or loss from disposal or withdrawal of an asset is the difference between the net proceeds received upon disposal and the carrying value of the asset.

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 and start being depreciated.

The mining rights owned by the Corporation are recorded in the accounting records at US$1 (one US dollar).

Notwithstanding the above, rights over reserves and resources acquired as part of acquisitions of shares in companies where the economic value of such properties differs from the carrying amount are recorded at fair value less any accumulated impairment losses, and deducting the value related to the use and/or consumption of such reserves.

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 property, plant and equipment.

h) Intangible assets – Intangible assets acquired separately are measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets with finite lives are amortized over their estimated economic useful life and assessed for impairment once a year or whenever there is an indication that the intangible assets might be impaired. Intangible assets with indefinite lives are not amortized, but tested for impairment.

The main intangible asset of the Corporation is Expenses for Research and Technological Development and Innovation. 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 of the period in which were incurred.

i) **Impairment of property, plant and equipment and intangible assets -** Property, plant and equipment and intangible assets with finite useful life are reviewed for impairment, in order to assess whether there is any indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets with indefinite useful lives, the estimated recoverable amount is performed annually at year end.

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

For such purposes, each division of the Corporation has been defined as a cash generating unit.

The measurement of impairment includes subsidiaries and associates.

The recoverable amount of an asset will be the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted 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 flow, 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 value of an asset or CGU is estimated to be lower than its carrying amount, an impairment loss is immediately recognized, reducing the carrying amount up to its recoverable amount with a charge to net income. In case of a subsequent reversal of the impairment, such reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss as a reduction of depreciation expense for the year.

The CGU future cash flow estimates are based on the estimates of future production forecasts, future prices of basic products and future production costs. IAS 36 "Impairment of Assets" includes a series of restrictions to the future cash flows that can be recognized regarding the restructurings and future cost efficiencies. When calculating the value in use, it is also necessary to base the calculations on the current exchange rates at the moment of the measurement.

j) Exploration, mine development and mining operations costs and expenses - The Corporation has defined an accounting criterion for each of these costs and expenses.

Development expenses for deposits under exploitation whose purpose is to maintain production levels are charged to net income when incurred.

Exploration and evaluations costs, such as drillings of deposits, include the expenses necessary to locate new mineralized areas and engineering studies to determine their potential for commercial exploitation are recorded in profit or loss, normally until the feasibility in realized.

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, the costs for the delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recorded in property, plant and equipment and are charged to net income during the period in which the benefits are obtained.

k) Deferred stripping – Costs that arise by removing mine waste materials (overburden) in open pits that are in production, incurred in order to access mineral deposits, are recognized in property, plant and equipment, provided they meet the following criteria set out in International Financial Reporting Interpretations the Committee ("IFRIC") 20 "Stripping Costs in the Production Phase of a Surface Mine":

- 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 record Income Tax based on the net taxable income determined as per the standards established in the Income Tax Law and Article 2 of the D.L. 2.398, as well as the specific tax on mining referred to in Law 20.026 of 2005. Its foreign subsidiaries record income tax according to the taxation standards of each country.

Deferred taxes due to temporary differences and other events which generate difference between the accounting and tax bases for assets and liabilities are recorded in accordance with the standards established in IAS 12 "Income taxes".

In addition, a deferred tax is recognized for the net income of subsidiaries, associates and joint ventures, originated by withholding taxes on remittances of dividends paid by such companies to the Corporation.

The tax reform, established by the Law No. 20.780, effected a change in the rates for the determination of the income tax, whose effect has a prospective impact in the Statements of Financial Position. The details of the effect of the tax reform are described in Note 5 Deferred taxes and income tax.

m) Inventory - Inventory is stated at cost, which does not exceed its net realizable value. The net realizable value represents the estimated sales price less all finishing costs and marketing, sales and distribution expenses. Inventory comprises of materials, products in process and finished products. Costs have been determined according to the following methods:

- Finished products and products in process: This inventory is stated at average production cost, according to the absorption costing method, including labor and the depreciation of property, plant and equipment, the amortization of intangible assets and the indirect expenses of materials in the warehouse.

- Materials in transit: This inventory is stated at cost incurred until the period-end date. Any difference, between net realizable value of the inventory and its carrying value, is recognized in income.

n) Dividends - The payment obligation of net revenues presented in the financial statements, as determined in Article 6 of D.L. 1.350, is recognized based on the accrued payment obligation.

o) Employee benefits - Codelco recognizes accruals for employee benefits when there is a current obligation as a result of the services provided**.**

The contract conditions stipulate, subject to compliance with certain conditions, the payment of an employee termination benefit 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 benefit has been defined as a long-term benefit.

Codelco has also agreed to post-employment medical care for certain employees, which are paid according to a fixed percentage of the monthly assessable salary of the employees

covered by this agreement. This benefit has been defined as a post-employment medical care benefit.

The employee termination benefit obligation and the post-employment medical plans are calculated in accordance with valuations performed by an independent actuary, using the projected unit credit method, which are updated on a regular basis. The obligation recognized in the statement of financial position represents the net present value of the employee termination benefit obligation and the post-employment medical benefit. Actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

Management uses assumptions to determine the best estimate of these benefits. Such assumptions include an annual discount rate, expected increases in salaries and future permanence, 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 means of related addenda to employee contracts or collective union agreements with benefits that encourage employees to retire. Accordingly, the required accruals are established based on the accrued obligation at current value. In case of employee retirement programs which involve multiyear periods, the provisioned obligations for these concepts are updated considering a discount rate determined by financial instruments for the same currency used to pay the obligations and similar maturities.

p) Provisions for dismantling and restoration costs – A legal or constructive obligation occurs when dismantling and restoration costs are incurred as a result of alterations caused by a mining activity (in development or in production). Costs are estimated on the basis of a formal closure plan and are subject to yearly reviews.

The costs arising from the obligation to dismantle the installation of a plant or other project for the preparation of the site, discounted at their net present value, are accrued and capitalized at the beginning of each project, at which time the obligation to incur such costs is arises.

These dismantling costs are recorded in income via the depreciation of the asset that gave rise to this cost, and the provision is used when the dismantling takes place. Subsequent changes in the estimates of liabilities related to dismantling are added to or deducted from the costs of the related assets in the period in which the adjustment is made.

The restoration costs are accrued at their net present value against operating income, and the provision is used in the period during which the restoration works are performed. Changes in measurement of the liability related to the location of the mining activity

(discount rate or time) are recorded in operating income and depreciated based on the useful lives of assets which give rise to these changes.

The effects of updating the liability, due to the discount rate and/or time, are recorded as finance costs.

q) Leases – (Codelco as a lessee) Leases are classified as finance leases when the terms of the lease transfer all risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease costs under operating leases are charged to income over the lease term. Assets acquired under finance leases are recognized as assets at the start of the lease at either the fair value or the present value of minimum lease payments for the discounted lease at the contracted interest rate, whichever is lower. Interest is charged in the finance costs, at a fixed periodic rate, in the same depreciation period of the asset. The lease obligations net of financing costs are included in other current or non-current liabilities, as appropriate.

Under the provisions of IFRIC 4 titled "Determining whether an Arrangement Contains a Lease", an arrangement is, or contains a lease at the start date, if it uses a specific asset or assets or if it grants the right to use the asset, even if that right is not explicitly specified. For agreements occurring before January 1, 2005, the start date is considered as January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

All "take-or-pay" contracts and any other service and supply contracts that meet the conditions established in IFRIC 4, are reviewed for indicators of an embedded leasing.

r) Revenue recognition - Revenue is recorded when ownership rights and obligations have been substantially transferred to the purchaser, according to the shipment or dispatch of the products, in conformity with the agreed upon conditions and are subject to variations related to the content and/or sales price at their liquidation date. Notwithstanding the foregoing, there are certain contracts for which the rights and obligations are substantially transferred based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of transfer.

Sales contracts include a provisional price at the shipment date, whose final price is generally based on the price recorded in the London Metals Exchange ("LME"). In the majority of cases, the recognition of sales revenue for copper and other commodities is based on the estimates of the future spread of metal price on the LME and/or the spot price at the date of shipment, with a subsequent adjustment made upon final determination and presented as part of "Revenue". The terms of sales contracts with third parties contain provisional pricing arrangements whereby the selling price for metal in concentrate is based on prevailing spot prices on a specified future date after shipment to the customer (the "quotation period"). As such the final price will be fixed on the dates indicated in the contracts. Adjustments to the sales price occurs based on movements in quoted market prices on the LME up to the date of final settlement. The period between provisional invoicing and final settlement can be between one and nine months. Changes in fair value

over the quotation period and up until final settlement are estimated by reference to forward market prices for the applicable metals.

Exposure to the price movements from delivery/shipment date to final payment date is treated as an embedded derivative.

Sales in the national market are recorded 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 the sales price 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. The net results of these contracts are added to or discounted from revenues.

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

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

Derivatives are initially recognized at fair value at the date on which the derivative is entered into and subsequently updated at fair value at each reporting date.

The effective part of the changes in fair value of the derivatives that are allocated as “effective cash flow hedges”, is recognized directly in equity, net of taxes, in the item "Cash flow hedge reserves", while the ineffective part is recorded in the statements of comprehensive income on lines “Finance expenses” or “Finance income” depending on the effect generated by the ineffectiveness. The amount recognized in net equity is not transferred to other comprehensive income account until the results of the hedged operations are recorded in the statements of comprehensive income or until the maturity date of such operations.

A hedge is considered highly effective when the changes in fair value or in the cash flows of the underlying item attributable to the hedged risk, are offset with the changes in the fair value or in the cash flows of the hedge instruments, with effectiveness between ranges of 80% - 125%. The corresponding unrealized profit or loss is recognized in comprehensive income for the period, only in those cases in which the contracts are liquidated or when they no longer comply with hedging characteristics.

The total fair value of the hedge derivatives is classified as a non-current asset or liability, if the remaining maturity of the hedged item is greater than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is lower than 12 months.

All derivatives designated as hedge instruments are classified as current or non-current assets or liabilities, respectively, depending on the maturity date of the derivative.

The derivative contracts entered into by the Corporation are originated by the application of the risk hedge policies indicated below, and are recorded as indicated for each case:

- ***Hedging policies for exchange rates:*** From time to time, the Corporation enters into exchange rate and interest rate hedge transactions to cover exchange rate variations between the US dollar and the other currencies its transactions are conducted in. Pursuant to the policies established by the Board of Directors these operations are only performed when there are recognized assets or liabilities, the forecast of highly probable transactions or firm commitments, and not for investment or speculative reasons.

  The results of foreign exchange insurance operations are recorded at the maturity or liquidation date of the respective contracts.

- ***Hedging policies in the market of metal derivatives:*** In accordance with the policies approved by the Board of Directors, the Corporation entered into contracts in order to hedge future metal prices, backed by physical production, in order to minimize the inherent risks in price fluctuations.

  The hedging policies seek to protect expected cash flows from the sale of products by fixing the 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, income from sales and derivative operations is offset.

  At each reporting date, these derivative contracts are recorded and adjusted to marked-to-market and recorded at the settlement date of the hedging operations, as a part of the sales revenue of the products.

  Hedging operations carried out by the Corporation are not of a speculative nature.

- ***Embedded derivative:*** 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 recorded separately.

  The procedure consists of an initial characterization of each contract that allows for distinguishing among those in which an embedded derivative could exist. In that case, the contract is submitted to a more in-depth analysis. If as a result of this evaluation it is determined that the contract has an embedded derivative that needs to be recorded

separately, it is valued and the movements in its fair value are recorded in comprehensive income in the consolidated financial statements.

t) Financial information by segment - For the purposes of IFRS 8, Operating Segments, segments are defined as Codelco's Divisions. The mining deposits in operation, where the Corporation conducts its production processes in the extractive and processing area, are managed by its Chuquicamata, Radomiro Tomic, Minister Hales, Gabriela Mistral, Salvador, Andina and El Teniente divisions. To these divisions is added Ventanas, which operates only in the smelting and refining area. These divisions have a separate operational management, which report to the Executive Presidency, through the Vice Presidents of Operations North and South Central, respectively. Income and expenses of the Head Office are distributed in the defined segments.

u) Presentation of Financial Statements - For the purposes of IAS 1 "Presentation of the Financial Statements", the Corporation establishes the presentation of its statement of financial position classified in "current and non-current" and of its statements of income in conformity with the "by function" method and its cash flows using the direct method.

In the statements of other comprehensive income (loss) the effects recorded in relation to cash flow hedges and share of associates and joint ventures accounted under equity method will be recorded against the statement of other comprehensive income, while the actuarial gains (losses) will not be reclassified in the future periods.

v) Current and non-current financial assets - The Corporation determines the classification of its investments upon initial recognition and reviews these at each closing date. This classification depends on the purpose for which such investments were acquired.

In this section the following categories are observed:

- ***Financial assets at fair value through profit or loss*:** This category includes those financial assets acquired for trading or sale in the short term. Their initial and subsequent recognition is performed at fair value, which is obtained as of the observable date in the market. The gains and losses from variations in fair value are included in net income for the period.

- ***Loans granted and accounts receivable*:** These correspond to financial assets with fixed or determined payments, and which are not quoted in an active market. Their initial recognition is at fair value, which includes the transaction costs that are directly attributed to the issuance of it. Subsequent to the initial recognition, these are stated at amortized cost, recognizing in the statements of comprehensive income the accrued interest according to the effective interest rate and the possible losses in value of these assets.

A loss in value of the financial assets stated at amortized cost is caused 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 loss in value is the difference between the carrying amount and the net present value of the future cash flows discounted at the effective interest rate, and it is recognized as an expense in the statements of comprehensive income.

If in subsequent periods there is evidence of a recovery in the value of the financial asset stated at amortized cost, the recognized impairment loss will be reversed as long as it does not generate an amount in the financial asset ledgers that exceeds the one recorded prior to the loss. The accounting of the reversal is recognized in net income for the period.

Finally, an account receivable is not considered recoverable when situations arise such as the dissolution of the company, lack of identifiable assets for its execution or a legal pronouncement.

w) Financial liabilities - Financial liabilities are recognized initially at fair value, net of the incurred transaction costs. As the Corporation does not own any financial liabilities held for trading, subsequent to their initial recognition, the financial liabilities are valued at amortized cost, using the effective interest rate method, recognizing the interest expenses based on the effective profitability.

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 when appropriate, a shorter period when the associated liability has a prepayment option that is considered to be exercised.

Trade accounts payable and other payables are financial liabilities that do not explicitly accrue interest and are recorded at their nominal value.

The financial liabilities are derecognized when the liabilities are paid or expire.

x) Allowance for doubtful accounts – The Corporation records an allowance for doubtful accounts after 6 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 goods and/or
c. the cost of the demand is 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 by direct method - Cash equivalents are comprised of highly liquid investments, which have a limited risk in relation to possible changes in value, and maturities of which are less than 90 days from date of purchase.

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

Cash and cash equivalents in the statement of financial position include cash at banks and on hand, and short-term deposits and other highly liquid short-term investments with an original maturity of three months or less. In the statement of financial position, bank overdrafts are classified as external resources in current liabilities.

- **Operating activities:** These are the activities that constitute the main source of operating income for the Corporation, as well as other activities that cannot be classified as investment or financing activities.

- **Investing activities:** These correspond to acquisition or sale activities or disposal through other methods of long-term assets and other investments not included in cash and cash equivalents.

- **Financing activities:** These are activities that cause changes in the size and composition of net equity and of financial liabilities.

z) Law No. 13.196 – Law 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 discounts a 10% on the amounts that Codelco transferred to its Chilean account. All such amounts are transferred via the Central Bank of Chile. The amount for this concept is presented in the statement of income in the item other expenses, by function.

aa) Cost of sales - Cost of sales is determined according to the absorption cost method, including the direct and indirect costs, depreciation, amortization and any other expenses associated with 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 standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of the Corporation for the year ended December 31, 2014.

4. New accounting pronouncements

As of the issuance date of these consolidated financial statements, the following IFRS and IFRIC interpretations have been issued by the IASB. Their application was not 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 Clients	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.

Amendments to IFRS	Date of mandatory application	Summary
IAS 16 – Property, Plant and Equipment IAS 38 – Intangible Assets	Annual periods beginning on or after January 1, 2016	Indicates that it is not appropriate to use methods of depreciation of an asset based on income, because such methods generally reflect factors other than consumption of the economic benefits embodied in the asset.
IAS 16 – Property, Plant and Equipment	Annual periods beginning on or after January 1, 2016	Instructs on the implementation of IAS 16 criteria for biological assets considered plants to produce fruit.

IFRS 11 – Joint Agreements	Annual periods beginning on or before January 1, 2016	Refers to the acquisition of an interest in a joint operation that constitutes a business, noting that the purchasers must apply all the principles of accounting for business combinations of IFRS 3 Business Combinations and other rules that are not in conflict with guidelines IFRS 11 Joint Arrangements.
IAS 27 - Separate Financial Statements	Annual periods beginning on or after January 1, 2016	Permits the use of the equity method for recognizing investments in affiliates, joint ventures and associates in separate financial statements.
IFRS 10 – Consolidated Financial Statements IAS 28 – Investments in Associates with Joint Ventures	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 located in a subsidiary).
IAS 1 – Presentation of Financial Statements	Annual periods beginning on or after January 1, 2016	Allows the exercise professional judgment in applying certain topics on presentation and disclosure.
IFRS 10 – Consolidated Financial Statements IFRS 12 – Disclosure of Interests in Other Entities IAS 28 – Investments in Associates and Joint Ventures	Annual periods beginning on or after January 1, 2016	Changes the accounting treatment of investment institutions.

IAS, International Accounting Standard, IFRS, International Financial Reporting Standard, IFRIC, International Financial Reporting Interpretations Committee.

Management believes that these standards, amendments and interpretations described above, shall be adopted in the consolidated financial statements of the Corporation in the respective years indicated. Codelco is still evaluating the impact that could be generated from such rules and changes, anticipating that they will not have significant impacts.

III. EXPLANATORY NOTES

1. Cash and cash equivalents

Cash and cash equivalents are detailed as follows:

Items	12/31/2015 ThUS$	12/31/2014 ThUS$
Cash on hand	4,132	4,400
Bank balances	682,348	142,166
Time deposits	1,047,641	1,159,852
Resale agreements	13,597	4,198
Total Cash and cash equivalents	**1,747,718**	**1,310,616**

Valuation of time deposits is made on an accrual basis with an interest rate associated with each of these instruments.

The Corporation does not have cash and cash equivalents that have a restriction of use.

2. Trade and other receivables

a) Accrual for open sales invoices

As mentioned in the Article of Summary of Significant Accounting Policies, the Corporation adjusts its revenues and balances from trade accounts receivable, based on future copper prices, by recording an accrual for open sales invoices.

When the future price of copper is lower than the provisional invoice amount, this provision is presented in the Statement of Financial Position as follows:

- Customers that have debt balances with the Corporation are presented in "Current Assets", decreasing the amounts owed by these customers.

- Customers that do not have debt balances with the Corporation are presented in the item "Trade and other payables under Current Liabilities".

When the future copper price is higher than the provisional invoice price, the provision is presented in current assets, increasing the amounts owed by customers.

Based on the above-mentioned, trade receivables as of December 31, 2015 and of December 31, 2014 include a negative accrual of ThUS$66,977 and ThUS$60,330, respectively, related to the accrual of open invoices.

b) Trade and other receivables

The following chart shows the amounts of Trade and other receivables, with their corresponding allowances:

Items	Current		Non-current	
	12/31/2015 ThUS$	12/31/2014 ThUS$	12/31/2015 ThUS$	12/31/2014 ThUS$
Trade receivables (1)	1,200,388	1,598,528	850	1,391
Allowance for doubtful accounts (3)	(2,470)	(2,218)	-	-
Subtotal of trade receivables, net	**1,197,918**	**1,596,310**	**850**	**1,391**
Other receivables (2)	684,976	586,778	84,219	123,284
Allowance for doubtful accounts (3)	(6,031)	(5,306)	-	-
Subtotal of other receivables, net	**678,945**	**581,472**	**84,219**	**123,284**
Total	**1,876,863**	**2,177,782**	**85,069**	**124,675**

(1) Trade receivables are generated by sales of the Corporation, which are generally sold for cash or by bank guarantee.

(2) Other receivables include the amounts owed mainly by:

- Personnel of the Corporation, including short-term loans and mortgage loans, payment for which is withheld on a monthly basis from employee paychecks. The mortgage loans are backed by mortgage guarantees.
- Claims from insurance companies.
- Liquidations to the Central Bank as per Law 13.196.
- Advance payments to suppliers and contractors, to be discounted from the corresponding payment statements.
- Accounts receivable for toll services (Ventanas' Smelter).
- Tax credit exporter VAT remains susceptible to refund and other taxes receivable in the amount of ThUS$137,653 and ThUS$186,032 at December 31, 2015 and December 31, 2014, respectively.

(3) The Corporation maintains an allowance for doubtful accounts, based on the experience and analysis of Management regarding the portfolio of trade accounts receivable and the aging of the entries.

The movement of the allowance for doubtful accounts in the twelve month period ended December 31, 2015 and 2014 was as follows:

Items	12/31/2015 ThUS$	12/31/2014 ThUS$
Opening balance	**7,524**	**7,697**
Increases	1,464	854
Write-offs/reversals	(487)	(1,027)
Movement, subtotal	**977**	**(173)**
Final balance	**8,501**	**7,524**

Past due and not impaired balances are detailed as follows:

Maturity	12/31/2015 ThUS$	12/31/2014 ThUS$
Less than 90 days	29,780	23,633
Between 90 days and 1 year	20,958	6,722
More than 1 year	9,150	5,861
Total past-due and not impaired	**59,888**	**36,216**

3. Balance and related party disclosures

a) Operations related to third parties

According to the New Corporate Governance Law, Codelco's Board Members entered into business with related parties, as described in Title XVI of the Corporations law (regarding transactions with related parties in publically traded companies and their affiliates).

Notwithstanding the foregoing, pursuant to the provisions of the final paragraph of Article 147 b) of Title XVI, which contains emergency regulations regarding the approval process for related party transactions, the Corporation established a general policy of regularity (reported to the SVS as material fact), which establishes common transactions that are ordinarily made with its related parties within their line of business, contribute to their social interest and are necessary for Codelco's normal developmental activities.

In addition, consistent with the legal framework, the Corporation maintains within its internal framework a specific policy about transactions with persons and companies related to Codelco personnel. Codelco Corporate Standard No. 18 (NCC No. 18), the latest version of which is currently in force, was approved by the Executive President and the Board.

Codelco, without the authorization indicated in NCC No. 18 and of the Board of Directors, when required by Law or the Corporate Statute, shall not enter into contracts involving one or more Directors, Executive President, members of the Committee of Managing Directors, Vice President, Legal Counsel, General Auditor, General Manager, Senior Management or staff who must make recommendations and/or has the authority to resolve tenders, purchases and assignments and/or purchases of goods and services and the staff that holds management positions (until the fourth hierarchical level in the organization), including their spouses, children and other relatives up to the 2nd degree of relation, with an interest in itself, directly, or represented by third parties or on behalf of another person. The NCC No. 18 obligates the Corporation's contract to declare all such relationships, as well as remove related job responsibilities from any member within these positions who may be involved.

This prohibition also includes the companies in which such individuals are involved through ownership or management, whether directly or through representation of other natural

persons or legal entities, or individuals who have ownership or management interests in those companies.

The Board of Directors has been informed of the transactions covered by Codelco Corporate Standard No. 18, and upon which it must decide, according to this standard.

Among these operations are those indicated in the following chart, for the total amounts indicated, which need to be executed in the periods specified by each contract.

Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2015 12/31/2015	1/1/2014 12/31/2014
					Amount ThUS$	Amount ThUS$
Ecometales Limited Agencia en Chile.	59.087.530-9	Chile	Affiliate	Services	20	39,644
Fundación Orquesta Sinfónica Infantil de los Andes.	65.018.784-9	Chile	Founder	Services	561	563
Centro de Capacitación y Recreación Radomiro Tomic.	75.985.550-7	Chile	Other relations	Services	137	918
Codelco Shanghai Company Limited.	Foreign	China	Affiliate	Services	-	1,610
Centro de Especialidades Médicas Río Blanco Ltda.	76.064.682-2	Chile	Affiliate	Services	-	6,985
Sociedad de Procesamiento de Molibdeno Ltda.	76.148.338-2	Chile	Affiliate	Sales and purchases of goods	700,000	-
Kairos Mining S.A.	76.781.030-K	Chile	Other relations	Services	14,800	-
Biosigma S.A.	96.991.180-9	Chile	Affiliate	Services	15,296	-
Prestaciones de Services de la Salud Intersalud Ltda.	77.270.020-2	Chile	Affiliate	Services	-	21
Cosando Construcción y Montaje Ltda.	77.755.770-K	Chile	Employee's relative	Services	2,069	2,182
Hatch Ingenieros y Consultores Ltda.	78.784.480-4	Chile	Employee's relative	Services	41,007	12,180
Empresa Nacional de Telecomunicaciones S.A.	92.580.000-7	Chile	Director's family	Services	-	2,890
CIS Ingenieros Asociados S.A.	88.422.600-7	Chile	Director's ownership	Services	-	18
CIS Asociados Consultores en Transporte S.A.	78.306.360-3	Chile	Director's ownership	Services	-	25
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Affiliate	Services	44,795	-
Salomón Sack S.A.	90.970.000-0	Chile	Board Member	Supplies	-	1,440
Sociedad Contractual Minera El Abra.	96.701.340-4	Chile	Associate	Supplies	1,188	210
Instituto de Innovación en Minería y Metalúrgica S.A.	96.854.500-0	Chile	Affiliate	Services	48,000	-
S y S Ingenieros Consultores Ltda.	84.146.100-2	Chile	Employee's relative	Services	-	35
Finning Chile S.A.	91.489.000-4	Chile	Employee's relative	Supplies	88,047	53,795
Exploraciones Mineras Andinas S.A.	99.569.520-0	Chile	Affiliate	Services	170,000	-
Complejo Portuario Mejillones S.A.	96.819.040-7	Chile	Affiliate	Services	6,000	13,785
Fundación Educacional el Salvador	73.435.300-0	Chile	Founder	Services	32	46
Asesorías y Consultorías Domingo Jeréz EIRL	76.312.085-6	Chile	Employee's relative	Services	-	220
Miji Asesorías y Consultorías EIRL	76.219.287-K	Chile	Employee's relative	Services	-	108
Fundación Sewell	65.493.830-K	Chile	Founder	Services	-	39
Fernont y cía. Ltda.	77.395.540-9	Chile	Employee's relative	Supplies	725	66
Arcadis Chile S.A.	89.371.200-3	Chile	Employee's relative	Services	1,441	482
Inoxa S.A.	99.513.620-1	Chile	Employee's relative	Services	-	799
Coya Country Club	82.840.200-5	Chile	Employee's relative	Services	-	94
Capacitación y Eventos Club Ansco Ltda.	70.258.300-4	Chile	Employee's relative	Services	-	94
RSA Seguros Chile S.A.	99.017.000-2	Chile	Employee's relative	Services	24,100	28,770
Sonda S.A.	83.628.100-4	Chile	Employee's relative	Services	156	2,573
Ingeniería de Protección S.A.	89.722.200-0	Chile	Employee's relative	Supplies	135	2,773
Xtreme Mining Ltda.	96.953.700-1	Chile	Employee's relative	Supplies	46	11,900
Corporación Club de Deportes Cobreloa	70.413.000-7	Chile	Board Member	Services	-	1,989
SGS Chile Limitada, Sociedad de Control	80.914.400-3	Chile	Employee's relative	Services	1,099	-
Club de Ski Chapa Verde	71.275.900-3	Chile	Employee's relative	Services	48	-
Esinel Ingenieros S.A.	76.477.780-8	Chile	Employee's relative	Services	15	-
Maestranza Acosta y Cía. Ltda.	76.813.840-0	Chile	Employee's relative	Supplies	7	-
Komatsu Chile S.A.	96.843.130-7	Chile	Employee's relative	Services	105,917	-
Cuatro C Consultores en Ingeniería Civil Limitada	79.693.340-4	Chile	Employee's relative	Services	27	-
SGS Minerals Ltda.	96.671.880-3	Chile	Employee's relative	Services	1,432	-
Soc. S y S Ingeniería Ltda.	79.592.060-9	Chile	Employee's relative	Services	100	-
Transelec S.A.	76.555.400-4	Chile	Board Member	Services	1,856	-
Representaciones Comerciales Ltda.	78.841.100-6	Chile	Employee's relative	Services	4	-

b) Key Personnel of the Corporation

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

During the periods of 2015 and 2014, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

Entity	Taxpayer Number	Country	Nature of the relationship	Description of the transaction	1/1/2015 12/31/2015	1/1/2014 12/31/2014
					Amount ThUS$	Amount ThUS$
Andrés Tagle Domínguez	5.895.255-9	Chile	Director	Director's fees	-	35
Augusto González Aguirre	6.826.386-7	Chile	Director	Director's fees	33	101
Augusto González Aguirre	6.826.386-7	Chile	Director	Payroll	53	187
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Director's fees	108	101
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Director's fees	93	66
Fernando Porcile Valenzuela	4.027.183-K	Chile	Director	Director's fees	-	35
Gerardo Jofré Miranda	5.672.444-3	Chile	Director	Director's fees	93	118
Isidoro Palma Penco	4.754.025-9	Chile	Director	Director's fees	60	-
Juan Luis Ossa Bulnes	3.638.915-K	Chile	Director	Director's fees	-	35
Juan Morales Jaramillo	5.078.923-3	Chile	Director	Director's fees	60	-
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Director's fees	93	66
Marcos Büchi Buc (1)	7.383.017-6	Chile	Director	Director's fees	-	-
Marcos Lima Aravena	5.119.963-4	Chile	Director	Director's fees	41	126
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the Board	Director's fees	140	100
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Director's fees	93	101
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	36	40

(1) During the periods between January 1, 2015 and May 11, 2015; and January 1, 2014 and December 31, 2014, the Company did not issue any payment of wages to Mr. Marcos Büchi Buc, stemming from his participation (and until the end of his period) as a Director of the Corporation, as he has expressly and irrevocably waived such payments, in addition to any collection of wages present or future in relation to his participation.

Through Supreme Decree of the Treasury Department No. 458, dated March 14, 2014, the method for determining the remunerations of the Corporation's Directors was updated. This document details the calculation method of such remunerations, as per the following:

a. The monthly salary of the Directors of Codelco for participating in Board meetings was fixed in the amount of Ch$3,618,736 - (three million six hundred eighteen thousand, seven hundred and thirty six Chilean pesos).

b. A unique monthly salary of Ch$7,237,472 - (seven million two hundred thirty seven thousand, four hundred seventy two Chilean pesos) is established for the Chairman of the Board.

c. Directors that shall participate in a Board Committee, whether the one referred to in Article 50 bis) of Law No. 18.046 or another established by the by-laws of the

Corporation, receive a single additional monthly amount of Ch$1,206,245 - (one million two hundred and six thousand, two hundred and forty five Chilean pesos) for their participation, notwithstanding the number of committees in which they participate. In addition, the director holding the chair of the Directors' Committee shall receive a single monthly remuneration for his participation in committees of Ch$2,412,491 - (two million four hundred and twelve thousand, four hundred ninety one Chilean pesos).

d. The established salaries are in effect for a period of two years, as of March 1, 2014. They were adjusted on January 1, 2015, in accordance with the same provisions that govern the general wage adjustments of officials of the Public Sector. In 2014, the adjustment was as much as 6%.

The short-term benefits paid to the executives who form part of the management of the Corporation amount to ThUS$8,925 for the period of January – December 2015 (January – December 2014: ThUS$8,751).

The criteria that determines the wages for the executives was established by the Board of Directors by agreement of January 29, 2003.

During the periods of January through December of 2015 and 2014, payments were made to the Principle Executives of Codelco as compensation for years of service, equal to ThUS$109 and ThUS$1,572, respectively.

There were no payments for other noncurrent benefits during the period of January through December 2015 and 2014, other than those mentioned in the previous paragraph.

There are no share-based benefit plans.

c) Transactions with companies in which Codelco has participation

In addition, the Corporation performs necessary commercial and financial transactions with entities in which it has capital ownership. The financial transactions correspond mainly to loans in checking accounts.

The commercial operations with related companies refer to the purchase and sale of products or services, at market conditions and prices and which do not consider interest or indexation. These companies, for the periods of January – December 2015 and 2014, are the following: Sociedad GNL Mejillones S.A., Copper Partners Investment Corporation Limited ("CuPIC"), Copper for Energy, Sociedad Contractual Minera Purén, Sociedad Contractual Minera El Abra, Agua de La Falda S.A., Comotech S.A., Deutsche Geissdraht GmbH, Inca de Oro S.A., Planta Recuperadora de Metales SpA and Anglo American Sur S.A.

The Corporation does not establish an allowance for doubtful accounts for the main items receivable from their related companies, as these have been registered by including the relevant safeguards in the respective debt contracts.

Accounts receivable from and payable to related companies as of December 31, 2015 and 2014, are detailed as follows:

Accounts receivable from related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2015 ThUS$	12/31/2014 ThUS$	12/31/2015 ThUS$	12/31/2014 ThUS$
73.063.022-5	Inca de Oro	Chile	Associate	US$	17	20	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	8,019	1,258	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	2,350	120	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	US$	-	-	224	224
Foreign	Copper Partners Invest. Company Ltd	Bermuda	Joint venture	US$	10,671	8,090	-	-
Total					**21,057**	**9,488**	**224**	**224**

Accounts payable to related companies:

Taxpayer Number	Entity	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2015 ThUS$	12/31/2014 ThUS$	12/31/2015 ThUS$	12/31/2014 ThUS$
76.775.710-7	GNL Mejillones S.A.	Chile	Associate	US$	500	530	-	-
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	100,888	35,276	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	25,918	60,640	-	-
Foreign	Copper Partners Invest. Company Ltd.	Bermuda	Joint venture	US$	29,724	33,611	157,049	193,710
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EUR	6,336	20,583	-	-
Total					**163,366**	**150,640**	**157,049**	**193,710**

The transactions performed between the Corporation and its related companies for the years ended December 31, 2015 and 2014 are d
table together with their corresponding effects on profit or loss:

Taxpayer Number	Entity	Nature of the transaction	Country	Indexation currency	1/1/2015 12/31/2015		
					Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$
Foreign	Copper Partners Investment Co. Ltd.	Product Sales	Bermuda	US$	119,965	119,965	122,883
Foreign	Copper Partners Investment Co. Ltd.	Dividends received	Bermuda	US$	104,650		147,000
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	US$	36,876		68,467
77.762.940-9	Anglo American Sur S.A.	Product purchase	Chile	US$	458,103	(458,103)	234,237
77.762.940-9	Anglo American Sur S.A.	Product Sales	Chile	US$	-	-	783
76.775.710-7	Sociedad GNL Mejillones S.A.	Loans collections	Chile	US$	-	-	23,125
76.775.710-7	Sociedad GNL Mejillones S.A.	Loan Interests	Chile	US$	-	-	358
76.775.710-7	Sociedad GNL Mejillones S.A.	Services Retention	Chile	US$	(469)	(469)	(891)
76.775.710-7	Sociedad GNL Mejillones S.A.	Inventory Retention	Chile	US$	469	469	891
76.775.710-7	Sociedad GNL Mejillones S.A.	Reimbursement	Chile	US$	5,887	(5,887)	(6,174)
96.701.340-4	SCM El Abra	Dividends received	Chile	US$	51,450		279,300
96.701.340-4	SCM El Abra	Product purchase	Chile	US$	394,445	(394,445)	557,875
96.701.340-4	SCM El Abra	Product Sales	Chile	US$	38,844	38,844	25,682
96.701.340-4	SCM El Abra	Other Sales	Chile	US$	1,493	1,493	-
96.701.340-4	SCM El Abra	Product purchase	Chile	US$	4,043	(4,043)	1,478
96.701.340-4	SCM El Abra	Comisiones percibidas	Chile	US$	181	181	203
96.701.340-4	SCM El Abra	Other purchases	Chile	US$	398	(398)	-
96.801.450-1	Agua de la Falda S.A.	Services Sales	Chile	CLP	7	7	-
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EUR	1,021		923
76.063.022-5	Inca de Oro S.A.	Contribution	Chile	US$	(481)	-	153
76.028.880-2	Minera Purén SCM	Dividends received	Chile	US$	2,450	-	-
76.255.054-7	Planta Recuperadora de Metales	Contribution	Chile	US$	-		3,954
76.255.054-7	Planta Recuperadora de Metales	Loan	Chile	US$	11,254	-	-

d. Additional information
The current account receivable to the Planta Recuperadora de Metales SpA corresponds to the loan balance granted to build its plant.

The current and non-current accounts payable to CuPIC, corresponds to the balance of the advance payment received (US$550 million) due to the trade agreement with Minmetals.

Transactions for the purchase and sales of products with Anglo American Sur S.A., correspond to regular business operations to acquire copper and other products, while on the other hand, there exist certain transactions that are associated with the contract between the affiliate Inversiones Mineras Nueva Acrux SpA (the non-controlling shareholder is Mitsui) and Anglo American Sur S.A., in which the latter agrees to sell a portion of its annual copper output to said subsidiary.

On August 24, 2012, the Corporation, with the approval of their respective Board of Directors, purchased the shares of Anglo American Sur S.A., from Inversiones Anglo American Sur S.A., Taxpayer Number: 77.762.890-9. The price paid by the Corporation via its subsidiary Inversiones Mineras Becrux SpA was ThUS$2,799,795. Out of the above-mentioned amount ThUS$1,100,000 is related to the share interest acquired by Mitsui.

4. Inventories

Inventories as of December 31, 2015 and 2014 are detailed as follows:

Items	Current		Non-current	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
	ThUS$	ThUS$	ThUS$	ThUS$
Finished products	512,711	645,734	-	-
Subtotal finished products, net	**512,711**	**645,734**	**-**	**-**
Products in process	1,108,291	1,128,692	185,470	168,421
Subtotal products in process, net	**1,108,291**	**1,128,692**	**185,470**	**168,421**
Material in warehouse and other	555,317	523,464	-	-
Obsolescence allowance adjustment	(79,293)	(60,099)	-	-
Subtotal material in warehouse and other, net	**476,024**	**463,365**	**-**	**-**
Total Inventories	**2,097,026**	**2,237,791**	**185,470**	**168,421**

Inventories recognized as cost of operation for the years ended December 31, 2015 and 2014 correspond to finished goods and amount to ThUS$9,877,505 and ThUS$10,040,684 respectively.

For the period ended December 31, 2015, the Corporation does not have reclassifications of strategic inventories to Property, Plant and Equipment. As of December 31, 2014, such re-classifications amounted to ThUS$27,302.

The change in the obsolescence provision is described in the following table:

Obsolescence allowance movements	ThUS$
Initial Balance 1/1/2015	**(60,099)**
Period allowance	(19,194)
Final Balance 12/31/2015	**(79,293)**

As of December 31, 2015, Codelco has written off inventory for ThUS$68,708, which has been recognized in income in the line item other expenses by function.

At December 31, 2015, the book value of inventories - under evaluation of the concept of net realizable value under IAS 2 “Inventories” - amounted to ThUS$286,574 (December 31, 2014: ThUS$399,601). As a result of the evaluation, the Corporation adjusted inventories on those assets whose book value exceeds its net realizable value, reaching the balance of this adjustment to the date indicated in the amount of ThUS$84,527 (December 31, 2014: ThUS$50,905), which is deducted from the aforementioned figure.

During the period from January-December 2015, the Corporation recorded reversal of provisions of ThUS$62,061.

Codelco realizes copper purchases with Sociedad Contractual Minera El Abra. At December 31, 2015 and 2014, the finished good balances do not represent any unrealized profit provision.

The Corporation performs copper purchases and sales transactions with its associate Anglo American Sur S.A. The value of finished goods for this category at December 31, 2015, contains an unrealized profit of ThUS$160. (at December 31, 2014, ThUS$172.)

5. Deferred taxes and income taxes

a) Income tax expense

Items	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Tax Expenses	(4,156)	(781,004)
Effect of deferred Taxes (i)	894,607	(803,213)
Additional income taxes paid as a result of tax audits (ii)	(148,935)	-
Other	(13,118)	2,356
Total income taxes	**728,398**	**(1,581,861)**

i. Includes deferred tax carryforward of tax losses generated as of December 31, 2015, please see the table below.

ii. As a part of the process of the tax audit for the long-term sales agreement between the Corporation and its subsidiary, CuPIC, Codelco received two tax assessments which are indicated in Note 28 Contingencies and Restrictions. These settlements were challenged by the Corporation through several administrative and judicial means. As part of those proceedings, the Corporation and the Internal Revenue Services ("IRS") agreed to make certain adjustments to the tax basis which results in the issuance of tax collections which amount to ThUS$148,935, paid on August 31, 2015. This transaction was recorded in Income taxes of the Statement of Comprehensive Income.

Such agreement has enabled the Corporation to resolve the liquidated and collected differences related to this matter until 2011, plus the differences due to this same matter for the years 2012, 2013 and 2014.

b) Deferred tax assets and liabilities are detailed as follows:

Deferred tax assets	12/31/2015 ThUS$	12/31/2014 ThUS$
Provisions	1,039,129	1,099,498
Unrealized gains	9,213	21,704
Finance lease	20,379	18,064
Advances from clients	128,804	152,371
Cross currency swap	12,361	15,222
Health care plans	14,654	14,654
Tax losses	672,907	-
Other	9,234	8,679
Total deferred tax assets	**1,906,681**	**1,330,192**

Deferred tax liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
IFRIC 20 First adoption	14,971	14,971
Taxes from Mining Activity	55,487	57,553
Property, plant and equipment variations	523,733	897,536
Valuation of employee termination benefits	27,100	47,686
Accelerated depreciation	4,334,433	3,628,132
Anglo American Sur S.A. investment	66,430	735,713
Income from fair value of mining properties	108,509	108,509
Derivatives Hedging future contracts	1,034	9,451
Deferred taxes of affiliates	30,030	28,348
Other	2,559	6,302
Total deferred tax liabilities	**5,164,286**	**5,534,201**

The effect of deferred taxes affecting equity is summarized as follows:

Deferred taxes affecting Equity	12/31/2015 ThUS$	12/31/2014 ThUS$
Cash Flow Hedge	5,557	(7,656)
Defined Benefit Plans	53,438	208,049
Total deferred taxes affecting equity	**58,995**	**200,393**

A reconciliation of taxes considering the legal tax rate and the calculation of the taxes actually paid is detailed as follows:

Items	12/31/2015				
	Taxable Base		Tax rate		
	22.5% ThUS$	40% ThUS$	22.5% ThUS$	Add. 40% ThUS$	Total ThUS$
Profit (loss) before taxes	(2,221,603)	(2,221,603)	499,861	888,641	1,388,502
Profit before taxes affiliates	(834,574)	(834,574)	187,779	333,830	521,609
Profit before taxes consolidated	(3,056,177)	(3,056,177)	687,640	1,222,471	1,910,111
Permanent differences					
Taxes of first category (22.5%)	40,851	-	(9,191)	-	(9,191)
Specific tax for government firms Art. 2 D.L. 2.398 (40%)	-	2,721,525	-	(1,088,610)	(1,088,610)
Subtotal determined tax	-	-	-	-	812,310
Effect of the Tax Rate Change (income taxes)	-	-	-	-	71,628
Agreement IRS - SMT	-	-	-	-	(110,125)
Agreement IRS - 40%	-	-	-	-	(23,118)
Agreement IRS - First Category	-	-	-	-	(15,692)
Specific mining tax	-	-	-	-	(6,605)
TOTAL TAX EXPENSE					**728,398**

Items	12/31/2014				
	Taxable Base		Tax rate		
	21% ThUS$	40% ThUS$	21% ThUS$	Add. 40% ThUS$	Total ThUS$
Profit (loss) before taxes	1,659,246	1,659,246	(348,442)	(663,698)	(1,012,140)
Profit before taxes affiliates	(150,087)	(150,087)	31,518	60,035	91,553
Profit before taxes consolidated	1,509,159	1,509,159	(316,924)	(603,663)	(920,587)
Permanent differences					
Taxes of first category (21%)	334,490	-	(70,243)	-	(70,243)
Specific tax for government firms Art. 2 D.L. 2.398 (40%)	-	403,171	-	(161,268)	(161,268)
Subtotal determined tax	-	-	-	-	(1,152,097)
Effect of the 1st Category Tax Rate Change (Oct.14-Dic14.)	-	-	-	-	(13,298)
Effect of the 1st Category First Application	-	-	-	-	(341,039)
Fair value amortization Anglo American Sur S.A.	-	-	-	-	25,574
Specific mining tax	-	-	-	-	(101,001)
TOTAL TAX EXPENSE					**(1,581,861)**

Pursuant to Article 2 of the Decree Law 2.398, Codelco is subject to an additional tax rate of 40% to retained 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 Tax System on the income, and which introduces various adjustments on the Tax System", was published (the "Tax Reform").

Among the principal changes, the creation of two optional tax systems stands out: The Attributed Income System, which establishes the progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016 and 2017 increasing such rate to 21%, 22.5%, 24% and 25%, respectively; and in the Partially Integrated System, which establishes a progressive increase of the tax rate of the first category for the commercial years 2014, 2015, 2016, 2017 and 2018 increasing such rate to 21%, 22.5%, 24%, 25.5% and 27% respectively.

For the calculation of the deferred taxes, the Corporation, notwithstanding the above, has applied the General Taxation Regime, with tax rates notched for commercial years 2014, 2015, 2016, and 2017 onwards, increasing them to 21%, 22.5%, 24% and 25%, respectively. The Corporation, as a state-owned company, has the option to avail itself of the schemes provided for in Article 14 of the mentioned Tax Reform. Meanwhile, for the calculation of deferred taxes, subsidiaries and associates applied the partially integrated tax system by default. Through the extraordinary meeting of the shareholders, which will be held in the second half of 2016, the Corporation may choose to change the system of attributed income.

A rate of 5% for the Specific Mining Tax has been estimated, in accordance with Law No. 20.496.

Differences of deferred tax assets and liabilities arising as a direct effect of the increased tax rate in the first category were recorded in the respective year in accordance with IAS 12 "Income taxes". The effect determined by the variation of the tax rate corresponds to ThUS$783,615, recorded in the accompanying financial statements as of December 31, 2014.

6. Current tax assets and liabilities

In both areas the income tax receivables and tax liabilities to net income of monthly provisional payments are recorded respectively.

Current Tax Assets	**12/31/2015** ThUS$	**12/31/2014** ThUS$
Recoverable Taxes	255,528	149,847
Other	14,884	40,036
Total Current Tax Assets	**270,412**	**189,883**

Current Tax Liabilities	**12/31/2015** ThUS$	**12/31/2014** ThUS$
Provision for Income Tax	4,156	483,466
Provision for Mining Tax	-	89,490
Provision PPM	8,565	9,805
Credits on Current Taxes	-	(581,144)
Others	3,532	608
Total Current Tax Liabilities	**16,253**	**2,225**

7. Property, Plant and Equipment

a) The balances of property, plant and equipment at December 31, 2015 and 2014, are as follows:

Property, Plant and Equipment, gross	12/31/2015 ThUS$	12/31/2014 ThUS$
Work in progress	4,890,617	4,468,987
Land	133,133	125,699
Buildings	4,962,596	4,871,036
Plant and equipment	14,129,173	13,928,510
Fixtures and fittings	56,229	52,420
Motor vehicles	1,998,687	1,874,770
Land improvements	4,715,847	4,302,421
Mining operations	5,199,036	5,194,551
Mine development	3,863,754	3,120,584
Other assets	1,433,836	1,389,232
Total Property, Plant and Equipment, gross	**41,382,908**	**39,328,210**

Property, Plant and Equipment, accumulated depreciation	12/31/2015 ThUS$	12/31/2014 ThUS$
Work in progress	-	-
Land	-	-
Buildings	2,594,337	2,425,302
Plant and equipment	8,644,487	8,067,566
Fixtures and fittings	38,680	35,231
Motor vehicles	1,111,840	972,491
Land improvements	2,663,029	2,459,842
Mining operations	2,449,858	2,428,777
Mine development	659,444	678,495
Other assets	453,994	356,145
Total Property, Plant and Equipment, accumulated depreciation	**18,615,669**	**17,423,849**

Property, Plant and Equipment, net	12/31/2015 ThUS$	12/31/2014 ThUS$
Work in progress	4,890,617	4,468,987
Land	133,133	125,699
Buildings	2,368,259	2,445,734
Plant and equipment	5,484,686	5,860,944
Fixtures and fittings	17,549	17,189
Motor vehicles	886,847	902,279
Land improvements	2,052,818	1,842,579
Mining operations	2,749,178	2,765,774
Mine development	3,204,310	2,442,089
Other assets	979,842	1,033,087
Total Property, Plant and Equipment, net	**22,767,239**	**21,904,361**

b) Movement of Property, plant and equipment:

Movements (in Thousands of US$)	Work in Progress	Land	Buildings	Plant and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Deve
Opening balance as 1/1/2015	4,468,987	125,699	2,445,734	5,860,944	17,189	902,279	1,842,579	2,765,774	
Additions	3,037,635	1,006	4,056	31,662	2,661	-	3,137	720,072	
Disposals	(388,881)	-	(718)	(73,752)	(25)	(1,354)	(99)	-	
Capitalizations	(1,243,012)	12,085	138,102	557,259	793	80,355	308,908	121,832	
Depreciation and amortization	-	-	(162,877)	(681,957)	(3,285)	(143,874)	(204,701)	(615,187)	
Reclassifications	(738,778)	-	1,019	(45,236)	168	51,987	118,005	(249,180)	
Dismantling Asset	(45,889)	-	(15,469)	(34,419)	-	(1)	(20,616)	-	
Impairment	(200,864)	(4,236)	(44,228)	(106,941)	(64)	(2,477)	(11,634)	5,867	
Other	1,419	(1,421)	2,640	(22,874)	112	(68)	17,239	-	
Total movements	421,630	7,434	(77,475)	(376,258)	360	(15,432)	210,239	(16,596)	
Final balance 12/31/2015	**4,890,617**	**133,133**	**2,368,259**	**5,484,686**	**17,549**	**886,847**	**2,052,818**	**2,749,178**	

Movements (in Thousands of US$)	Work in Progress	Land	Buildings	Plant and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Deve
Opening balance as 1/1/2014	7,710,714	126,792	1,345,390	4,485,004	15,541	800,483	1,687,093	2,486,007	
Additions	3,114,300	-	2,882	148,688	459	1,600	1,771	498,244	
Disposals	(29,323)	-	-	(15,379)	(387)	(2,556)	-	-	
Capitalizations	(4,046,017)	437	1,286,581	1,711,208	4,476	233,389	340,389	395,566	
Depreciation and amortization	-	-	(165,810)	(626,430)	(3,297)	(134,758)	(197,315)	(547,093)	
Reclassifications	(2,262,858)	-	(34,223)	25,575	334	4,172	(1,223)	(66,380)	
Dismantling Asset	-	-	15,314	133,156	68	4	11,656	-	
Impairment	-	-	-	-	-	-	-	-	
Other	(17,829)	(1,530)	(4,400)	(878)	(5)	(55)	208	(570)	
Total movements	(3,241,727)	(1,093)	1,100,344	1,375,940	1,648	101,796	155,486	279,767	
Final balance 12/31/2014	**4,468,987**	**125,699**	**2,445,734**	**5,860,944**	**17,189**	**902,279**	**1,842,579**	**2,765,774**	

c) For comparative purposes, at December 31, 2014, the assets under construction were reclassified to mine development class.

d) The value of construction in progress, is directly associated with the operating activities of the Corporation and its subsidiaries, and relates to the acquisition of equipment and projects in construction.

e) 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.

f) Borrowing costs capitalized for the year ended December 31, 2015 amounted to ThUS$127,568 calculated on an annual capitalization rate of 3.83% and compared with December 31, 2014 was ThUS$112,801 on an annual rate of 3.50% capitalization.

g) The costs of exploration and drilling of deposits are recognized in profit or loss in accordance with the accounting policy of Codelco and cash outflows disbursed by the same concepts that are presented in the following table:

Expenditure on exploration and drilling reservoirs	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Profit /(loss)	87,047	84,215
Cash outflows	52,431	71,538

h) The item "Other assets" under "Property, plant and equipment" includes:

Other assets, net	12/31/2015 ThUS$	12/31/2014 ThUS$
Leasing assets	96,534	96,296
Mining properties from the purchase of Anglo American Sur S.A. shares	402,000	402,000
Maintenances and other major reparations	340,303	374,361
Other assets Plan Calama[1]	133,464	152,527
Others	7,541	7,903
Total other assets, net	**979,842**	**1,033,087**

i) With the exception of assets under lease whose legal title corresponds to the lessor, the Corporation currently has no ownership restrictions relating to assets belonging to Property, plant and equipment.

j) As of December 31, 2014, the detail of Movements of Property, Plant & Equipment includes a line of Reclassifications, whose final balance was affected by the followings movements:

[1] Corresponds to the costs incurred to move the employees from the mine site of Chuquicamata to Calama. Such assets are depreciated over a 15-year time period.

i. For comparison purposes, the assets related to Technology Development and Innovation were reclassified from the Category of Property, Plant & Equipment to Intangible Assets Other than Goodwill. The balances of these assets reached ThUS$148,656.

ii. The assets related to Strategic Inventories were reclassified to the Category Property, Plant & Equipment. The balance of these assets reached ThUS$27,302.

iii. Some inventory items have lost their ability to be recorded within the Category of Property, Plant and Equipment. The balance of these items reached ThUS125,089.

k) During the period January to December 31, 2015 Codelco did not have any re-classifications of strategic inventories to Property Plant & Equipment. At December 31, 2014, it amounted to ThUS$27,302.

Codelco has not granted "Property, plant and equipment" assets as collateral to third parties in order to enable the realization of its normal business activities or as a commitment to support payment obligations.

l) According to the accounting policy indicated in note 2.i), related to impairment of Property Plant & Equipment, and as indicated in note Operating Segments, the Corporation recorded an impairment in the value of the assets of Ventanas and Salvador Divisions as of December 31, 2015 and 2014, amounting to ThUS$54,047 and ThUS$310,530 before taxes, respectively.

8. Investments accounted for using the equity method

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

Item	Equity Method		Accrued Net Income	
	12/31/2015	12/31/2014	1/1/2015 12/31/2015	1/1/2014 12/31/2014
	ThUS$	ThUS$	ThUS$	ThUS$
Investments in associates accounted for using the equity method	3,977,786	6,665,113	(2,586,742)	(321,392)
Joint ventures	114,031	133,593	85,090	126,807
Total	4,091,817	6,798,706	(2,501,652)	(194,585)

a) Associates

Agua de la Falda S.A.

As of December 31, 2015, Codelco has a 43.28% interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

The line of business of this company is to exploit deposits of gold and other minerals, in the third region of the country.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was formed in 1994. As of December 31, 2015, Codelco has a 49% interest in Sociedad Contractual Minera El Abra, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

Company activities involve the extraction, production and marketing of copper cathodes.

Sociedad Contractual Minera Purén

As of December 31, 2015, Codelco has a 35% interest in Sociedad Contractual Minera Purén, with the remaining 65% owned by Compañía Minera Mantos de Oro.

This company's line of business 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 December 31, 2015, Codelco has a 37% interest in Sociedad GNL Mejillones S.A., with the remaining 63% owned by Suez Energy Andino S.A. These interests were established on November 5, 2010 when the Corporation did not increase the capital agreed upon by the meeting of shareholders of such company. Before the actual increase, both the Corporation and Suez Energy Andino S.A. had a 50% interest each.

This company's line of business 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, singly or in partnership with third parties.

Comotech S.A.

As of December 31, 2015, Codelco has a 48.19% interest in Comotech S.A. through its indirect subsidiary Innovaciones en Cobre S.A.

The company's line of business is to carry out research activities to increase the demand for molybdenum at the national and international level through new and better applications, uses and/or markets.

Inca de Oro S.A.

On June 1, 2009 Codelco's Board authorized the formation of a company destined to developing studies to allow continuity of the Inca de Oro Project.

On February 15, 2011, the association of Codelco and Minera PanAust IDO Ltda. was approved in respect to the Inca de Oro deposit, with 66% of the share of Inca de Oro S.A. held by Minera PanAust IDO Ltda. and Codelco maintains a 34% share. Before the materialization of this association, Codelco owned 100% of the company.

The financial effects from this operation generated a profit before income tax of ThUS$33,668 during the period ended December 31, 2011.

At December 30, 2014, in the Extraordinary meeting of the shareholders held on that date, it was agreed to increase the capital share of ThUS$102,010, reducing Codelco's participation to 33.19%.

At December 31, 2014, the Corporation has decreased the mining property valuations and exploration and evaluation expenditures, due to an impairment analysis of assets in accordance with IFRS.

As of December 31, 2015, Codelco holds a participation of 33.2% of shared capital.

Copper for Energy S.A.

As of December 31, 2015, Codelco has a 41.3% interest in the share capital of Copper for Energy S.A. The remaining 58.7% interest is owned by International Copper Association Ltd, Fundación Chile and Universidad de Chile.

Copper for Energy S.A.'s line of business is to develop and commercialize new products and applications for copper, destined to make the most efficient use of energy and/ or to generate and utilize renewable energy; conducting and ordering research, carrying out studies and projects, rendering of training services and activities.

Planta Recuperadora de Metales SpA

On December 3, 2012, Planta Recuperadora Metales SpA was established, with Codelco owning 100% of the entity.

On July 7, 2014, Codelco reduced its participation in the total equity of the firm Planta Recuperadora de Metales SpA to a 51% interest. LS-Nikko Copper Inc. holds the remaining 49% of the equity.

On October 14, 2015, Codelco reduced its participation in the total equity of the firm Planta Recuperadora de Metales SpA to a 34% interest. LS-Nikko Copper Inc. holds the remaining 66% of the equity.

As of December 31, 2015, LS-Nikko Copper Inc. holds the control of the entity, which is based on the control elements that are described in the shareholders agreement.

The principal activity of the company is the processing of intermediate products of the refining and processing of copper and other metals, with the aim to recover copper, the other metals and other containing sub products, their transformation in commercial products and to commercialize and distribute all class of goods or inputs which stand in relation with the mentioned process.

Deutsche Giessdraht GmbH

As of December 31, 2015, Aurubis and Codelco through its affiliate, Codelco Kupferhandel GmbH, have a 60% and 40% interest, respectively.

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

Anglo American Sur S.A.

At December 31, 2015, the control of Anglo American Sur belongs to Inversiones Anglo American Sur S.A. with a 50.06% share interest, while the non-controlling interest corresponds to Acrux through its subsidiary Inversiones Mineras Becrux SpA., with a 29.5% and Mitsubishi group with a 20.44%. Acrux is a subsidiary of Codelco, Inversiones Mineras Becrux SpA is controlled by Codelco who holds an 67.80% share interest.

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 naturally presented. 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 in which the shareholders agree.

The following table demonstrates the equity value and accrued results of investments in associates:

Associates	Taxpayer Number	Functional Currency	Equity Interest		Equity Method		Accrued Net Income	
			12/31/2015	12/31/2014	12/31/2015	12/31/2014	1/1/2015 12/31/2015	1/1/2014 12/31/2014
			%	%	ThUS$	ThUS$	ThUS$	ThUS$
Deutsche Geissdraht GmbH	Foreign	EUR	40.0%	40.0%	3,033	3,688	1,143	1,842
Agua de la Falda S.A.	96.801.450-1	US$	43.3%	43.3%	4,591	4,948	(357)	(641)
Sociedad Contractual Minera El Abra	96.701.340-4	US$	49.0%	49.0%	650,726	701,990	(3,595)	131,269
Minera Purén SCM	76.028.880-2	US$	35.0%	35.0%	10,192	8,628	4,014	(205)
Sociedad GNL Mejillones S.A.	76.775.710-7	US$	37.0%	37.0%	68,029	59,052	8,977	2,247
Inca de Oro S.A.	73.063.022-5	US$	33.2%	33.2%	23,097	22,616	-	(30,871)
Anglo American Sur S.A.	77.762.940-9	US$	29.5%	29.5%	3,214,570	5,860,559	(2,596,610)	(424,489)
Planta Recuperadora de Metales SpA	76.255.054-7	US$	34.0%	51.0%	3,548	3,632	(301)	(537)
Copper for Energy S.A.	76.133.034-9	US$	41.30%	41.30%			-	-
Comotech S.A.	76.009.778-9	US$	48.19%	48.19%	-	-	(13)	-
Others								(7)
TOTAL					**3,977,786**	**6,665,113**	**(2,586,742)**	**(321,392)**

In respect of investments in associates accounted for under the equity method, the following tables detail the assets and liabilities at December 31, 2015 and 2014 and present the major movements and their results for the years ended December 31, 2015 and 2014.

Assets and liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Assets	1,240,418	1,552,967
Non-current Assets	6,120,536	6,604,262
Current Liabilities	339,828	766,139
Non-current Liabilities	1,156,418	1,245,761

Net Income	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue	2,965,080	4,010,079
Cost of sales	(3,140,367)	(3,408,128)
(Loss) profit for the period	(175,287)	601,951

Movements of Investment in Associates	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Opening balances	**6,665,113**	**7,341,196**
Contributions	481	4,107
Dividends	(91,797)	(348,690)
Net income for the period	(147,247)	(321,392)
Foreign exchange differences	-	(539)
Impairment Anglo American Sur S.A.	(2,439,495)	-
Other comprehensive income	-	6,983
Impairment Inca de Oro S.A.	-	(30,827)
Other	(9,269)	14,275
Final balance	**3,977,786**	**6,665,113**

The following tables provide details of asset and liabilities of the significant associates at December 31, 2015 and 2014, and present the major movements and their results for the years ended December 31, 2015 and 2014.

Anglo American Sur S.A.

Assets and liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Assets	750,664	958,450
Non-current Assets	4,419,038	4,745,935
Current Liabilities	271,345	616,481
Non-current Liabilities	626,548	652,672

Net Income	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue	2,080,438	2,791,891
Cost of sales	(2,189,688)	(2,355,681)
Profit (loss) for the period	(109,250)	436,210

Sociedad Contractual Minera El Abra

Assets and liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Assets	443,237	553,212
Non-current Assets	1,221,180	1,380,837
Current Liabilities	54,475	117,482
Non-current Liabilities	252,782	314,860

Net Income	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue	807,957	1,140,775
Cost of sales	(815,294)	(885,606)
Profit (loss) for the period	(7,337)	255,169

b) Joint ventures

At December 31, 2015, the Corporation participates in the CuPIC joint venture. This partnership dates from March 2006 when Codelco Chile through its subsidiary Codelco International Ltd., executed the agreement with Album Enterprises Limited (a subsidiary of Minmetals) to form the company, in which both companies hold equal interests.

Assets and liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Assets	76,806	75,302
Non-current Assets	161,956	198,620
Current Liabilities	10,705	6,736
Non-current Liabilities	-	-

Net Income	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue	306,160	388,390
Cost of sales	(135,981)	(134,776)
Profit (loss) for the period	170,179	253,614

Movements of the investment in joint ventures	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Opening balances	**133,593**	**153,786**
Net income for the period	85,090	126,807
Dividends	(104,650)	(146,999)
Other	(2)	(1)
Final balance	**114,031**	**133,593**

Additional Information	12/31/2015 ThUS$	12/31/2014 ThUS$
Cash and cash equivalents	12,231	10,868

c) Additional information about unrealized profit

The Corporation has recognized unrealized profit for purchases and sales of products, mining properties, property, plant and equipment and ownership rights. The most significant transactions include the transaction carried out in 1994 for the initial contribution of mining properties to Sociedad Contractual Minera El Abra.

The balance of unrealized profit at December 31, 2015 corresponds to ThUS$14,283 (December 31, 2014: ThUS$33,846), an amount which represents deductions of investments in this entity.

Codelco carries out copper purchase and sales with the Sociedad Contractual Minera El Abra. At December 31, 2015, and at December 31, 2014, the value of finished products inventories category presents no unrealized gain provisions

Codelco carries out copper purchases and sales with Anglo American Sur S.A., and the value of finished products for the category “Inventories” at December 31, 2015, had a provision for unrealized gain of ThUS$161. At December 31, 2014, the company had a provision for unrealized gain of ThUS$172.

The Company has recorded unrealized gains for the purchase of rights to use GNL terminal of Contractual Minera El Abra in the amount of ThUS$3,920 at December 31, 2015. As of December 31, 2014 it amounts to ThUS$3,920.

d) Share in companies acquired at fair value

The acquisition by Codelco of its participation in Anglo American Sur S.A., on August 24, 2012, was recorded based on the acquisition method, which involved the initial recognition of an investment in the amount of ThUS$6,490,000, corresponding to the percentage of the share interest acquired (29.5%) over the fair value of the net assets of the company.

In determining the fair value of the net assets of the acquired share interest, the Corporation considered both the resources and mineral reserves that can be recovered reliably and the assessment of intangibles and all other considerations about assets and contingent liabilities was performed.

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

The transaction has not resulted in the acquisition of control of the acquired company.

The Corporation used the model of discounted cash flows to estimate cash flow projections, based on the life of the mines. These projections are based on estimated production and future prices of minerals, operating costs and capital costs at the date of acquisition, among other estimates. Additionally, resources and potential resources to explore are not included in the plan because they have been valued separately using a market model. These resources include the concept of "Mineral Resources".

As part of this process and the application of the discounted cash flow model, the fair value of the net assets of Anglo American Sur S.A. was US$22,646 million in proportion to the ownership by Inversiones Mineras Becrux SpA (29.5%) which amounts to US$6,681 million at fair value at purchase date.

The results of the associates, corresponding to the proportion of the results of Anglo American Sur S.A., was recognized as of December 31, 2015 representing a loss of ThUS$32,229, while the adjustment for depreciation and impairment of the fair value of the net assets of the company recognized at the acquisition date, meant an effect of lower profit before tax of ThUS$117,390 and ThUS$2,439,495, respectively and is decreasing the item "
The comprehensive statement of income is decreased by ThUS$7,637 in the line item share of profit (losses) of associates and joint ventures accounted under the equity method.

e) Additional information about impairment of investments accounted for using the equity method

As of December 31, 2015, the Corporation identified the existence of impairment indicators in the operating units of Anglo American Sur S.A. According to this, and with the purpose of performing the corresponding adjustments for the reasonable recognition of its participation in the profit or loss of the period for this associate, the Corporation performed a calculation for the recoverable amount, by considering the additional value of the identified assets at the date of acquisition of the investment.

With the purpose of determining the recoverable amount, the Corporation applied the methodology of fair value less disposal costs. The recoverable amount of the operating assets was determined according to the LOM indicator, which is based on a discounted cash flow model, mainly affected by the ore reserves declared by the associate, the copper price, the supply costs, foreign exchange rates, discount rates and the market information for the long-term assets valuation. The discount rate used for this calculation was 8% for the year, after taxes.

Furthermore, the resources which are not included in the LOM, as well as the potential resources to explore, have been valued using a market model of multiples for comparable transactions.

Such methodologies are in line with the one used at the acquisition date, which is detailed in letter d) of this note.

As a result of such calculation for the recoverable amount, the Corporation recognized an impairment of ThUS$2,439,495 over the identified assets of the associate, which is disclosed in the line "Share of profit of associates and joint ventures accounted for using the equity method" of the Consolidated Statements of Comprehensive Income for the period ended December 2015. Such loss by impairment is mainly due to the drop in copper prices during the year 2015.

After recognition of the share of profit of the associate, as detailed above, there is no evidence requiring further impairments on the recoverable amount of the investment held in Anglo American Sur S.A.

9. Intangible assets other than goodwill

As of December 31 2015 and 2014, the intangible assets other than goodwill are described as follows:

For comparison purposes, the balances as of December 31, 2014 corresponding to intangibles assets of Technological Development and Innovation have been reclassified from Property, Plant & Equipment to this category.

a) This item is composed as follows:

Item	12/31/2015 ThUS$	12/31/2014 ThUS$
Intangible Assets with finite useful life, net	13,699	12,691
Intangible assets with indefinite useful life	172,383	154,371
Total	**186,082**	**167,062**

b) Balances:

Item	12/31/2015		
	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,959	-	7,959
Software	2,349	(1,056)	1,293
Technological development and innovation	164,424	-	164,424
Other	12,824	(446)	12,378
Total	**187,584**	**(1,502)**	**186,082**

Item	12/31/2014		
	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	5,715	-	5,715
Software	1,580	(867)	713
Technological development and innovation	148,656	-	148,656
Other	12,396	(446)	11,950
Total	**168,375**	**(1,313)**	**167,062**

c) Movements:

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1/2015	28	5,715	713	148,656	11,950	167,062
Additions	-	2,244	1,019	15,768	718	19,749
Disposals	-	-	(67)	-	(61)	(128)
Amortization	-	-	(329)	-	(350)	(679)
Reclassifications	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
Other	-	-	(43)	-	121	78
Total Movements	-	*2,244*	*580*	*15,768*	*428*	*19,020*
Final balance 12/31/2015	**28**	**7,959**	**1,293**	**164,424**	**12,378**	**186,082**

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development & innovation	Other	Total
Opening balance 1/1/2014	28	5,623	787	103,292	12,185	121,915
Additions	-	-	260	45,364	320	45,944
Disposals	-	-	-	-	-	-
Amortization	-	-	(514)	-	(375)	(889)

Reclassifications	-	92	99	-	(92)	99
Impairment	-	-	-		-	-
Other	-	-	81	-	(88)	(7)
Total Movements	-	*92*	*(74)*	*45,364*	*(235)*	*45,147*
Final balance 12/31/2014	**28**	**5,715**	**713**	**148,656**	**11,950**	**167,062**

d) Additional Information

- As of December 31, 2015 and 2014, the Corporation owns significant intangible assets which amount to ThUS$164,424 and ThUS$148,656, respectively, related to the Continuous Mining Projects.
- As of December 31, 2014 and 2014, there are no completely amortized intangible assets that are being used in the operations.
- As of December 31, 2015 and 2014, expenses for research and technological development and innovation amounted to ThUS$23,872 and ThUS$60,665, respectively.
- Research disbursements are presented as follows:

Research disbursements recognized as expenses during the period	**12/31/2015 ThUS$**	**12/31/2014 ThUS$**
Research Disbursements	11,793	24,016

10. Subsidiaries

The following tables present a detail of the assets, liabilities and results of the Corporation's subsidiaries, prior to consolidation adjustments:

Assets and liabilities	**12/31/2015 ThUS$**	**12/31/2014 ThUS$**
Current Assets	503,468	464,496
Non-current Assets	3,970,939	6,457,799
Current Liabilities	364,030	315,797
Non-current Liabilities	1,268,184	1,129,120

Net Income	**1/1/2015 12/31/2015 ThUS$**	**1/1/2014 12/31/2014 ThUS$**
Revenue	(678,343)	1,365,754
Cost of sales	(1,905,224)	(1,722,089)
Profit (loss) for the period	(2,583,567)	(356,335)

11. Other non-current non-financial assets

Other non-current non-financial assets included in the consolidated statement of financial position as of December 31, 2015 and 2014 is detailed as follows:

Other non-current non-financial assets	12/31/2015 ThUS$	12/31/2014 ThUS$
Law No.13.196 Asset (1)	19,866	23,532
Others	8,042	12,383
Total	**27,908**	**35,915**

(1) Corresponds to the recording of the commitment related to Law No. 13.196 (see Note 2.z), for the advance payment received for the copper sales contract signed with CuPIC. This amount will be amortized according to the shipments made.

12. Current and non-current financial assets

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

	12/31/2015				
Classification in the statement of financial position	At fair value though profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets** ThUS$
Cash and cash equivalents	-	1,747,718	-	-	**1,747,718**
Trade and other current receivables	(66,977)	1,943,840	-	-	**1,876,863**
Accounts receivables, non–current	-	85,069	-	-	**85,069**
Accounts receivables due from related companies, current	-	21,057	-	-	**21,057**
Accounts receivables due from related companies, non–current	-	224	-	-	**224**
Other current financial assets	-	7,425	2,777	-	**10,202**
Other non-current financial assets	-	5,526	30,765	-	**36,291**
TOTAL	**(66,977)**	**3,810,858**	**33,542**	**-**	**3,777,423**

	12/31/2014				
Classification in the statement of financial position	At fair value though profit and loss ThUS$	Loans and receivables ThUS$	Hedging derivatives ThUS$	Available for sale ThUS$	**Total financial assets** ThUS$
Cash and cash equivalents	-	1,310,616	-	-	**1,310,616**
Trade and other current receivables	(60,330)	2,238,112	-	-	**2,177,782**
Accounts receivables, non–current	-	124,675	-	-	**124,675**
Accounts receivables due from related companies, current	-	9,488	-	-	**9,488**
Accounts receivables due from related companies, non–current	-	224	-	-	**224**
Other current financial assets	-	17,904	13,844	-	**31,748**
Other non-current financial assets	-	6,587	55,826	-	**62,413**
TOTAL	**(60,330)**	**3,707,606**	**69,670**	**-**	**3,716,946**

- **Financial assets designated at fair value through profit or loss:** At December 31, 2015, this category mainly includes unfinished product sale invoices and mutual fund investments made by Codelco Chile subsidiaries.

  The effects on results of open invoices are determined by the differences between the provisional price at the date of shipment and the futures price curve of products, as explained under the title Accounting policies (letter p of number 2 of Chapter II), while mutual funds affect the result by the change in fair value of shares.

- **Loans granted and receivables:** These correspond to financial assets with fixed or determinable payments that are not traded in an active market.

  The effects on the period's statements of comprehensive income generated by these assets, come mainly from financial interest gains and from the exchange rate differences related to the balances in currencies other than the functional currency.

  No material impairments were recognized in accounts receivable.

- **Hedging derivatives:** These correspond to the receivable balances for derivative contracts from the exposure generated by existing operations and which affect the period's profit and loss from the liquidation of these operations. The details of derivative transactions are included in Note 27.

- **Available-for-sale financial assets:** These correspond primarily to non-derivative financial assets that are specifically designated as available for sale or are not classified as: a) loans and receivables, b) investments held to maturity or c) financial assets carried at fair value through profit or loss.

  Within the period presented, there was no reclassification of financial instruments among the different categories established under IAS 39 "Financial Instruments: recognition and measurement".

13. Interest-bearing borrowings

Current and non-current interest-bearing borrowings correspond to Borrowings from financial institutions, Bond obligations and Finance leases, which are recorded by the Corporation at amortized cost using the effective interest rate method.

The tables below show the composition of the other financial liabilities, current and non-current.

Items	12/31/2015					
	Current			Non-current		
	Loans and other payables	Hedging derivatives	Total	Loans and other payables	Hedging derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans from financial entities	995,891	-	995,891	2,511,654	-	2,511,654
Bonds	146,923	-	146,923	11,176,610	-	11,176,610
Financial Lease	19,173	-	19,173	99,401	-	99,401
Hedge obligations	-	107	107	-	162,437	162,437
Other financial liabilities	4,116	-	4,116	76,829	-	76,829
Total	**1,166,103**	**107**	**1,166,210**	**13,864,494**	**162,437**	**14,026,931**

Items	12/31/2014					
	Current			Non-current		
	Loans and other payables	Hedging derivatives	Total	Loans and other payables	Hedging derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans from financial entities	828,554	-	828,554	3,367,757	-	3,367,757
Bonds	122,552	-	122,552	9,316,632	-	9,316,632
Financial Lease	20,721	-	20,721	96,317	-	96,317
Hedge obligations	-	10,513	10,513	-	96,626	96,626
Other financial liabilities	3,828	-	3,828	73,910	-	73,910
Total	**975,655**	**10,513**	**986,168**	**12,854,616**	**96,626**	**12,951,242**

These items are generated by the following situations:

- **Borrowings from financial institutions:**

The loans obtained by the Corporation to finance its production operations oriented towards the foreign market.

On August 23, 2012, the subsidiary Inversiones Gacrux SpA (Gacrux), agreed to funding from Oriente Copper Netherlands BV (a subsidiary of Mitsui & Co. Ltd.) 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 of Libor + 2.5%. This credit has no personal guarantees ("non-recourse") on Codelco's part.

Codelco's indirect subsidiary Codelco Inversiones Mineras Becrux SpA used this funding for the acquisition of 24.5% of the shares of Anglo American Sur S.A. and other related expenses.

On October 31, 2012, new terms of the amended Credit Agreement were agreed, which remains without personal guarantees of Codelco ("non-recourse"), and established a fixed rate of 3.25% per annum and a duration of 20 years, to be payable in 40 semi-annual quotas of principal and interest. Under previous agreements, Mitsui is entitled to additional interest equivalent to one-third of the savings that result to Gacrux from the difference between refinanced credit and the Credit Agreement originally signed. Furthermore, Mitsui (through a subsidiary) held an option to purchase from Gacrux an additional 15.25% of the shares issued by the company Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US$998 million, to be used in full to prepay Gacrux's debt under the Credit Agreement.

Subsequently, on November 26, 2012, Mitsui materialized the purchase of additional 15.25% share interest in Acrux, so Codelco reduced its debt with Mitsui, which at December 31, 2015, has a balance of ThUS$75,722.

- ***Bond obligations:***

On May 10, 2005, the Corporation issued and placed bonds in the domestic market for a nominal amount of UF 6,900,000 in a single series denominated 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, with a 4% annual interest rate and with bi-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, with a 5.6250% annual interest rate and with bi-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, with a 6.15% annual interest rate and with bi-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 mature in a single installment on January 15, 2019, at an interest rate of 7.5% per annum with interest paid bi-annually.

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 mature in a single installment on November 4, 2020, at an interest rate of 3.75% per annum with interest paid bi-annually.

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 mature in a single installment on November 4, 2021, with an interest rate of 3.875% per annum, with interest paid bi-annually.

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. The ThUS$1,250,000 with an interest rate of 3% per annum mature on July 17, 2022 and the ThUS$750,000 with an interest rate of 4.25% mature on July 17, 2042, and each have interest paid annually.

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, which will mature in a single installment on August 13, 2023, with a coupon of 4.5% per annum with interest paid semiannually.

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, which will mature in a single installment on October 18, 2043, with a coupon of 5.625% per annum with interest paid semiannually.

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, which will mature in a single installment on July 9, 2024, with a coupon of 2.25% per annum with the interest paid annually.

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, which will mature in a single installment on November 4, 2044, with a coupon of 4.875% per annum with interest paid semiannually.

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, which will mature in a single installment on September 16, 2025, with a coupon of 4.5% per annum with interest paid semiannually.

As of December 31, 2015, the Corporation does not have financial covenants related to borrowings from financial institutions and bond obligations.

- **Financial debt commissions and expenses:**

Obtaining financial resources generates, in addition to the interest rate, fees and other expenses charged by the financial institutions, and the Corporation receives the net value of the loans. These expenses are amortized based on the effective interest rate determined using the amortized cost method.

- **Finance leases:**

  Finance lease transactions are generated for service contracts, principally for buildings and machinery.

As of December 31, 2015, the details of loans from financial institutions and bond obligations are as follows:

12/31/2015										
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	N
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US$	100,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US$	250,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	7/20/2018	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly	
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly	
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	Semi-annual principal installments at maturity.	Semi-annual	
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR				
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR				
			Other							
TOTAL										

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	N
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Annual	
TOTAL								

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

At December 31, 2014, the detail of Borrowings from financial institutions and Bond obligations is as follows

12/31/2014									
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment Interest
97036000-k	Chile	Bilateral Credit	Banco Santander S.A.	11/30/2015	Floating	US$	75,000,000	Maturity	Quarterly
Foreign	Bermuda	Bilateral Credit	HSBC Bank Bermuda Limited	12/17/2015	Floating	US$	162,500,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd.	12/22/2015	Floating	US$	100,000,000	Maturity	Quarterly
97036000-k	Chile	Bilateral Credit	Banco Santander S.A.	12/23/2015	Floating	US$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export. Dev. Canada	12/28/2015	Floating	US$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Sumitomo Mitsui Banking	2/18/2016	Floating	US$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US$	100,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	HSBC Bank USA. N.A.	10/11/2016	Floating	US$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US$	250,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd.	5/24/2019	Floating	US$	8,700,000	Semi-annual principal installments from 2015 until maturity	Semi-annu
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd.	5/24/2019	Floating	US$	30,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annu
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	20,300,000	Semi-annual principal installments from 2015 until maturity	Semi-annu
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	70,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annu
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly
Foreign	Netherlands	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	Semi-annual principal installments until maturity	Semi-annu
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR			
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR			
			Other						
TOTAL									

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment Interest
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annu
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annu
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Annual
TOTAL							

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

The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

12/31/2015					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
Mizuho Corporate Bank Ltd	US$	1.20%	0.92%	Quarterly	467	100,467	100,934	-	
Bank of Tokyo Mitsubishi Ltd.	US$	1.13%	0.82%	Quarterly	524	251,561	252,085	-	
HSBC Bank USA. N.A.	US$	1.23%	0.92%	Quarterly	1,180	251,167	252,347	-	
Export Dev Canada	US$	1.25%	0.82%	Quarterly	526	250,973	251,499	-	
Mizuho Corporate Bank Ltd.	US$	1.37%	1.13%	Quarterly	858	2,594	3,452	306,028	
Bank of America N.A.	US$	1.18%	0.97%	Quarterly	1,479	1,479	2,958	305,898	
Bank of Tokyo Mitsubishi Ltd.	US$	1.04%	0.94%	Quarterly	714	2,151	2,865	305,016	
Export Dev Canada	US$	1.04%	0.94%	Quarterly	724	2,158	2,882	304,992	
Mizuho Corporate Bank Ltd	US$	1.33%	1.10%	Quarterly	261	796	1,057	1,850	
Export Dev Canada	US$	1.03%	0.94%	Quarterly	1,430	2,150	3,580	4,987	3
Bank of Tokyo-Mitsubishi Ltd.	US$	1.55%	1.17%	Semi-annual	-	24,926	24,926	48,994	
Japan Bank International Cooperation	US$	1.24%	1.07%	Semi-annual	-	34,172	34,172	67,292	
ORIENTE COPPER NETHERLANDS B.V	US$	3.60%	5.37%	Semi-annual	39,161	38,663	77,824	151,188	1
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	6
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,0
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	
BOND 144-A REG. 2022	US$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	
BOND 144-A REG. 2025	US$	4.77%	4.50%	Semi-annual	45,000	45,000	90,000	180,000	1
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	
BOND 144-A REG. 2042	US$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	1
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	
				Total ThUS$	**180,450**	**1,310,409**	**1,490,859**	**2,456,795**	**3,1**
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	5
				Total U.F.	138,000	138,000	276,000	552,000	5
				Subtotal ThUS$	**4,980**	**4,980**	**9,961**	**19,921**	
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,0
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,0
				Subtotal ThUS$	**-**	**14,725**	**14,725**	**29,450**	
				Total ThUS$	**185,430**	**1,330,114**	**1,515,545**	**2,506,167**	**3,1**

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

12/31/2014					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
Banco Santander S.A.	US$	1.20%	1.08%	Quarterly	205	75,632	75,837	-	
HSBC Bank Bermuda Limited	US$	1.21%	1.09%	Quarterly	444	163,856	164,300	-	
Bank of Tokyo-Mitsubishi Ltd.	US$	1.09%	1.00%	Quarterly	251	100,763	101,014	-	
Banco Santander S.A.	US$	1.22%	1.10%	Quarterly	276	100,842	101,118	-	
Export. Dev. Canada	US$	1.18%	1.06%	Quarterly	660	252,018	252,678	-	
Sumitomo Mitsui Banking	US$	1.09%	1.07%	Quarterly	268	810	1,078	100,185	
Mizuho Corporate Bank Ltd	US$	1.11%	0.83%	Quarterly	212	629	841	100,844	
Bank of Tokyo Mitsubishi Ltd.	US$	1.04%	0.73%	Quarterly	469	1,391	1,860	251,865	
HSBC Bank USA. N.A.	US$	1.14%	0.83%	Quarterly	1,050	1,587	2,637	251,581	
Export Dev Canada	US$	1.10%	0.73%	Quarterly	468	1,389	1,857	251,862	
Mizuho Corporate Bank Ltd	US$	1.09%	0.86%	Quarterly	647	1,977	2,624	5,255	
Bank of America N.A.	US$	1.08%	0.88%	Quarterly	1,319	2,015	3,334	4,681	
Bank of Tokyo-Mitsubishi Ltd.	US$	1.01%	0.88%	Semi-annual	-	1,167	1,167	4,459	
Bank of Tokyo-Mitsubishi Ltd.	US$	1.03%	0.89%	Semi-annual	-	4,006	4,006	15,372	
Japan Bank International Cooperation	US$	0.79%	0.78%	Semi-annual	-	1,604	1,604	6,040	
Japan Bank International Cooperation	US$	0.79%	0.79%	Semi-annual	-	5,510	5,510	20,840	
Bank of Tokyo Mitsubishi Ltd.	US$	0.95%	0.85%	Quarterly	647	1,941	2,588	5,197	
Export Dev Canada	US$	0.96%	0.86%	Quarterly	672	1,951	2,623	5,225	
Mizuho Corporate Bank Ltd	US$	1.09%	0.86%	Quarterly	203	621	824	1,650	
Export Dev Canada	US$	0.94%	0.85%	Quarterly	1,284	1,950	3,234	4,532	
ORIENTE COPPER NETHERLANDS B.V	US$	3.60%	3.25%	Semi-annual	-	78,471	78,471	152,685	
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	
BOND 144-A REG. 2022	US$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	
BOND 144-A REG. 2042	US$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	26,719	53,438	80,157	106,875	
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	
				Total ThUS$	**123,920**	**1,102,282**	**1,226,202**	**1,962,823**	
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	
				Total U.F.	138,000	138,000	276,000	552,000	
				Subtotal ThUS$	**5,601**	**5,601**	**11,202**	**22,405**	
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Semi-annual	-	13,500,000	13,500,000	27,000,000	2
				Total EUR	-	13,500,000	13,500,000	27,000,000	2
				Subtotal ThUS$	**-**	**16,421**	**16,421**	**32,843**	
				Total ThUS$	**129,521**	**1,124,304**	**1,253,825**	**2,018,071**	

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

Payment commitments for financial leasing transactions are summarized in the following table:

Financial Leasing	12/31/2015			12/31/2014		
	Gross ThUS$	Interest ThUS$	Net ThUS$	Gross ThUS$	Interest ThUS$	Net ThUS$
Less than 90 days	10,025	(2,434)	7,591	7,505	(2,265)	5,240
Between 90 days and 1 year	19,117	(7,535)	11,582	22,327	(6,846)	15,481
Between 1 and 2 years	28,319	(10,386)	17,933	24,151	(6,833)	17,318
Between 2 and 3 years	23,131	(9,259)	13,872	18,972	(6,106)	12,866
Between 3 and 4 years	40,157	(13,178)	26,979	18,009	(6,025)	11,984
Between 4 and 5 years	11,191	(3,197)	7,994	17,773	(6,054)	11,719
More than 5 years	37,883	(5,260)	32,623	52,284	(9,854)	42,430
Total	**169,823**	**(51,249)**	**118,574**	**161,021**	**(43,983)**	**117,038**

Commitment to future payments for operating leases and lease payments recognized in the statements of comprehensive income are summarized in the following table:

Future payments for operating issues	12/31/2015 ThUS$	12/31/2014 ThUS$
Less than one year	1,114,212	928,510
Between one and five years	620,318	516,932
More than five years	268,864	224,053
TOTAL	**2,003,394**	**1,669,495**

Rental fees recognized in the Statement of Comprehensive Income	12/31/2015 ThUS$	12/31/2014 ThUS$
Minimum payments for operating leases	286,628	238,857

14. Fair Value of financial assets and liabilities

As the carrying amount of financial assets is a reasonable approximation of their fair value, no incremental disclosures are required in accordance with IFRS 7.

Regarding financial liabilities, the following table shows a comparison in December 31, 2015 between the book value and the fair value of financial liabilities other than those whose book value is a reasonable approximation of fair value.

Comparison between book value & fair value As of December 31, 2015	Accounting treatment for valuation	Book value ThUS$	Fair value ThUS$
Financial Liabilities			
Bond Obligations	Amortized cost	11,323,533	10,704,922

The fair value of loans from financial institutions is a reasonable approximation of their book value. Liabilities arising from hedging are valued in the financial statements at fair value.

15. Fair value hierarchy

The estimated market value for the Corporation's portfolio of financial instruments is based on a calculations of observable inputs. Each of these methodologies has been analyzed to determine to which of the following levels the instruments can be classified:

- Level 1 corresponds to Fair Value measurement methodologies through market quotes (unadjusted) in active markets and considering the same valued assets and liabilities.
- Level 2 corresponds to Fair Value measurement methodologies using market quote data, not included in Level 1, that are either directly (prices) or indirectly (derived from the prices) observable for the valued assets and liabilities.
- Level 3 corresponds to Fair Value measurement methodologies that use valuation techniques that include data on the valued assets and liabilities that are not supported by observable market data.

Based on the methodologies, inputs, and previous definitions the following market levels have been established for the financial instruments portfolio held by the Corporation as of December 31, 2015:

Financial assets and liabilities at fair value with effect in profit and loss statement	12/31/2015			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets				
Provisionally priced sales contracts	-	(66,976)	-	(66,976)
Cross Currency Swap	-	30,764	-	30,764
Mutual funds units	-	-	-	-
Metals futures	2,777	-	-	2,777
Financial Liabilities				
Metals Futures	107	-	-	107
Cross Currency Swap		162,438		162,438

No transfers between different levels of hierarchy of fair value were performed for the reporting period.

16. Trade and other payables

Total trade and other payables, current and non-current, are detailed as follows:

Items	Current Liabilities	
	12/31/2015 ThUS$	12/31/2014 ThUS$
Trade payables	1,103,310	1,222,597
Payables to employees	20,299	2,483
Withholdings	77,088	89,728
Tax withholdings	26,240	36,879
Other payables	79,778	91,963
Total	**1,306,715**	**1,443,650**

17. Other provisions

Other short-term accrued expenses and provisions as of the indicated dates are detailed as follows:

Other Provisions	Current		Non-current	
	12/31/2015 ThUS$	12/31/2014 ThUS$	12/31/2015 ThUS$	12/31/2014 ThUS$
Trade (1)	14,038	12,568	-	-
Operating (2)	327,181	143,334	-	-
Law No. 13.196	171,530	169,856	-	-
Sundry	148,874	109,607	10,913	2,299
Closure, decommissioning and restoration (3)	-	-	1,140,080	1,395,008
Contingencies	-	-	25,194	41,518
Total	**661,623**	**435,365**	**1,176,187**	**1,438,825**

Accrual for employee benefits	Current		Non-current	
	12/31/2015 ThUS$	12/31/2014 ThUS$	12/31/2015 ThUS$	12/31/2014 ThUS$
Employees' collective bargaining agreements	206,869	201,384	-	-
Employee termination benefit	37,131	43,735	700,882	762,146
Bonus	1,121	4,056	-	-
Vacation	136,933	145,206	-	-
Medical care programs (4)	922	805	457,067	492,277
Retirement plans (5)	47,725	46,630	62,504	99,834
Other	15,511	11,936	7,774	8,984
Total	**446,212**	**453,752**	**1,228,227**	**1,363,241**

(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 future asset retirement provision costs primarily related to tailing dams, closures of mine operations and other assets. The value is calculated in present value discounted at a real annual discount rate before tax of 2.01% in Chilean pesos, and reflects the corresponding assessments of the time value of money, which the market provides. The discount rate includes the risks associated with the liability that is being determined, except those that are included in the cash flows. The discount period varies between 11 and 82 years.
The Company determines and records the liability in accordance with the accounting policies mentioned in note II.1 letter d) and II.2 letter o) of the Accounting Policies.
(4) Corresponds to an accrual for contributions to medical care institutions agreed upon with current and former employees.

(5) Corresponds to an accrual for employees who have agreed or expected to agree to retire in accordance with plans in effect for personnel retirement.

Movements of Other provisions were as follows:

Movements	1/1/2015 12/31/2015			
	Provision for mine closure	Contingencies	Other Provisions, non-current	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	1,395,008	41,518	2,299	1,438,825
ARO Adjustments	(116,394)	-	-	(116,394)
Financial expenses	30,357	-	-	30,357
Payment of liabilities	(2,593)	(11,926)	(30)	(14,549)
Foreign exchange rate differences	(174,909)	(1,806)	(64)	(176,779)
Other variations	8,611	(2,592)	8,708	14,727
Final balance	**1,140,080**	**25,194**	**10,913**	**1,176,187**

18. Employee benefits

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

Provision for post-employment benefits mainly corresponds to employee termination benefits, registered to reflect the obligations for severance, and medical care plans, and is intended to cover the payment obligations that the Corporation has contracted with its employees, according to contracts or collective bargaining agreements and to partially cover the costs of medical services.

Both long term benefits are based on the agreements in the employment contracts or collective bargaining agreements signed between the Corporation and workers.

These accruals are recorded in the statement of financial position, at the present value of estimated future obligations. The discount rate applied is determined on the basis of the rates of financial instruments in the same currency in which the obligations are to be paid and with similar maturities.

The basis for the registration of these obligations are denominated in Chilean pesos, therefore the amount includes in the Corporation´s financial statements represents exposure to financial risk of exchange rate.

The results from adjustments and changes in actuarial variables are charged or credited to the statements of other comprehensive income in the period in which they occur.

During the period of January to December 31, 2015, there were no significant changes in post-employment benefits plans.

Actuarial assumptions for calculating the employee termination benefit accrual are as follows:

Assumptions	12/31/2015		12/31/2014	
	Retirement plan	Health plan	Retirement plan	Health plan
Annual Discount Rate	4.66%	5.11%	4.65%	4.76%
Voluntary Annual Turnover Rate for Retirement (Men)	4.24%	4.24%	4.66%	4.66%
Voluntary Annual Turnover Rate for Retirement (Women)	3.44%	3.44%	5.51%	5.51%
Salary Increase (real annual average)	3.72%	3.72%	4.00%	4.00%
Future Rate of Long-Term Inflation	3.00%	3.00%	3.00%	3.00%
Inflation Health Care	5.05%	5.05%	5.05%	5.05%
Mortality tables used for projections	CB14-RV14	CB14-RV14	RV-2009	RV-2009
Average duration of future cash flows (years)	7.02	18.50	9.04	18.42
Expected Retirement Age (Men)	60	60	65	65
Expected Retirement Age (Women)	59	59	60	60

The discount rates correspond to the price in the secondary market of government bonds issued by Chile. Annual inflation corresponds to the long-term goal publicly declared by the Central Bank of Chile. Rotation rates were determined by reviewing the experience of the Corporation, by studying the cumulative expenditures for the last three years on the current (analysis executed by causal) behavior. Growth rates of compensable revenues respond to the long-term trend observed by reviewing the historical salaries paid by the Corporation. The mortality tables used for the actuarial calculations correspond to numbers issued by the SVS, and these are used because they are an appropriate representation of the Chilean market and given the lack of comparable statistical series to develop independent studies. Financial liabilities term corresponds to average maturity of payment flows of the respective defined benefit. For Health Plans, retirement ages are defined in the scheduled withdrawal of AFP, which is a parameter generally accepted in the Chilean market and by the absence of homogeneous statistical series used to perform own studies. The financial maturity of these assets corresponds to the average maturity date for the payment flows of the respective determined benefits.

Reconciliation of post-employment benefit and other long term benefits provision:

Movements	1/1/2015 12/31/2015		1/1/2014 12/31/2014	
	Retirement plan	Health plan	Retirement plan	Health plan
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	805,881	493,082	841,944	350,159
Service cost	78,193	1,047	75,087	2,734
Financial cost	12,894	8,432	20,543	10,199
Paid contributions	(86,021)	(36,850)	(130,845)	(36,268)
Actuarial (gains)/losses	44,289	34,878	120,578	194,647
Transfers from other benefits	-	7,780	-	-
Subtotal	*855,236*	*508,369*	*927,307*	*521,471*
(Gains)/Losses on foreign exchange rate	(117,223)	(50,380)	(121,426)	(28,389)
Final Total	**738,013**	**457,989**	**805,881**	**493,082**

The Corporation has performed a technical revaluation of the liability for severance benefits for years of service, with a net effect of ThUS$44,289 as of December 31, 2015, affecting equity,

which is composed of an actuarial gain amounting to ThUS$1,748 corresponding to changes in demographic assumptions, a gain of ThUS$26,011 due to a revaluation of the financial assumptions and a loss of ThUS$72,048 due to changes based on the experience.

Similarly to this last case, it has been determined an actuarial loss for ThUS$34,878, comprised by a loss of ThUS$40,136 corresponding to changes in demographic assumptions, a gain of ThUS$8,244 in financial assumptions and an adjustment for experience of ThUS$2,986.

The balance at December 31, 2015 comprises a portion of ThUS$37,131 and ThUS$922 in the short term, corresponding to compensation for years of service and Health Plans respectively. At December 31, 2016, a balance of ThUS$807,392 has been projected for the provision of compensation and ThUS$463,397 for health benefits. The cash outflows related to employee benefits reach to an average monthly payment of ThUS$3,094 for severance and of ThUS$77 for health benefits.

The next table shows a review of the sensitivities performed over the provisions, from an average scenario, at low or high scenario with unit percentage change, respectively, and the two separate effects of reduction or increase of the book value of these provisions states:

Severance Benefits for Years of Service	**Low**	**Medium**	**High**	**Reduction**	**Increase**
Financial effect on interest rates	3.658%	4.658%	5.658%	5.18%	-4.57%
Financial effect on the real increase in income	3.221%	3.721%	4.221%	-2.10%	2.22%
Demographic effect of job rotations	3.660%	4.160%	4.660%	1.39%	-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	4.112%	5.112%	6.112%	16.79%	-12.85%
Financial effect on health inflation	4.550%	5.050%	5.550%	-6.80%	7.54%
Demographic effect, planned retirement age	58 / 63	60 / 65	62 / 67	3.81%	-3.91%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	8.93%	-7.22%

b. Provision for termination benefits

The Corporation under its operational optimization programs seeks to reduce costs and increase labor productivity, facilitated by the incorporation of modern technologies and/or best management practices, has established personnel severance programs, using the corresponding addendum to contracts or collective bargaining agreements, with benefits that encourage retirement, for which necessary provisions are made based on the accrued obligation at present value.

At December 31, 2015 and 2014, a current balance is presented by these obligations of ThUS$47,725 and ThUS$46,630 respectively, while non-current balance represents ThUS$62,504 and ThUS$99,834 respectively, the latter of which is associated with the provision related to the term of the collective bargaining process that the Administration negotiated with Codelco Chuquicamata during the month of December 2012 with union workers of that Division. These values have been discounted using a discount rate equivalent to that used for calculating

employee benefits provisions and whose outstanding balances are part of the accounting balances at December 31, 2015 and 2014.

c. Employee benefits expenses by nature of the benefits

The costs associated with employee benefits classified by their nature, are:

Expenditure by Nature of Employee Benefits	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Benefits - Short term	1,684,043	1,755,622
Benefits - Post employment	1,047	2,734
Benefits - Termination	59,963	61,742
Benefits by years of service	78,193	75,087
Total	**1,823,246**	**1,895,185**

19. Net equity

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, in order 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 founded 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 Finance 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 periods – up to US$1 billion – 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, 2015, there are no capitalized resources under such statute.

Pursuant to the Exempt Finance Decree (Decree No. 197 of June 30, 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.

On October 28, 2015, it was reported that the Ministry of Finance decided to provide capital for US$600 million once reviewed the follow-up and Development Business Plan 2014-2018 for Codelco, that was submitted for approval on December 2, 2015.

This contribution will be financed by the Public Treasury and sourced from debt issues performed by the Republic pursuant to Article 2 of Law No. 20.790, which establishes an Extraordinary Capital Contribution for Codelco and authorizes it to incur additional debt.

As of December 31, 2015 and 2014, no dividends payable were provisioned.

In the financial statement "Statement of Changes in Net Equity" the changes experienced in the Corporation's equity are disclosed.

Due to the bylaws that govern the Corporation, these financial statements do not consider disclosure of information related to earnings per share.

The movement and composition of other equity reserves is presented in the Consolidated Statement of Changes in Net Consolidated Equity.

Reclassification adjustments from other comprehensive income to profit or loss resulted in a loss of ThUS$261 and a gain of ThUS$3,023 for the period January through December 31, 2015 and 2014, respectively.

a) Other reserves

Other equity reserves are listed in the table below, as of the dates indicated in each case.

Other Reserves	12/31/2015 ThUS$	12/31/2014 ThUS$
Foreign exchange differences on conversion reserves	(12,974)	(5,763)
Cash flow hedge reserves	(6,549)	(3,442)
Capitalization fund and reserves	5,772,162	4,938,359
Reserve of losses of defined benefit plans	(246,424)	(220,695)
Other reserves	625,705	635,338
Total other reserves	**6,131,920**	**5,343,797**

b) Non-controlling equity interests

The details of non-controlling equity interests, included in liabilities and net income, are listed in the table below, as of the dates indicated in each case.

Subsidiaries	Non-controlling participation		Net equity		Loss	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	1/1/2015 12/31/2015	1/1/2014 12/31/2014
	%	%	ThUS$	ThUS$	ThUS$	ThUS$
Biosigma S.A.	33.30%	33.30%	669	636	(633)	(804)
Inversiones Gacrux SpA	32.20%	32.20%	1,042,171	1,862,844	(834,890)	(146,686)
Ecosea Farming S.A.	8.68%	14.97%	-	245	(40)	(241)
Other	-	-	15	10	-	-
Total			**1,042,855**	**1,863,735**	**(835,563)**	**(147,731)**

Between January 1 and December 31, 2015, Inversiones Gacrux SpA did not report any dividends paid to non-controlling interest.

The percentage of non-controlling interest over the assets of Inversiones Mineras Acrux SpA is equal to 32.2% and generates a non-controlling interest in the affiliated company Inversiones Gacrux SpA, which had the following figures in its statement of financial position, statement of comprehensive income and cash flows:

Assets and liabilities	12/31/2015 ThUS$	12/31/2014 ThUS$
Current Assets	169,276	151,275
Non-current assets	3,215,675	5,860,559
Current liabilities	168,068	92,660
Non-current liabilities	686,999	720,267

Results	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue	(2,009,439)	242,794
Expenses	(635,488)	(702,395)
Loss of the period	(2,644,927)	(459,601)

Cash flow	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Net cash flow from operating activities	78,263	530
Net cash flow from investing activities	61,647	45,322
Net cash flow from financing activities	(152,376)	(79,987)

20. Operating income

The following table shows the sources of the Corporation's consolidated revenue.

Item	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Revenue from sales of own copper	8,721,880	10,720,801
Revenue from sales of third-party copper	2,039,161	1,858,630
Revenue from sales of molybdenum	391,587	669,686
Revenue from sales of other products	538,289	564,968
Revenue in futures market	2,575	12,592
Total	**11,693,492**	**13,826,677**

21. Expenses by nature

The Corporation's consolidated expenses by nature are detailed as follows:

Item	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Short-term benefits to employees	1,684,043	1,755,622
Depreciation	1,213,102	1,171,158
Amortization	811,738	775,699
Total	**3,708,883**	**3,702,479**

22. Impairment of Assets

As of December 31, 2015, losses due to impairment are recognized in the CGU of Salvador Division and Ventanas Division. Assets affected by losses due to impairment correspond to items of the category Property, Plant & Equipment, mainly in the items of Plant & Equipment, Ongoing Construction and Buildings.

Cash Generating Unit Salvador Division

As of December 31, 2015, the Corporation performed a calculation of the recoverable amount in the CGU Salvador Division, in order to verify the existence of an impairment of value for the assets related to the mentioned Division, which book value amounted to ThUS$773,844.

Said recoverable amount calculation resulted in a value of ThUS$463,314, which compared to the book value, led to recognizing an impairment loss of ThUS$310,530 (before taxes), which was recorded in Other Expenses by Function in the Consolidated Statements of Comprehensive Income for the period 2015.

The recoverable amount determined for the calculation of the loss due to impairment corresponds to the value in use with an annual discount rate of an 8.5%, before taxes. The main

variables used for determining the recoverable amount of this asset correspond to copper prices, treatment and refining charges, exchange rates and discount rates.

The mentioned loss due to impairment is mainly raised by the decrease in copper prices experimented during the year 2015 and a downward adjustment for the expected production.

Cash Generating Unit Ventanas Division

As of December 31, 2015, the Corporation performed a calculation of the recoverable amount in the CGU Ventanas Division, in order to verify the existence of an impairment of value for the assets related to the mentioned Division, which book value amounted to ThUS$338,047.

Said recoverable amount calculation resulted in a value of ThUS$284,000, which compared to the book value, led to recognizing an impairment loss of ThUS$54,047 (before taxes), which was recorded in Other Expenses by Function in the Consolidated Statements of Comprehensive Income for the period 2015.

The recoverable amount determined for the calculation of the loss due to impairment corresponds to the value in use with an annual discount rate of an 8.5%, before taxes. The main variables used for determining the recoverable amount of this asset correspond to copper prices, treatment and refining charges, exchange rate and discount rates.

The mentioned loss due to impairment is mainly raised by the decrease in copper prices experimented during the year 2015.

23. Other revenues and expenses by function

Other revenues and expenses by function are detailed in the following tables:

a) Other income by function

Item	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Penalties to suppliers	16,737	8,498
Delegated Administration[2]	4,070	4,491
Miscellaneous sales (net)	17,467	17,875
Compensations by insurance companies	-	50
Reversals of provisions	26,710	-
Won trials	18,762	-
Realized gain in associates	19,563	19,563
Other income	49,580	47,869

[2] Corresponds to the Law. No.16.744 related to the safety of the employees. CODELCO administrates a safety fund that generates revenue and costs, respectively.

Total	**152,889**	**98,346**

b) Other expenses by function

Item	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Law No. 13.196	(864,797)	(1,081,259)
Research expenses	(87,047)	(59,215)
Bonus for the end of collective bargaining	(35,112)	(260,539)
Expenses plan	(59,963)	(61,742)
Write-off of investment projects	(313,776)	(4,177)
Penalty of fixed assets	(64,110)	(9,261)
Write-off of research projects	(82,132)	(25,000)
Medical care plan	(1,047)	(2,734)
Assets Impairment (see Note No.22)	(364,577)	(12,000)
Write-off of inventories	(68,708)	-
Climatic impact	(25,132)	-
Contractors mobilization	(13,242)	-
Other	(107,085)	(105,050)
Total	**(2,086,728)**	**(1,620,977)**

24. Finance costs

Finance costs are detailed as follows:

Item	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Bond interests	(335,847)	(286,810)
Bank loan interests	(82,101)	(66,083)
Exchange differences on severance indemnity provision	(12,327)	(18,154)
Exchange differences on other non-current provisions	(60,629)	(64,171)
Other	(33,943)	(29,453)
Total	**(524,847)**	**(464,671)**

25. Operating segments

In Section II, “Summary of Significant Accounting Policies” it has been indicated that, in conformity with IFRS No. 8, “Operating Segments”, the operating segments are determined according to the Divisions that make up Codelco. The revenues and expenses of the Head Office are distributed among the defined opening segments.

Mining sites in operation, in which the Corporation performs extraction and processing, are organized in the following divisions: Chuquicamata, Radomiro Tomic, Ministro Hales, Salvador, Andina, El Teniente and Gabriela Mistral. Additionally the Ventanas division is added even though it is operating solely as a smelter and refinery. Those operations are administered

independently and are reporting directly to the Executive President. The details and operations related to each mine are the following:

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) Head Office Distribution

Revenue and expenses controlled by the Head Office are allotted to operating segments based on the criteria detailed as follows.

Main items are allocated according to the following criteria:

Sales and Cost of Sales of Head Office commercial transactions

- Distribution to the operating segments made proportionally to the value of the products and sub-products invoiced by each division.

Other income, by function

- Other income by function, associated and identified with each operating segment, is allotted directly.
- Recognition of realized profits and other income by function of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining other income is distributed in proportion to the addition of balances of "other income" and "finance income" of the respective operating segment.

Distribution costs

- Expenses associated and identified with each operating segment are allotted directly.
- Distribution costs of subsidiaries are allotted in proportion to the operating income of each operating segment.

Administrative Expenses

- Administrative expenses associated and identified with each segment are allotted directly.
- Administrative expenses are recorded in cost centers associated with the sales function. Administrative expenses of subsidiaries are distributed in proportion to the operating income of each operating segment.
- Administrative expenses recorded in cost centers associated with the supply function are allocated in relation to material account balances in each division warehouse
- The remaining administrative expenses are distributed in relation to operating cash expenses of each operating segment.

Other Expenses, by function

- Expenses associated and identified with each operating segment are allotted directly.
- Expenses for pre-investment studies and other expenses of subsidiaries by function are distributed in proportion to the operating income of each operating segment.

Other Earnings

- Other earnings associated and identified with each individual operating segment are allotted directly
- Other earnings of subsidiaries are distributed in proportion to the operating income of each operating segment.

Finance Income

- Finance income associated and identified with each operating segment is allotted directly.
- Finance income of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining finance income is distributed in relation to the operating cash expenses of each operating segment.

Finance costs

- Finance costs associated and identified with each operating segment in particular are allotted directly.
- Finance costs of subsidiaries are distributed in proportion to the operating income of each operating segment.

Share in profit (losses) of Associates and joint ventures, which are accounted for using the equity method

- The share in profit or losses of associates and joint ventures identified for each individual operating segment is allotted directly.

Foreign currency conversion

- Foreign currency conversion identifiable with each individual operating segment is allotted directly.
- Foreign currency conversion of subsidiaries is distributed in proportion to the operating income of each operating segment.
- The remaining foreign currency conversion is distributed in relation to operating cash expenses of each operating segment.

Contribution to the Treasury of Chile Law No. 13.196

- The amount of the contribution is distributed and accounted for in relation to values invoiced and accounted for in the copper and sub-product exports of each operating segment, subject to taxation.

Income tax income (expenses)

- First category income tax (corporate), of D.L. 2.398 and specific mining tax are distributed based on the pre-tax income of each operating segment, considering for this purpose the income and expenses distribution criteria of the Head Office and subsidiaries mentioned above.

- Other tax expenses are distributed in proportion to the first category income tax, specific mining tax and D.L. 2.398 allotted to each operating segment.

Losses due to impairment of value

- Losses due to impairment of value of the investment in Anglo American Sur S. A. recognized as of December 31, 2015, are not distributed to operating segments, being assigned to the Head Office.

b) Transactions between segments

Transactions between segments are made up mainly by products processing services (or maquilas), which are recognized as revenue for the segment that makes maquilas and as the cost of sales for the segment that receives the service. Such recognition is performed in the period in which these services are provided, as well as disposal of both factors on corporate financial statements.

c) Cash flow from segments

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

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

d) Impairment

The operating segments of Ventanas Division and Salvador Division present in their income statements an impairment of value of ThUS$54,047 and ThUS$310,530, before taxes, for the year 2015, respectively. This corresponds to the impairment of asset of Property, Plant and Equipment assigned to those Divisions, in their capacity as CGU.

There were no reversals of impairment made during the financial period ended December 31, 2015 and 2014, respectively.

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

	from 1/1/2015 to 12/31/2015								
Segment	**Chuquicamata**	**R. Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hales**	**To Segm**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**Th**
Revenue from sales of own copper	1,647,849	1,614,728	318,001	957,522	2,246,131	161,432	662,832	1,113,169	8,7
Revenue from sales of third-party copper	36,497	-	2,458	-	-	74,461	-	448,675	5
Revenue from sales of molybdenum	157,529	14,415	10,400	100,396	109,808	-	-	-	3
Revenue from sales of other products	91,255	-	48,000	4,745	102,379	200,522	1,004	90,384	5
Revenue from futures market	1,272	1,349	693	(1,025)	(5,375)	3,530	742	759	
Revenue between segments	222,191	-	80,439	644	142	99,702	-	-	4
Revenue	**2,156,593**	**1,630,492**	**459,991**	**1,062,282**	**2,453,085**	**539,647**	**664,578**	**1,652,987**	**10,6**
Cost of sales of own copper	(1,513,500)	(1,239,743)	(458,986)	(920,584)	(1,449,409)	(159,901)	(566,186)	(1,082,526)	(7,3
Cost of sales of copper third-party copper	(35,589)	-	(3,115)	-	-	(75,374)	-	(471,060)	(5
Cost of sales of molybdenum	(67,674)	(21,040)	(12,305)	(33,014)	(40,113)	-	-	-	(1
Cost of sales of other products	(19,807)	-	(36,700)	(60)	(66,040)	(185,870)	(1,035)	(3,573)	(3
Cost of sales between segments	(336,168)	40,607	(44,196)	3,648	17,505	(97,448)	-	12,934	(4
Cost of sales	**(1,972,738)**	**(1,220,176)**	**(555,302)**	**(950,010)**	**(1,538,057)**	**(518,593)**	**(567,221)**	**(1,544,225)**	**(8,8**
Gross profit	**183,855**	**410,316**	**(95,311)**	**112,272**	**915,028**	**21,054**	**97,357**	**108,762**	**1,7**
Other income, by function	15,497	6,927	16,654	14,132	10,633	1,927	2,467	3,885	
Distribution costs	(2,007)	(119)	(312)	(407)	(612)	(782)	-	(904)	
Administrative expenses	(48,831)	(16,228)	(7,438)	(25,411)	(61,264)	(7,974)	(27,454)	(29,136)	(2
Other expenses, by function	(122,021)	(16,655)	(514,001)	(177,478)	(62,443)	(64,261)	(14,123)	(34,798)	(1,0
Law No. 13.196	(179,769)	(158,320)	(34,362)	(95,559)	(195,302)	(29,002)	(64,260)	(108,223)	(8
Other gains (losses)	-	-	-	-	-	-	-	-	
Finance income	1,580	515	401	233	1,985	279	132	499	
Finance costs	(115,587)	(31,320)	(12,266)	(92,550)	(142,123)	(6,873)	(10,639)	(51,281)	(4
Share in the profit (loss) of associates and joint ventures accounted by the equity method	14,586	30,102	86	(2,868)	30,380	-	-	-	
Exchange differences	155,119	66,451	61,103	46,545	128,047	12,362	19,251	21,227	5
Profit (loss) before taxes	**(97,578)**	**291,669**	**(585,446)**	**(221,091)**	**624,329**	**(73,270)**	**2,731**	**(89,969)**	**(1**
Income tax expenses	**62,450**	**(186,668)**	**374,685**	**141,498**	**(399,571)**	**46,893**	**(1,748)**	**57,580**	
Profit (loss)	**(35,128)**	**105,001**	**(210,761)**	**(79,593)**	**224,758**	**(26,377)**	**983**	**(32,389)**	**(5**

	from 1/1/2014 to 12/31/2014								
Segment	**Chuquicamata**	**R. Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hales**	**To Segu**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**Th**
Revenue from sales of own copper	2,153,944	2,087,070	642,120	1,395,840	2,934,752	76,652	830,038	635,489	10,7
Revenue from sales of third-party copper	-	-	-	1,372	-	136,373	-	-	1
Revenue from sales of molybdenum	281,686	27,204	18,168	178,469	164,159	-	-	-	6
Revenue from sales of other products	121,106	-	88,270	8,113	103,012	206,776	-	37,691	5
Revenue from futures market	2,383	2,056	315	43	546	3,970	2,515	493	
Revenue between segments	121,016	-	49,856	195	6,840	76,877	-	-	2
Revenue	**2,680,135**	**2,116,330**	**798,729**	**1,584,032**	**3,209,309**	**500,648**	**832,553**	**673,673**	**12,3**
Cost of sales of own copper	(1,542,468)	(1,428,198)	(738,202)	(1,045,940)	(1,619,459)	(78,226)	(647,617)	(553,846)	(7,6
Cost of sales of copper third-party copper	-	-	-	(323)	-	(142,530)	-	-	(14
Cost of sales of molybdenum	(77,854)	(26,014)	(11,292)	(41,367)	(37,805)	-	-	-	(19
Cost of sales of other products	(8,505)	-	(52,479)	(85)	(96,318)	(244,001)	-	(1,193)	(40
Cost of sales between segments	(230,965)	63,210	(41,325)	14,515	22,387	(97,407)	-	14,801	(25
Cost of sales	**(1,859,792)**	**(1,391,002)**	**(843,298)**	**(1,073,200)**	**(1,731,195)**	**(562,164)**	**(647,617)**	**(540,238)**	**(8,6**
Gross profit	**820,343**	**725,328**	**(44,569)**	**510,832**	**1,478,114**	**(61,516)**	**184,936**	**133,435**	**3,7**
Other income, by function	16,149	14,413	14,472	5,753	17,134	417	3,224	(1,496)	
Distribution costs	(420)	(37)	(266)	(280)	(358)	(556)	-	(60)	
Administrative expenses	(57,987)	(23,809)	(17,241)	(35,043)	(77,758)	(10,901)	(29,182)	(29,987)	(28
Other expenses, by function	(103,328)	3,931	(29,852)	(28,244)	(224,847)	(2,120)	(19,142)	(29,313)	(43
Law No. 13.196	(241,493)	(210,466)	(70,988)	(139,870)	(260,036)	(19,597)	(82,711)	(56,098)	(1,08
Other gains (losses)	-	-	-	-	-	-	-	-	
Finance income	2,336	787	796	326	2,099	80	90	223	
Finance costs	(106,783)	(28,916)	(9,253)	(64,395)	(136,999)	(8,143)	(8,031)	(50,261)	(4
Share in the profit (loss) of associates and joint ventures accounted by the equity method	(515)	-	313	(3,092)	(11)	-	-	-	
Exchange differences	127,385	40,527	26,063	34,741	133,429	13,587	12,901	16,226	4
Profit (loss) before taxes	**455,687**	**521,758**	**(130,525)**	**280,728**	**930,767**	**(88,749)**	**62,085**	**(17,331)**	**2,0**
Income tax expenses	**(282,583)**	**(318,688)**	**93,873**	**(218,097)**	**(492,815)**	**(48,295)**	**(67,056)**	**(206,896)**	**(1,5**
Profit (loss)	**173,104**	**203,070**	**(36,652)**	**62,631**	**437,952**	**(137,044)**	**(4,971)**	**(224,227)**	**4**

The assets and liabilities related to each operating segment, including the Corporation's head office as of Dece detailed in the following tables:

12/31/2015								
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hale**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Current assets	850,220	628,448	227,828	318,103	710,726	143,119	254,985	51
Non-current assets	4,734,984	2,081,427	680,660	3,879,018	5,359,301	289,947	1,325,783	3,68
Current liabilities	558,521	134,687	242,124	195,320	524,188	78,811	115,695	10
Non-current liabilities	839,186	187,810	257,839	208,714	730,323	48,279	120,740	3

12/31/2014								
Category	**Chuquicamata**	**Radomiro Tomic**	**Salvador**	**Andina**	**El Teniente**	**Ventanas**	**G. Mistral**	**M. Hale**
	ThUS$	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**	**ThUS$**
Current assets	965,849	697,884	335,594	424,987	828,368	138,138	432,040	581
Non-current assets	4,211,281	1,846,975	957,133	3,965,064	4,718,564	304,787	1,196,707	3,879
Current liabilities	569,254	172,483	202,050	223,530	485,623	85,698	116,499	162
Non-current liabilities	1,006,128	225,616	332,181	264,276	821,232	55,028	75,896	45

Revenue classified by geographical area is detailed as follows:

Revenue per geographical areas	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Total revenue from domestic customers	769,769	1,181,592
Total revenue from foreign customer	10,923,723	12,645,085
Total	**11,693,492**	**13,826,677**

Revenue per geographical areas	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
China	2,875,992	1,986,149
Rest of Asia	2,162,099	2,242,853
Europe	1,362,513	3,017,196
America	1,874,217	2,185,496
Other	3,418,671	4,394,983
Total	**11,693,492**	**13,826,677**

The main customers of the Corporation are listed in the following table:

Principal customers	Country	1/1/2015 12/31/2015 ThUS$
Trafigura Pte Ltd.	Singapore	455,974
Southwire Company	USA	446,484
Glencore International Ag.	Switzerland	398,075
Nexans France	France	349,234
Ls-Nikko Copper Inc	South Korea	330,906
Maike Metals International Ltd	China	323,851
Louis Dreyfus Commodities Meta	Switzerland	285,443
Mitsui & Co., Ltd.	Japan	252,996
Ocean Partners Uk Limited	UK	215,177
Mri Trading Ag	Switzerland	185,289
Total		**3,243,430**

26. Foreign exchange differences

According to Decree Law 1.350, the Corporation maintains its accounting records in United States dollars (US$), recording transactions in currencies other than U.S. dollars at the exchange rate current at the date of each transaction and subsequently updating them, when necessary, according to the exchange rate determined by the SVS as of closing report date for each of the financial statements.

This is consistent with the definition of Functional Currency described in Note 2c, included in these Financial Statements.

The following table summarizes the foreign exchange differences included in the Consolidated Statements of Comprehensive Income:

Gain (loss) from foreign exchange differences recognized in income	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Gain from foreign exchange differences	629,166	528,603
Loss from foreign exchange differences	(163,846)	(149,784)
Total exchange difference, net	**465,320**	**378,819**

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	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
VAT Refund	1,346,761	1,395,278
Other	428,345	260,485
Total	**1,775,106**	**1,655,763**

Other payments from operating activities	1/1/2015 12/31/2015 ThUS$	1/1/2014 12/31/2014 ThUS$
Contribution to the Chilean Treasury (Law No. 13.196)	(866,507)	(989,032)
Finance hedge and sales	35,096	12,731
VAT and other similar taxes paid	(1,143,972)	(1,275,419)
Total	**(1,975,383)**	**(2,251,720)**

28. Financial risk management, objectives and policies

Codelco has created committees within its organization to generate strategies with which to minimize the financial risks to which it may be exposed.

The risks to which Codelco is exposed are detailed as follows, along with a brief description of the management procedures that are carried out in each case.

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 the financial assets and liabilities as of December 31, 2015 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$38 million of gains or losses, respectively. This result is obtained by identifying the principle areas affected by exchange rate, including assets and financial liabilities, in order to measure the impact on income that a variation of +/- 10 Chilean pesos would have to US$, with respect to the real exchange rate as of the date of this financial statement.

Codelco has signed deposits in national currency to cover the effects of exchange rate fluctuations between the dollar and the Chilean peso due to the obligations of the Corporation held in Chilean pesos.

As of December 31, 2015 and 2014, Codelco does not have any balances related to these deposits.

- Interest rate risk:

This risk is generated by 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 as of December 31, 2015, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$33 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 December 31, 2015, amount to ThUS$12,074,305 and ThUS$2,756,773, 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.

At December 31, 2015, if the future price of copper varied by + / - 5% (with the other variables constant), the result would vary + / - US$160 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect at December 31, 2015 (MTMF 675). 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 date of presentation of the financial statements, 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 assets derivative market.

At December 31, 2015, 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 ThUS$16 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.

No hedging transactions with the specific aim to mitigate 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 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 12/31/2015	**Less than one year** ThUS$	**Between one and five years** ThUS$	**More than five years** ThUS$
Loans from financial institutions	995,891	1,649,716	861,938
Bonds	146,923	1,585,218	9,591,392
Finance leases	19,173	66,778	32,623
Derivatives	107	-	162,437
Other financial liabilities	4,116	76,829	-
Total	**1,166,210**	**3,378,541**	**10,648,390**

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 credit risk exposure as of December 31, 2015 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.

Explanatory note 2 in "Trade and other receivables" presents overdue 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 December 31, 2015 and 2014, 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 period January through December 2015 and 2014, no assets have been obtained as a result of the execution of guarantees contracted to insure the collection of third party debt.

Personnel loans are mainly generated by mortgage loans, according to programs included in collective agreements, which are guaranteed by housing mortgages which are paid for through payroll discounts.

29. Derivatives contracts

As stated in the Board of Directors' policy, ratified on March 27, 2009, the Corporation has operations 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 net deferred tax exposure amounts to ThUS$7,416.

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

December 31, 2015

Hedge item	Bank	Type of derivative contract	Maturity	Currency	Amount	Financial obligation: hedging instrument	Exposure	Asset	Liability
					ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Bond UF Maturity 2025	Credit Suisse (USA)	Swap	4/1/2025	US$	249,015	208,519	30,764	312,993	(282,229)
Bond EUR Maturity 2024	Santander (Chile)	Swap	7/9/2024	US$	327,225	409,650	(88,726)	386,603	(475,329)
Bond EUR Maturity 2024	Deustche Bank (UK)	Swap	7/9/2024	US$	327,225	409,680	(86,200)	386,947	(473,147)
Total					**903,465**	**1,027,849**	**(144,162)**	**1,086,543**	**(1,230,705)**

As of December 31, 2015 the balance for cash deposit guarantees amount to ThUS$13,505.

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 and commercial policy adjustment hedging contracts

The Corporation enters into metals hedging activities, the results of which are recorded at its maturity or when the instruments are sold in the consolidated statement of other comprehensive income as an effective hedge. The Corporation is applying hedge accounting for metal hedges, and such hedges cover the risk of future price fluctuations of copper. Such results increase or decrease the total sales revenue based on the market prices of the metals. At December 31, 2015, these operations generated a gain of ThUS$1,920.

b.1. Commercial operations of current 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 December 31, 2015, the Corporation performed derivative market transactions of copper that represent 228,740 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of December 31, 2015 presenting a positive exposure of ThUS$661 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 completed between January 1, 2015 and December 31, 2015 generated a net negative effect on net income of ThUS$1,561, which is deducted from the amounts paid for purchase contracts and added to the values received for sales contracts of the products affected by these pricing transactions.

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

As of December 31, 2015 the Corporation maintains contracts for derivatives the sale of gold for MOZT 41.2 and silver for MOZT 1,434.2.

The contracts outstanding at December 31, 2015 show a positive exposure of ThUS$994, 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 completed between January 1 and December 31, 2015 generated a positive effect on net income of ThUS$3,481, which are added to the amounts received from the sales contracts and the sales of products related to these transactions. These hedging transactions mature in January 2016.

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

The Corporation does not pose cash flow hedges backed by future production as of December 31, 2015.

Exposure of metal hedges is summarized in the following tables, as referred to in point b above:

December 31, 2015	**Maturity date**						
ThUS$	**2016**	**2017**	**2018**	**2019**	**2020**	**Upcoming**	**Total**
Flex Com Copper (Asset)	1,452	-	-	-	-	-	1,452
Flex Com Copper (Liability)	(107)	(684)	-	-	-	-	(791)
Flex Com Gold/Silver	994	-	-	-	-	-	994
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	2,339	(684)	-	-	-	-	1,655

December 31, 2014	**Maturity date**						
ThUS$	**2015**	**2016**	**2017**	**2018**	**2019**	**Upcoming**	**Total**
Flex Com Copper (Asset)	12,595	1,766	46	-	-	-	14,407
Flex Com Copper (Liability)	(743)	(26)	-	-	-	-	(769)
Flex Com Gold/Silver	1,856	-	-	-	-	-	1,856
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	13,708	1,740	46	-	-	-	15,494

December 31, 2015	**Maturity date**						
ThTM/Ounces	**2016**	**2017**	**2018**	**2019**	**2020**	**Upcoming**	**Total**
Copper Futures [MT]	199.64	29.10	-	-	-	-	228.7
Gold/Silver Futures [ThOZ]	1,475.45	-	-	-	-	-	1,475.5
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

December 31, 2014	**Maturity date**						
ThTM/Ounces	**2015**	**2016**	**2017**	**2018**	**2019**	**Upcoming**	**Total**
Copper Futures [MT]	228.6	55.9	-	-	-	-	287.5
Gold/Silver Futures [ThOZ]	1,853.9	-	-	-	-	-	1,853.9
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.

- Labor Lawsuits: Labor lawsuits filed by workers of the Andina Division against the Corporation, relating to occupational illness (silicosis).

- Mining and Other Lawsuits derived from operations: The Corporation has been participating and will probably continue to participate as a claimant and defendant in certain lawsuits relating to its operations and mining activities through which it seeks to exercise or oppose certain actions or exceptions with regard to certain mining concessions that have been established or are pending constitution, and its other activities. These processes do not currently have a fixed amount and do not essentially affect the development of Codelco.

A case by case analysis of these lawsuits has shown that there are a total of 437 cases that have a clearly estimated value. It is estimated that 244 of these, which represent 55.84% of the total and which amount to ThUS$25,194, could have a negative impact on the Corporation. There are also 74 lawsuits, representing 16.93% of the total and which amount to ThUS$7,000, about which there is no certainty that the outcome would be unfavorable for Codelco. For the 119 remaining cases, which amount to ThUS$9,762, the Corporation's legal advisors believe that an unfavorable outcome is unlikely. In addition, there are 102 lawsuits for undetermined amounts. It is believed that the result of 56 of these could be unfavorable to Codelco.

In connection with the long term sale contract which Codelco held with its associated 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 jurisdictional ways. As a part of such proceedings, 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; and 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 Nos. 531137; 531125; 531117; and 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 Public Companies 40%). Such agreement has enabled the calculated and collected differences due to this same matter to be known 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.

For litigation costs and potential loss, the necessary provisions exist, which are recorded as contingency provisions.

b) Other Commitments

i. On February 29, 2010, the Board agreed to continue mining operations of the Salvador Division until 2016, and if market and operating conditions are maintained, until 2021, both extensions are subject to the condition that management improvements and cost reduction commitments made by the Division are met, these commitments were filed at the Board of Directors in August 2010, and the extension was approved.

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.

As of December 31, 2015, the contract is operational, and monthly shipments began in June 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 December 31, 2015, Codelco does not hold any indirect guarantee regarding its participation in this associated company.

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, includes a pledge 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, at December 31, 2015 and 2014, has complied with these conditions.

vi. On January 20, 2010, the Corporation signed two energy supply contracts with Colbún S.A., which includes energy and power purchases for a total of 351 MW. 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.

In addition, through a supplementary agreement, Codelco has ensured the supply by Colbún of 159 MW, adapted to Codelco's long-term energy and power requirements from the SIC of approximately 510 MW.

This contract is based on energy production from Colbún's Santa María thermal power station, which is currently under construction. 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.

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 2027 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, in October 2014, provided to SERNAGEOMIN the Mine Closure Plan (ARO) for all of the Codelco

operating divisions, which were developed in accordance with the provisions of the Act.

Once said plans were approved by SERNAGEOMIN, in the month of September 2015, Codelco created guarantees for the initial 20% of the obligation under the regulations of this Code, amounting US$700 million according to the estimations. The remaining 80% should be adjusted proportionately each year over the remaining period of fourteen years. The guarantee will be determined in present value of all actions and measures within the mine closure plan.

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 account with a mine closure plan previously approved under Mine Safety Regulations Supreme Decree No. 132.

According to the legal provisions of the transitional regime, the closure plans correspond to the valorization of the recovery plans and closure measures that were previously approved, integrating also those closure and post closure commitments established in the Resolutions of Environmental Qualification (RCA's), and favorable to each division as well as the closure commitments acquired in the sector permits issued by SERNAGEOMIN.

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 "Provisions, Contingent Liabilities and Contingent Assets" and described in Note 2, letter o) of Main Accounting Policies.

ix. On May 24, 2012, the Corporation has signed with Japan Bank for International Cooperation and Bank of Tokyo-Mitsubishi UFJ Ltd. a financing contract for up to US$320 million for the development, construction and operation of a plant metal processing in the second region of Chile, of which at December 31, 2015, have been drawn the totality of the funds.

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

The term of the contract 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.

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	12/31/2015			12/31/2014
		Currency	Maturity	ThUS$	ThUS$
Directorate-General for the Merchant Marine and Maritime Territory	Environmental	CLP	Mar-16	1,519	-
Department of Public Works, General Office of Waters	Building project	UF	Jul-16	24,201	-
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	37,435	-
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	37,435	-
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	37,435	-
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	37,435	-
Department of Public Works, General Office of Waters	Building project	UF	Oct-16	37,435	-
Oriente Copper Netherlands B.V.	Pledge on shares	US$	Nov-32	877,813	877,813
Sernageomin	Environmental	UF	Mar-16	1,081	-
Sernageomin	Environmental	UF	Jun-16	26,700	-
Sernageomin	Environmental	UF	Jun-16	3,660	-
Sernageomin	Environmental	US$	May-16	30,600	-
Sernageomin	Environmental	US$	May-16	4,450	
Sernageomin	Environmental	US$	May-16	10,500	
Total				**1,167,699**	**877,813**

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	12/31/2015 ThUS$	12/31/2014 ThUS$
Andina	36,526	41,819
Chuquicamata	44,284	49,045
Head Office	404,825	473,072
Radomiro Tomic	7,088	6,377
Salvador	47,592	39,946
Ministro Hales	5	1,289
El Teniente	47,505	51,983
Ventanas	10,575	6,489
Gabriela Mistral	1,474	877
Total	**599,874**	**670,897**

32. Balances in foreign currency

a) Assets by Type of Currency

Category	12/31/2015 ThUS$	12/31/2014 ThUS$
Liquid assets	**1,757,920**	**1,342,364**
US Dollars	1,702,657	1,184,792
Euros	3,600	4,265
Other currencies	4,772	4,261
Non-indexed Ch$	46,443	134,818
U.F.	448	14,228
Cash and cash equivalents	**1,747,718**	**1,310,616**
US Dollars	1,694,053	1,167,009
Euros	3,339	3,974
Other currencies	4,772	4,261
Non-indexed Ch$	45,230	133,276
U.F.	324	2,096
Other current financial assets	**10,202**	**31,748**
US Dollars	8,604	17,783
Euros	261	291
Other currencies	-	-
Non-indexed Ch$	1,213	1,542
U.F.	124	12,132
Short and long term receivables	**1,983,213**	**2,312,169**
US Dollars	1,266,467	1,616,831
Euros	110,671	106,783
Other currencies	619	699
Non-indexed Ch$	591,331	578,803
U.F.	14,125	9,053
Trade and other receivables	**1,876,863**	**2,177,782**
US Dollars	1,245,186	1,607,119
Euros	110,411	106,206
Other currencies	468	579
Non-indexed Ch$	506,673	454,825
U.F.	14,125	9,053

Category	12/31/2015 ThUS$	12/31/2014 ThUS$
Rights receivables, non-current	85,069	124,675
US Dollars	-	-
Euros	260	577
Other currencies	151	120
Non-indexed Ch$	84,658	123,978
U.F.	-	-
Due from related companies, current	21,057	9,488
US Dollars	21,057	9,488
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Due from related companies, non-current	224	224
US Dollars	224	224
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Rest of assets	29,702,710	31,602,033
US Dollars	26,667,674	27,979,313
Euros	407,102	455,316
Other currencies	31,452	31,094
Non-indexed Ch$	2,335,087	2,453,819
U.F.	261,395	682,491
Total assets	33,443,843	35,256,566
US Dollars	29,636,798	30,780,936
Euros	521,373	566,364
Other currencies	36,843	36,054
Non-indexed Ch$	2,972,861	3,167,440
U.F.	275,968	705,772

b) Liability by type of currency:

Current liability by currency	12/31/2015		12/31/2014	
	Up to 90 days ThUS$	90 days to 1 year ThUS$	Up to 90 days ThUS$	90 days to 1 year ThUS$
Current liabilities	3,024,701	836,415	2,744,429	831,406
US Dollars	2,777,170	780,581	2,086,579	811,819
Euros	53,949	-	97,965	-
Other currencies	791	-	1,223	-
Non-indexed Ch$	185,515	51,688	552,007	14,253
U.F.	7,276	4,146	6,655	5,334
Other current financial liabilities	380,929	785,281	166,541	819,627
US Dollars	346,797	780,581	88,646	811,819
Euros	28,988	-	69,363	-
Other currencies	-	-	-	-
Non-indexed Ch$	953	554	4,345	3,330
U.F.	4,191	4,146	4,187	4,478
Bank loans	274,621	721,270	62,630	765,924
US Dollars	252,029	721,270	1,165	763,638
Euros	21,946	-	61,465	-
Other currencies	-	-	-	-
Non-indexed Ch$	389	-	-	1,709
U.F.	257	-	-	577
Obligations	94,601	52,322	84,330	38,222
US Dollars	85,041	52,322	73,588	38,222
Euros	7,042	-	7,898	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	2,518	-	2,844	-
Finance lease	7,591	11,582	5,240	15,481
US Dollars	5,611	6,882	3,380	9,959
Euros	-	-	-	-
Other currency	-	-	-	-
Non-indexed Ch$	564	554	517	1,621
U.F.	1,416	4,146	1,343	3,901
Others	4,116	107	14,341	-
US Dollars	4,116	107	10,513	-
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	3,828	-
U.F.	-	-	-	-
Other current liabilities	2,643,772	51,134	2,577,888	11,779
US Dollars	2,430,373	-	1,997,933	-
Euros	24,961	-	28,602	-
Other currencies	791	-	1,223	-
Non-indexed Ch$	184,562	51,134	547,662	10,923
U.F.	3,085	-	2,468	856

Non-current liability by currency	12/31/2015				12/31/2014			
	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	5,166,906	2,192,826	6,624,924	5,865,250	8,350,793	2,239,020	4,940,940	4,624,466
US Dollars	4,939,294	2,064,443	6,102,871	4,296,046	7,349,081	2,228,878	4,202,051	4,326,013
Euros	-	-	(11,213)	-	-	-	716,070	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	199,063	119,227	253,221	1,055,716	965,152	-	1,062	-
U.F.	28,549	9,156	280,045	513,488	36,560	10,142	21,757	298,453
Other non-current financial liabilities	1,304,942	2,073,599	6,371,703	4,276,687	1,147,878	2,239,020	4,939,878	4,624,466
US Dollars	1,292,189	2,064,443	6,102,871	4,276,687	1,136,183	2,228,878	4,202,051	4,326,013
Euros	-	-	(11,213)	-	-	-	716,070	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	1,413	-	-	-	1,856	-	-	-
U.F.	11,340	9,156	280,045	-	9,839	10,142	21,757	298,453
Bank loans	1,196,308	453,408	196,696	665,242	947,158	1,621,224	83,498	715,877
US Dollars	1,196,308	452,783	196,696	665,242	947,158	1,620,232	83,498	715,877
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	625	-	-	-	992	-	-
Obligations	-	1,585,218	5,979,947	3,611,445	-	594,093	4,813,950	3,908,589
US Dollars	-	1,585,218	5,072,052	3,611,445	-	594,093	4,097,880	3,610,136
Euros	-	-	643,237	-	-	-	716,070	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	264,658	-	-	-	-	298,453
Finance Lease	31,805	34,973	32,623	-	30,184	23,703	42,430	-
US Dollars	19,729	26,442	17,236	-	18,489	14,553	20,673	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	736	-	-	-	1,856	-	-	-
U.F.	11,340	8,531	15,387	-	9,839	9,150	21,757	-
Others	76,829	-	162,437	-	170,536	-	-	-
US Dollars	76,152	-	816,887	-	170,536	-	-	-
Euros	-	-	(654,450)	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	677	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non-current	3,861,964	119,227	253,221	1,588,563	7,202,915	-	1,062	-
US Dollars	3,647,105	-	-	19,359	6,212,898	-	-	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	197,650	119,227	253,221	1,055,716	963,296	-	1,062	-
U.F.	17,209	-	-	513,488	26,721	-	-	-

33. Sanctions

As of December 31, 2015 and 2014, neither Codelco Chile nor its Directors and Managers have been sanctioned by the SVS or any other administrative authorities.

34. Subsequent events

- On February 26, 2016, it was reported that, because of the copper concentrate mill incident that occurred on February 25, 2016 in the sector of Saladillo, Fifth Region, Codelco's Andina Division made every effort to overcome this environmental incident, focusing the work on continuing to monitor the water quality and restore the normality of the copper concentrate driving system from the concentrator to the filtration plant. All the operations of the concentrate driving was suspended.

- On February 29, 2016, it was reported that SERNAGEOMIN allowed the restoration of copper concentrate driving operations at the Andina Division on February 26, 2016.

- On March 29, 2016, it was informed that Mr. Cristián Quinzio Santelices, Corporate Legal Advisor, will no longer provide services to the Corporation as of April 1, 2016. Mr. Diego Ruidíaz Gómez, Legal Advisor of El Teniente Division, assumed the position of Interim Corporate Legal Advisor.

- On April 1, 2016, it was reported that, in order to better respond to operational challenges of the Corporation and to take advantage of operational and territorial synergies, the Corporation restructured the organization of the vice presidencies of North and Central - South of the Corporation, which will be formed as follows:

  - Vice Presidency of Northern Operations: Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral and Salvador Divisions; which will be in charge of Mr. Alvaro Aliaga Jobet.

  - Vice Presidency of Center - South Operations: Divisions Andina, Ventanas and El Teniente; which will be in charge of Mr. Octavio Araneda Osés.

  These organizational and designations, changes are effective from 1 May 2016

- On April 4, 2016, it was reported to the IRS the end of operations of the company Comotech S.A.

- On April 7, 2016, the Corporation formalized the removal of its interest in in CuPIC, on which Codelco remained a 50% ownership through the subsidiary Codelco International. Until that date, Codelco shared the ownership of CuPIC 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 No. 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 with 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 current accounting standards, which negatively impacts on earnings before tax of Codelco in ThUS$48,362 (negative net tax effect of ThUS14,987 as of April 7, 2016).

- On April 7, 2016, it was reported that the Codelco's Board of Directors agreed to convene a meeting to discuss matters related to the Ordinary Shareholders' Meeting on April 25, 2016 at 17:30 hrs at the Corporation's office located in Huérfanos 1270, 11th floor, Santiago.

- On April 16, 2016, it was reported that El Teniente Division had to suspend production from that date, in their processes of mines and plants, due to damage to infrastructures of access of personnel and supplies, and also due to the disruption of the transport system of mineral to plants, produced by the bad weather conditions that affected the region of O'Higgins.

- On April 22, 2016, it was reported that El Teniente Division gradually resumed production in their process of mines and plants. The Corporation expects that the lower production due to said stoppage will be recovered at corporate level during the year, by applying several mitigation measures, so this situation will not cause a material or significant impact on the Codelco's financial results

- On April 25, 2016, are reported that ordinary shareholders meeting of Codelco, held on the same date, with the assistance of the Ministers of Finance and Mining, as delegates from the President of the Republic, the following resolutions were adopted:

    1. The General Report, Balance Sheet and other financial statements for the year ended December 31, 2015, as well as the report of external auditors regarding to the same period, were approved.

2. The Corporation appointed EY (Ernst & Young LLC) as the external auditors firm for 2016
3. Appointed Feller Rate, Fitch Rating, Moody´s and Standard and Poor´s rating agencies as the Corporations risk categorizing agencies for 2016.
4. Appointed the newspaper Diario La Segunda as the principal mean of communication for Codelco print media publications, as provided in the Corporations Law and instructions of the SVS.
5. Surrendered the operational accounts that the Corporation has entered into with related corporations or persons, as required in Article 44 of Law No. 18.046 regarding Joint Stock Entities.
6. Reported on the expenses incurred by the Board of Directors and Directors Committee, as well as the Directors Committee activities during the year 2015.
7. Reported and analyzed the Annual Progress and Development Business Report 2014-2018, established by Law °20.790.

- On May 11, 2016, it was informed that, through Ministry of Mining Supreme Decree No. 82 dated on April 14, 2016, the Corporation had appointed Mr. Raimundo Espinoza Concha as Member of the Corporation Board of Directors for a four-year period as of May 12, 2016.

- On June 3, 2016, The Administration that Mr. Ricardo Palma Contesse, General Manager of Andina Division, will no longer provide services to the Corporation as of June 15, 2016. Mr. Alejandro Cuadra Pesce, Operation Manager of the aforementioned Division, will assume as Interim General Manager of Andina Division.

The Corporation's management is not aware of any significant events of a financial or other nature that would affect these statements occurring between January 1, 2016 and the date of issuance of these financial statements (June 30, 2016) that may affect them.

35. 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 December 31, 2015, 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 N°1.901 of 2008 of the SVS, the details of the Corporation's main expenditures related to the environment during the period from January, 1 to December 31, 2015 and 2014, and the projected future expenses are stated below.

Entity	Project Name	Disbursements 12/31/2015				12/31/201
		Project status	Amount ThUS$	Asset/ Expenditure	Asset / Expenditure Item	Amount Th
	Chuquicamata		**108,270**			**83,5**
Codelco Chile	Talambre dam extension, 7th stage	Finished	-	Asset	P, P & E	
Codelco Chile	Talambre dam capacity extension, 8th stage	In Process	19,774	Asset	P, P & E	
Codelco Chile	Emergency restoration system dust control crushing plant 2 ° / 3 °	In Process	1,080	Asset	P, P & E	
Codelco Chile	Replacement of circulation pot 1A and 2A	In Process	14,083	Asset	P, P & E	
Codelco Chile	Acid plants	In Process	48,141	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	2,360	Expenditure	Administrative expenses	
Codelco Chile	Tailings	In Process	21,848	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	301	Expenditure	Administrative expenses	
Codelco Chile	Environmental monitoring	In Process	683	Expenditure	Administrative expenses	
	Salvador		**91,438**			
Codelco Chile	Powder Concentrate area capacity extension	Finished	-	Asset	P, P & E	
Codelco Chile	Construction north wall camber 2nd stage	Finished	-	Asset	P, P & E	
Codelco Chile	Improvement of integrated gas collection process	In Process	53,804	Asset	P, P & E	
Codelco Chile	Construction of sanitary filling	In Process	-	Asset	P, P & E	
Codelco Chile	Environmental improvement to Puerto Barquito	In Process	1,630	Asset	P, P & E	
Codelco Chile	Tailings	In Process	2,621	Expenditure	Administrative expenses	
Codelco Chile	Acid plants	In Process	31,473	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	1,256	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	654	Expenditure	Administrative expenses	
	Andina		**159,523**			**1**
Codelco Chile	Construction of water trap for east ballast deposit	In Process	4,691	Asset	P, P & E	
Codelco Chile	Drain water treatment	Finished	-	Asset	P, P & E	
Codelco Chile	Drain internal water treatment E1	Finished	-	Asset	P, P & E	
Codelco Chile	Drainage water treatment	Finished	-	Asset	P, P & E	
Codelco Chile	Water Normative Phase 2	In Process	7,633	Asset	P, P & E	
Codelco Chile	Building evacuation and capturing towers, Ovejería	In Process	3,497	Asset	P, P & E	
Codelco Chile	Improvement to irrigation	In Process	3,290	Asset	P, P & E	
Codelco Chile	Improvements to line wall sand	In Process	220	Asset	P, P & E	
Codelco Chile	Construction site emergency plan	Finished	-	Asset	P, P & E	
Codelco Chile	Rebuilding of bypass cameras	In Process	-	Asset	P, P & E	
Codelco Chile	Construction site emergency plan	In Process	18,696	Asset	P, P & E	
Codelco Chile	Logistics farm dam Ovejería	Finished	-	Asset	P, P & E	
Codelco Chile	Construction adduction Los Leones	In Process	3,764	Asset	P, P & E	
Codelco Chile	Well construction container spill	In Process	561	Asset	P, P & E	
Codelco Chile	Drainage water treatment DLN	In Process	11,842	Asset	P, P & E	
Codelco Chile	Cota 640 tranque	In Process	15,276	Asset	P, P & E	
Codelco Chile	Improved water internal tip E2	In Process	5,172	Asset	P, P & E	
Codelco Chile	Replacement Ovejeria line tailings	In Process	6,284	Asset	P, P & E	
Codelco Chile	Improvement of power supply	In Process	254	Asset	P, P & E	
Codelco Chile	Early acquisition for water rights and lands	In Process	7,538	Asset	P, P & E	
Codelco Chile	Río Blanco trap	In Process	641	Asset	P, P & E	
Codelco Chile	Solid waste	In Process	1,935	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	3,532	Expenditure	Administrative expenses	
Codelco Chile	Trailing	In Process	61,968	Expenditure	Administrative expenses	
Codelco Chile	Acid drainage	In Process	2,729	Expenditure	Administrative expenses	
Subtotal			**359,231**			**3**

Entity	Project Name	Disbursements 12/31/2015				12/31/20
		Project status	Amount ThUS$	Asset/ Expenditure	Asset / Expenditure Item	Amount Th
	El Teniente		**193,207**			1
Codelco Chile	Construction of 7th phase of Carén	In Process	1,697	Asset	P, P & E	
Codelco Chile	Network Monitoring System	In Process	250	Asset	P, P & E	
Codelco Chile	Construction of 6th phase of Carén	In Process	28,213	Asset	P, P & E	
Codelco Chile	Installation of Powder control	In Process	172	Asset	P, P & E	
Codelco Chile	Flowmeter Acquisitions	In Process	124	Asset	P, P & E	
Codelco Chile	Environmental reconstruction of courts	In Process	1,557	Asset	P, P & E	
Codelco Chile	Emergency reservoir construction	In Process	2,099	Asset	P, P & E	
Codelco Chile	Reinforcement structure and other critical sectors	In Process	701	Asset	P, P & E	
Codelco Chile	Scale and bridges replacement	In Process	122	Asset	P, P & E	
Codelco Chile	Coya module acquisition	In Process	4	Asset	P, P & E	
Codelco Chile	Acid plants	In Process	68,748	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	3,474	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	14,423	Expenditure	Administrative expenses	
Codelco Chile	Tailings	In Process	71,623	Expenditure	Administrative expenses	
	Gabriela Mistral		**17,072**			
Codelco Chile	Installation of gravel dump	In Process	14,243	Asset	P, P & E	
Codelco Chile	Environmental monitoring	In Process	140	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	1,532	Expenditure	Administrative expenses	
Codelco Chile	Water treatment plant	In Process	1,157	Expenditure	Administrative expenses	
	Ventanas		**59,683**			
Codelco Chile	Capturing of second gases	In Process	14,236	Asset	P, P & E	
Codelco Chile	Capturing of racking gases	In Process	6,921	Asset	P, P & E	
Codelco Chile	Treatment of gases in line	In Process	6,356	Asset	P, P & E	
Codelco Chile	Natural gas conversion burner	In Process	397	Asset	P, P & E	
Codelco Chile	Standardization of Measurements	In Process	48	Asset	P, P & E	
Codelco Chile	Eliminating Visible Smokes	In Process	3,263	Asset	P, P & E	
Codelco Chile	Fugitive gas treatment	In Process	1,524	Asset	P, P & E	
Codelco Chile	Reparation of exchanger	In Process	517	Asset	P, P & E	
Codelco Chile	Paño 6 installation	In Process	22	Asset	P, P & E	
Codelco Chile	Acid plants	In Process	18,687	Expenditure	Administrative expenses	
Codelco Chile	Solid waste	In Process	1,430	Expenditure	Administrative expenses	
Codelco Chile	Environmental monitoring	In Process	1,542	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	4,740	Expenditure	Administrative expenses	
	Radomiro Tomic		**2,001**			
Codelco Chile	Solid waste	In Process	989	Expenditure	Administrative expenses	1
Codelco Chile	Environmental monitoring	In Process	-	Expenditure	Administrative expenses	
Codelco Chile	Effluent treatment plant	In Process	1,012	Expenditure	Administrative expenses	
	Ministro Hales		**3,875**			
Codelco Chile	Mounting system acquisition and washing	In Process	496	Asset	P, P & E	
Codelco Chile	Improving accessibility and integration villas	In Process	2,579	Asset	P, P & E	
Codelco Chile	Acquisition sprinkler truck	In Process	22	Asset	P, P & E	
Codelco Chile	Installation of bag-filling machine of silica	In Process	308	Asset	P, P & E	
Codelco Chile	Extension of building for filter plant	In Process	470	Asset	P, P & E	
	Ecometales Limited		**207**			
Ecometales Limited	Smelting plant of foundry dust	In Process	207	Expenditure	Administrative expenses	
Subtotal			**276,045**			2
Total			**635,276**			5

Nelson Pizarro Contador
Chief Executive Officer

Alejandro Rivera Stambuck
Chief Financial Officer

Gonzalo Zamorano Martínez
Accounting Manager

THE ISSUER

Corporación Nacional del Cobre de Chile
Huérfanos 1270
Santiago
Republic of Chile

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

The Bank of New York Mellon
101 Barclay Street, Floor 7 East
New York, New York, 10286
United States of America

LUXEMBOURG LISTING AGENT, LUXEMBOURG PAYING AGENT AND LUXEMBOURG TRANSFER AGENT

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building
Polaris 2-4 rue Eugène Ruppert
L-2453 Luxembourg
Luxembourg

LEGAL ADVISORS TO THE ISSUER

As to New York law
Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
United States

As to Chilean law
Carey y Cía. Ltda.
Isidora Goyenechea, 2800, Piso 43
Las Condes, Santiago
Republic of Chile

LEGAL ADVISORS TO THE INITIAL PURCHASERS

As to New York law
Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
United States

As to Chilean law
Philippi, Prietocarrizosa, Ferrero DU & Uría SpA.
El Golf 40, Piso 20
Las Condes, Santiago
Republic of Chile

INDEPENDENT AUDITORS

Deloitte
Auditores y Consultores Ltda.
Av. Providencia 1760, Piso 8
Santiago
Chile

Ernst & Young
Servicios Profesionales de Auditoría y Asesorías SpA
Av. Presidente Riesco 5435, Piso 4
Santiago
Chile

U.S.$2,750,000,000

Corporación Nacional del Cobre de Chile

U.S.$1,500,000,000 3.625% Notes due 2027
U.S.$1,250,000,000 4.500% Notes due 2047

Offering Memorandum

Joint Book-Running Managers

BofA Merrill Lynch **HSBC** **J.P. Morgan** **MUFG**

August 16, 2017