Corporación Nacional del Cobre de Chile
Casa Matriz
Huérfanos 1270
Santiago
Región Metropolitana, Santiago
www.codelco.com

PE – 007/2020
Santiago, 9 de enero de 2020

Señor
Joaquín Cortez Huerta
Presidente
Comisión para el Mercado Fijnanciero
Santiago

Ref.: HECHO ESENCIAL. Codelco Chile,
Inscripción Registro de Valores Nº 785.

De nuestra consideración:

De conformidad a lo establecido en la Ley N°18.045 y en la Norma de Carácter General N°30 y Circular N° 1072 de esa Comisión, adjunto acompaño "Formulario Hecho Esencial. Colocación de Bonos en el Extranjero", el cual complementa nuestras notas PE 004/2020 y PE 005/2020 de fechas 07 y 08 de enero de 2020, respectivamente.

Saluda atentamente a Ud.,

Octavio Araneda Osés
Presidente Ejecutivo

FORMULARIO HECHO ESENCIAL

COLOCACIÓN DE BONOS EN EL EXTRANJERO

1.0 IDENTIFICACIÓN DEL EMISOR

1.1	Razón Social	Corporación Nacional del Cobre de Chile
1.2	Nombre fantasía	CODELCO-CHILE
1.3	R.U.T.	61.704.000-K
1.4	Nº Inscripción Reg. Valores	785
1.5	Dirección	Huérfanos 1270, Comuna de Santiago, Santiago
1.6	Teléfono	22 690 3000
1.7	Actividades y negocios	Ver **Anexo 1**.

2.0 ESTA COMUNICACIÓN SE HACE EN VIRTUD DE LO ESTABLECIDO EN EL ARTÍCULO 9º E INCISO SEGUNDO DEL ARTICULO 10º DE LA LEY Nº 18.045, Y SE TRATA DE UN HECHO ESENCIAL RESPECTO DE LA SOCIEDAD, SUS NEGOCIOS, SUS VALORES DE OFERTA PÚBLICA Y/O DE LA OFERTA DE ELLOS, SEGÚN CORRESPONDA.

3.0 CARACTERÍSTICAS EMISIÓN

3.1	Moneda de denominación	Dólares de los Estados Unidos de América (US$).
3.2	Moneda total emisión	US$ 2.000.000.000
3.3	Portador / a la orden	Bonos registrados a nombre de los tenedores en los libros de DTC

3.4	Series	2030	2050
3.4.1	Monto de la serie	US$ 1.000.000.000	US$ 1.000.000.000
3.4.2	Nº de bonos	1	1
3.4.3	Valor nominal bono	US$ 1.000.000.000	US$ 1.000.000.000
3.4.4	Tipo reajuste	N/A	N/A
3.4.5	Tasa de interés	3,150%	3,700%
3.4.6	Fecha de emisión	07/01/2019	07/01/2019

3.4.7 Para cada serie llenar la siguiente tabla de desarrollo:

Bonos 2030:

El capital de los bonos será pagadero en su integridad a su vencimiento, el día 14 de Enero de 2030.

Los bonos devengarán un interés de 3,150% anual, base de un año de 360 días, el cual será pagadero en 20 cuotas semestrales los días 14 de enero y 14 de julio de cada año, a partir del 14 de julio de 2020.

Nº Cuota Interés	Nº Cuota Amortiz.	Fecha	Intereses	Amortización	Total Cuota	Saldo Capital
1	-	14-jul-2020	15.750.000	-	15.750.000	1.000.000.000
2	-	14-ene-2021	15.750.000	-	15.750.000	1.000.000.000
3	-	14-jul-2021	15.750.000	-	15.750.000	1.000.000.000
4	-	14-ene-2022	15.750.000	-	15.750.000	1.000.000.000
5	-	14-jul-2022	15.750.000	-	15.750.000	1.000.000.000
6	-	14-ene-2023	15.750.000	-	15.750.000	1.000.000.000
7	-	14-jul-2023	15.750.000	-	15.750.000	1.000.000.000
8	-	14-ene-2024	15.750.000	-	15.750.000	1.000.000.000
9	-	14-jul-2024	15.750.000	-	15.750.000	1.000.000.000
10	-	14-ene-2025	15.750.000	-	15.750.000	1.000.000.000
11	-	14-jul-2025	15.750.000	-	15.750.000	1.000.000.000
12	-	14-ene-2026	15.750.000	-	15.750.000	1.000.000.000
13	-	14-jul-2026	15.750.000	-	15.750.000	1.000.000.000
14	-	14-ene-2027	15.750.000	-	15.750.000	1.000.000.000
15	-	14-jul-2027	15.750.000	-	15.750.000	1.000.000.000
16	-	14-ene-2028	15.750.000	-	15.750.000	1.000.000.000
17	-	14-jul-2028	15.750.000	-	15.750.000	1.000.000.000
18	-	14-ene-2029	15.750.000	-	15.750.000	1.000.000.000
19	-	14-jul-2029	15.750.000	-	15.750.000	1.000.000.000
20	-	14-ene-2030	15.750.000	1.000.000.000	1.015.750.000	0

Bonos 2050:

El capital de los bonos será pagadero en su integridad a su vencimiento, el día 30 de enero de 2050.

Los bonos devengarán un interés de 3,700% anual, base de un año de 360 días, el cual será pagadero en 61 cuotas semestrales los días 30 de enero y 30 de julio de cada año, a partir del 30 de enero de 2020.

Nº Cuota Interés	Nº Cuota Amortiz.	Fecha	Intereses	Amortización	Total Cuota	Saldo Capital
1	-	30-ene-2020	12.333.333	-	12.333.333	1.000.000.000
2	-	30-jul-2020	18.500.000	-	18.500.000	1.000.000.000
3	-	30-ene-2021	18.500.000	-	18.500.000	1.000.000.000
4	-	30-jul-2021	18.500.000	-	18.500.000	1.000.000.000
5	-	30-ene-2022	18.500.000	-	18.500.000	1.000.000.000
6	-	30-jul-2022	18.500.000	-	18.500.000	1.000.000.000
7	-	30-ene-2023	18.500.000	-	18.500.000	1.000.000.000
8	-	30-jul-2023	18.500.000	-	18.500.000	1.000.000.000
9	-	30-ene-2024	18.500.000	-	18.500.000	1.000.000.000
10	-	30-jul-2024	18.500.000	-	18.500.000	1.000.000.000
11	-	30-ene-2025	18.500.000	-	18.500.000	1.000.000.000
12	-	30-jul-2025	18.500.000	-	18.500.000	1.000.000.000
13	-	30-ene-2026	18.500.000	-	18.500.000	1.000.000.000
14	-	30-jul-2026	18.500.000	-	18.500.000	1.000.000.000
15	-	30-ene-2027	18.500.000	-	18.500.000	1.000.000.000
16	-	30-jul-2027	18.500.000	-	18.500.000	1.000.000.000
17	-	30-ene-2028	18.500.000	-	18.500.000	1.000.000.000

18	-	30-jul-2028	18.500.000	-	18.500.000	1.000.000.000
19	-	30-ene-2029	18.500.000	-	18.500.000	1.000.000.000
20	-	30-jul-2029	18.500.000	-	18.500.000	1.000.000.000
21	-	30-ene-2030	18.500.000	-	18.500.000	1.000.000.000
22	-	30-jul-2030	18.500.000	-	18.500.000	1.000.000.000
23	-	30-ene-2031	18.500.000	-	18.500.000	1.000.000.000
24	-	30-jul-2031	18.500.000	-	18.500.000	1.000.000.000
25	-	30-ene-2032	18.500.000	-	18.500.000	1.000.000.000
26	-	30-jul-2032	18.500.000	-	18.500.000	1.000.000.000
27	-	30-ene-2033	18.500.000	-	18.500.000	1.000.000.000
28	-	30-jul-2033	18.500.000	-	18.500.000	1.000.000.000
29	-	30-ene-2034	18.500.000	-	18.500.000	1.000.000.000
30	-	30-jul-2034	18.500.000	-	18.500.000	1.000.000.000
31	-	30-ene-2035	18.500.000	-	18.500.000	1.000.000.000
32	-	30-jul-2035	18.500.000	-	18.500.000	1.000.000.000
33	-	30-ene-2036	18.500.000	-	18.500.000	1.000.000.000
34	-	30-jul-2036	18.500.000	-	18.500.000	1.000.000.000
35	-	30-ene-2037	18.500.000	-	18.500.000	1.000.000.000
36	-	30-jul-2037	18.500.000	-	18.500.000	1.000.000.000
37	-	30-ene-2038	18.500.000	-	18.500.000	1.000.000.000
38	-	30-jul-2038	18.500.000	-	18.500.000	1.000.000.000
39	-	30-ene-2039	18.500.000	-	18.500.000	1.000.000.000
40	-	30-jul-2039	18.500.000	-	18.500.000	1.000.000.000
41	-	30-ene-2040	18.500.000	-	18.500.000	1.000.000.000
42	-	30-jul-2040	18.500.000	-	18.500.000	1.000.000.000
43	-	30-ene-2041	18.500.000	-	18.500.000	1.000.000.000
44	-	30-jul-2041	18.500.000	-	18.500.000	1.000.000.000
45	-	30-ene-2042	18.500.000	-	18.500.000	1.000.000.000
46	-	30-jul-2042	18.500.000	-	18.500.000	1.000.000.000
47	-	30-ene-2043	18.500.000	-	18.500.000	1.000.000.000
48	-	30-jul-2043	18.500.000	-	18.500.000	1.000.000.000
49	-	30-ene-2044	18.500.000	-	18.500.000	1.000.000.000
50	-	30-jul-2044	18.500.000	-	18.500.000	1.000.000.000
51	-	30-ene-2045	18.500.000	-	18.500.000	1.000.000.000
52	-	30-jul-2045	18.500.000	-	18.500.000	1.000.000.000
53	-	30-ene-2046	18.500.000	-	18.500.000	1.000.000.000
54	-	30-jul-2046	18.500.000	-	18.500.000	1.000.000.000
55	-	30-ene-2047	18.500.000	-	18.500.000	1.000.000.000
56	-	30-jul-2047	18.500.000	-	18.500.000	1.000.000.000
57	-	30-ene-2048	18.500.000	-	18.500.000	1.000.000.000
58	-	30-jul-2048	18.500.000	-	18.500.000	1.000.000.000
59	-	30-ene-2049	18.500.000	-	18.500.000	1.000.000.000
60	-	30-jul-2049	18.500.000	-	18.500.000	1.000.000.000
61	-	30-ene-2050	18.500.000	1.000.000.000	1.018.500.000	0

3.5 Garantías [-----] [No] [X]

3.5.1 Tipo y montos de las garantías

No aplica.

3.6 Amortización Extraordinaria: [-----] [No] [X]

3.6.1 Procedimientos y fechas:

No aplica.

4.0 OFERTA: Pública | Privada X | X

5.0 PAÍS DE COLOCACIÓN

5.1 Nombre

Bonos vendidos a los Compradores Iniciales (*"Initial Purchasers"*) domiciliados en los Estados Unidos de América.

5.2 Normas para obtener autorización de transar

Rule 144 A y *Regulation S* de la *US Securities Act* de 1933 de los Estados Unidos de América.

6.0 INFORMACIÓN QUE PROPORCIONARÁ

6.1 A futuros tenedores de bonos

Prospecto informativo ("*Offering Memorandum*") de fecha 7 de enero de 2020. Ver **Anexo 2.**

6.2 A futuros representantes de tenedores de bonos

Mismo documento mencionado en el punto 6.1 precedente.

7.0 CONTRATO DE EMISION

7.1 Características generales

Contrato de Compraventa ("*Purchase Agreement*") celebrado el día 7 de enero de 2020 entre (A) Corporación Nacional del Cobre de Chile, como emisor de los bonos, y (B) HSBC Securities (USA) Inc.; J.P. Morgan Securities LLC., BofA Securities, Inc. y Scotia Capital (USA) Inc. como Compradores Iniciales ("*Initial Purchasers*"). Ver **Anexo 3.**

El objeto del Purchase Agreement fue la adquisición, por los Compradores Iniciales ("*Initial Purchasers*"), de la totalidad de los bonos emitidos por Corporación Nacional del Cobre de Chile, bajo los términos y condiciones que se expresan en dicho contrato.

7.2 Derechos y obligaciones de los tenedores de bonos

Los bonos emitidos por Corporación Nacional del Cobre de Chile constituyen obligaciones directas, no garantizadas y no subordinadas de la compañía emisora. Los tenedores de bonos pueden declarar exigible anticipadamente la totalidad del capital más intereses en ciertos casos de incumplimiento por parte de Corporación Nacional del Cobre de Chile.

8.0 OTROS ANTECEDENTES IMPORTANTES

Los bonos no han sido registrados en los Estados Unidos de América bajo la *U.S. Securities Act* de 1933 y, por lo tanto, solamente podrán ser vendidos a ciertos compradores institucionales calificados de acuerdo a lo dispuesto en la *Rule 144 A* de la mencionada ley y/o fuera de los Estados Unidos de América, de acuerdo con lo señalado en la *Regulation S* de la misma norma.

9.0 DECLARACION DE RESPONSABILIDAD

El suscrito, en su calidad de Presidente Ejecutivo de la Corporación Nacional del Cobre de Chile (la "**Sociedad**"), ambos domiciliados en calle Huérfanos 1270, Santiago, a fin de dar debido cumplimiento a lo dispuesto en la Circular N°1072 de la Superintendencia de Valores y Seguros (hoy CMF), declara y da fe, bajo juramento, en este acto y bajo su correspondiente responsabilidad legal, respecto de la plena y absoluta veracidad y autenticidad de toda la información presentada y adjuntada por la Sociedad a la CMF en el presente "Formulario de Hecho Esencial Colocación de Bonos en el Extranjero", con fecha 7 de enero de 2020.

NOMBRE	CARGO	C.N.I.	FIRMA
Octavio Araneda	Presidente Ejecutivo	8088228-9	

ANEXO 1

MEMORIA ANUAL

https://www.codelco.com/memoria2018/site/docs/20190405/20190405152423/memoria_anual_codelco_2018.pdf

ANEXO 2

OFFERING MEMORANDUM

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OUTSIDE THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering memorandum following this page (the "Offering Memorandum"), and you are advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE SECURITIES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("EEA"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU ("MIFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE "INSURANCE MEDIATION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED, THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIN INVESTORS IN THE EEA, HAS BEEN PREPARED AND THEFORE THE OFFERING OR SELLING OF THE SECURITIES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION. IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO AND IS ONLY DIRECTED AT: (I) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM; (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 SECURITIES WILL ONLY BE AVAILABLE TO, AND ANY INVITATION, ORDER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE SUCH SECURITIES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THE OFFERING MEMORANDUM OR ANY OF ITS CONTENTS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the U.S. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and (2) you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers named in this Offering Memorandum (the "Initial Purchasers") or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the Initial Purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between this Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

OFFERING MEMORANDUM **Strictly Confidential**

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

CODELCO

Corporación Nacional del Cobre de Chile
U.S.$1,000,000,000 3.150% Notes due 2030
U.S.$1,000,000,000 3.700% Notes due 2050

The notes due 2030 (the "2030 notes") will bear interest at the rate of 3.150% per year and will mature on January 14, 2030, and the notes due 2050 (the "reopened 2050 notes") will bear interest at the rate of 3.700% per year and will mature on January 30, 2050. We refer to the 2030 notes and the reopened 2050 notes, collectively, as the "notes" and, separately, as a "series of notes." The reopened 2050 notes will have identical terms, be fungible with and be part of a single series of senior debt securities with the U.S.$900,000,000 aggregate principal amount of the 3.700% Notes due 2050 issued by us on September 30, 2019 (the "original 2050 notes" and, together with the reopened 2050 notes, the "2050 notes") following the termination of certain U.S. selling restrictions. During the periods subject to certain U.S. selling restrictions, the reopened 2050 notes offered pursuant to Regulation S will have temporary CUSIPs and ISINs. The outstanding aggregate principal amount of the series of 2050 notes, after issuance of the reopened 2050 notes, will be U.S.$1,900,000,000. The interest on the 2050 notes will be payable semi-annually in arrears on January 30 and July 30 of each year, beginning in the case of the reopened 2050 notes on January 30, 2020. The interest on the 2030 notes will be payable semi-annually in arrears on January 14 and July 14 of each year, beginning on July 14, 2020.

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 2030 notes, and six months, in respect of the reopened 2050 notes, prior to the maturity date of the 2030 notes and the reopened 2050 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 2030 notes, and six months, in respect of the reopened 2050 notes, prior to the maturity date of the 2030 notes and the reopened 2050 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, unsecured 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 and unsecured 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."

We intend to apply 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; however, the notes have not yet been listed. The original 2050

cover page continues to this page

notes are listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market. Currently, there is no public market for the notes.

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

The notes are being offered pursuant to an exemption from the requirement to publish a prospectus under Regulation (EU) 2017/1129 (as amended and supplemented from time to time, the "Prospectus Regulation"), of the European Union, and this offering memorandum has not been approved by a competent authority within the meaning of the Prospectus Regulation. The notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor in the European Economic Area.

Issue price per 2030 note: 99.787% plus accrued interest, if any, from January 14, 2020.
Issue price per reopened 2050 note: 95.489% plus accrued interest from September 30, 2019.

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, S.A., Luxembourg ("Clearstream") on or about January 14, 2020.

Joint Book-Running Managers

BofA Securities **HSBC** **J.P. Morgan** **Scotiabank**

The date of this offering memorandum is January 7, 2020.

We have not, and the initial purchasers have not, authorized anyone to provide any information other than that contained in this offering memorandum. We and the initial purchasers 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 is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, securities. We and the initial purchasers reserve the right to reject for any reason any offer to purchase any of the notes.

This 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 paying agent.

IN CONNECTION WITH THIS OFFERING, BOFA SECURITIES, INC., HSBC SECURITIES (USA) INC., J.P. MORGAN SECURITIES LLC, SCOTIA CAPITAL (USA) 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 BOFA SECURITIES, INC., HSBC SECURITIES (USA) INC., J.P. MORGAN SECURITIES LLC, SCOTIA CAPITAL (USA) 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.

The price and amount of the notes to be issued under the offering memorandum will be determined by the Issuer and the initial purchasers at the time of issue in accordance with prevailing market conditions.

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;

- you have made your own assessment concerning the relevant tax, legal, currency and other considerations relevant to investment in the notes;

- you have sufficient knowledge and experience to be capable of evaluating the merits and risks of a prospective investment in the notes; 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.

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling packaged retail and insurance based investment products or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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 in (i) our annual report; (ii) prospectuses, press releases and other written materials; or (iii) 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.*" References to "AUD" are to Australian dollars. References to "HKD" are to Hong Kong dollars. 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 *Comisión para el Mercado Financiero* (the Chilean securities authority, or "CMF"), since 2010, all companies with publicly traded securities in Chile have been required to prepare and report consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The audited consolidated financial statements as of and for the years ended December 31, 2016 and 2017 and the audited consolidated financial statements as of and for the years ended December 31, 2017 and 2018 included herein are referred to as the "2016-2017 Consolidated Financial Statements" and the "2017-2018 Consolidated Financial Statements," respectively. The 2016-2017 Consolidated Financial Statements and the 2017-2018 Consolidated Financial Statements (together, the "Audited Annual Consolidated Financial Statements") are presented in accordance with IFRS issued by the IASB.

The unaudited interim consolidated financial statements as of September 30, 2019 and for the nine-month periods ended September 30, 2018 and 2019 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 Audited Annual 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 2017-2018 Consolidated Financial Statements, except for the adoption of the new leases standard IFRS 16 as of January 1, 2019. 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. Impairment charges includes charges and reversals of charges of investment projects, research projects and investment in associates and joint ventures. 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 byproducts. Cash cost is presented as a nominal dollar amount, usually expressed as cents per pound, and excludes provisions, amortization, depreciation and central office costs. 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.

Under the accounting policies adopted by CODELCO, gross profit is calculated before the provision for a 10% special export tax. Under Law No. 13, 196 (the "Copper Reserve Law"), CODELCO is required to pay a special export tax on the sales revenues that CODELCO derives from the export of copper sourced and related byproducts produced by CODELCO. In addition, CODELCO is subject to a mining tax at progressive rates of between 5% and 14% in accordance with Law No. 20,026. 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 on these special taxes, including the mining tax rate effective for 2017 and 2018.

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 January 2, 2018 was Ch$614.75 = U.S.$1.00; (ii) as of October 1, 2018 was Ch$660.42 = U.S.$1.00;

(iii) as of January 2, 2019 was Ch$694.77 = U.S.$1.00; and (iv) as of September 30, 2019 was Ch$725.68 = 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. Except where otherwise noted, 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 interests. 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.$14.3 billion in 2018). As of December 31, 2018, CODELCO's total assets were U.S.$37.1 billion and equity amounted to U.S.$11.3 billion. As of September 30, 2019, total assets were U.S.$40.2 billion and equity amounted to U.S.$11.6 billion.

CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and byproducts, the processing of ore into refined copper and the international sale of refined copper and byproducts. CODELCO is 100% owned by the Government of Chile and controls approximately 6% of the world's proved and probable copper reserves, as such terms are defined by the U.S. Geological Survey.

In 2018, CODELCO had an estimated 9% share of total world copper production, with production amounting to approximately 1.81 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 9% share of the world's molybdenum production, with production amounting to approximately 24,031 metric tons excluding CODELCO's share of Anglo American Sur.

CODELCO's main commercial product is Grade A cathode copper. In 2018, CODELCO derived 92% of its total sales from copper and 8% of its total sales from byproducts of its copper production. In the first nine months of 2019, CODELCO derived 91% of its total sales from copper and 9% of its total sales from byproducts of its copper production.

CODELCO's sales of copper in 2018 were geographically diversified, with approximately 59% of sales made to Asia, including approximately 46% to China, as well as approximately 30% to North and South America and 11% to Europe. CODELCO's top ten customers purchased approximately 41.0% of its total copper sales volume in 2018.

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

- The El Teniente Division operates 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 2018, this division produced 465,040 metric tons of copper, or 25.7% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 106.5 cents per pound, compared to 113.5 cents per pound in 2017, and a total cash cost of U.S.$1.1 billion in 2018, compared to U.S.$1.2 billion in 2017. During the first nine months of 2019, this division produced 323,896 metric tons of copper with a cash cost of 101.8 cents per pound and a total cash cost of U.S.$716 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 2018. In 2018, this division produced 332,667 metric tons of copper cathodes, or 18.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 134.1 cents per pound, compared to 131.4 cents per pound in 2017, and a total cash cost of U.S.$973 million in 2018 compared to U.S.$915 million in 2017. During the first nine months of 2019, this division produced 197,889 metric tons of copper with a cash cost of 147.4 cents per pound and a total cash cost of U.S.$639 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 2018, this division produced 320,744 metric tons of copper cathodes, or 17.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 131.5 cents per pound, compared to 130.9 cents per pound in 2017, and a total cash cost of U.S.$908 million in 2018, compared to U.S.$933 million in 2017. During the first nine months of 2019, this division produced 262,091 metric tons of copper with a cash cost of 125.0 cents per pound and a total cash cost of U.S.$702 million.

- The Mina Ministro Hales Division was created in 2010 for the operation of the Mina Ministro Hales ore body, which first began producing copper at the end of 2013. In 2018, this division produced 195,485 metric tons of copper, or 10.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 124.0 cents per pound, compared to 121.8 cents per pound in 2017, and a total cash cost of U.S.$517 million in 2018, compared to U.S.$560 million in 2017. During the first nine months of 2019, this division produced 110,588 metric tons of copper with a cash cost of 133.7 cents per pound and a total cash cost of U.S.$315 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 2018, this division produced 195,531 metric tons of copper, or 10.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 163.7 cents per pound, compared to 139.6 cents per pound in 2017, and a total cash cost of U.S.$682 million in 2018, compared to U.S.$654 million in 2017. During the first nine months of 2019, this division produced 125,939 metric tons of copper with a cash cost of 188.8 cents per pound and a total cash cost of U.S.$506 million.

- The Gabriela Mistral Division was created in 2013 and operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in 2008 after a 26-month construction period. In 2018, this division produced 107,247 metric tons of copper, or 5.9% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 191.9 cents per pound, compared to 151.9 cents per pound in 2017, and a total cash cost of U.S.$454 million in 2018, compared to U.S.$411 million in 2017. During the first nine months of 2019, this division produced 72,182 metric tons of copper with a cash cost of 250.2 cents per pound and a total cash cost of U.S.$398 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 2018, this division produced 60,840 metric tons of copper cathodes, or 3.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 223.5 cents per pound, compared to 198.7 cents per pound in 2017, and a total cash cost of U.S.$296 million in 2018, compared to U.S.$269 million in 2017. During the first nine months of 2019, this division produced 27,130 metric tons of copper with a cash cost of 246.6 cents per pound and a total cash cost of U.S.$146 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 2005. In 2018, this division refined 409,049 metric tons of copper, compared to 410,024 metric tons of copper in 2017. 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.

The Chuquicamata Division, the Radomiro Tomic Division, the Mina Ministro Hales Division and the Salvador Division form part of CODELCO's Northern Operations (*Operaciones Norte*). The Andina Division, the El Teniente Division and the Ventanas Division form part of CODELCO's Central Southern Operations (*Operaciones Centro Sur*). 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 6% of the world's proved and probable copper reserves. In 2018, CODELCO's proved and probable reserves represented at least 26 years of future production at current levels.

- *Market Presence*. CODELCO is the largest copper producer in the world, with an estimated 9% share of the total world copper production and 1.81 million metric tons (including CODELCO's share of the El Abra deposit and Anglo American Sur) of production in 2018. CODELCO is also one of the largest producers of molybdenum in the world, with an estimated 9% share of total world molybdenum production, producing 24,031 metric tons in 2018 (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.

- *Lower Cost Producer*. For many years, CODELCO has been within the first or 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. Currently, CODELCO is in the third quartile of the industry's cost curve. The Company intends to make every effort, through investment and management, to be within the first or second quartiles of the industry's cost curve in the long-term. In 2018, CODELCO's total costs and expenses increased by 18.0 cents per pound (7.9%) to 245.1 cents per pound, compared to 227.1 cents per pound in 2017 and 214.6 cents per pound in 2016, mainly due to the appreciation of the Chilean peso against the U.S. dollar, as well as higher input prices, non-cash charges related to the write-off of an innovation project for underground mining and impairment losses on fixed assets associated with the Ventanas Division. For the first nine months of 2019, CODELCO's total costs and expenses decreased by 4.9 cents per pound (2.1%) to 239.7 cents per pound, compared to 244.6 cents per pound for the same period in 2018, mainly due to depreciation of the Chilean peso against the U.S. Dollar, cost savings in maintenance expenses and lower labor expenses, partially offset by lower production levels in connection with weather disruptions in the northern area of Chile, a 14-day strike at the Chuquicamata mine and upgrades at the Chuquicamata and Salvador smelters that suspended operations temporarily. In 2018, CODELCO's total costs and expenses increased by 4.4% to U.S.$9.1 billion, compared to U.S.$8.7 billion in 2017, due to the same reasons that contributed to the increase of total costs and expenses per pound in 2018. In 2017, CODELCO's total costs and expenses increased by 7.5% to U.S.$8.7 billion, compared to U.S.$8.1 billion in 2016, mainly due to the appreciation of the Chilean peso against the U.S. dollar, higher interest and fuel and energy expenses. For the first nine months of 2019, CODELCO's total costs and expenses decreased to U.S.$5.9 billion, compared to U.S.$6.5 billion for the same period in 2018, due to depreciation of the Chilean peso against the U.S. Dollar and a decline of sales volume and cost cutting initiatives. In 2018, CODELCO's cash cost of production was 139.1 cents per pound, compared to 135.9 cents per pound in 2017 and 126.1 cents per pound in 2016. For the first nine months of 2019, CODELCO's cash cost of production was 143.1 cents per pound, compared to 138.9 cents per pound for the same period in 2018. In 2018, CODELCO'S total cash cost was U.S.$5.1 billion, compared to U.S.$5.1 billion in 2017 and U.S.$4.7 billion in 2016. For the first nine months of 2019, CODELCO's total cash cost was U.S.$3.5 billion, as compared to U.S.$3.6 billion for the same period in 2018 (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 2018, CODELCO's Adjusted EBITDA amounted to U.S.$4.7 billion, total debt to capitalization as of December 31, 2018 was 57.4% and the ratio of total debt to Adjusted EBITDA was 3.2. As of September 30, 2019, Adjusted EBITDA amounted to U.S.$2.6 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, 2018 (U.S.$14.3 billion) and is a key contributor to the budget of the Government of Chile. In 2018, CODELCO contributed U.S.$1.8 billion to the Chilean Treasury and accounted for approximately 17.2% of Chile's total exports. 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. 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.$13.4 billion between 2019 and 2021 on major projects, transforming its main mining operations with a view towards the long-term development of its resources. 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 between 2019 and 2021 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.$2.0 billion between 2019 and 2021). Environmental approvals were obtained in September 2010, and the project is approximately 94% complete as of September 30, 2019.

  - 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.$371 million between 2019 and 2021). Operations are expected to begin in 2021, and the project is approximately 80% complete as of September 30, 2019.

  - The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$1.6 billion between 2019 and 2021) 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 in January 2018 that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023. As of September 30, 2019, the project is approximately 54% complete.

  - The upgrade of CODELCO's smelters to new emission standards was required to maintain our operating licenses in Chuquicamata, El Teniente, Salvador and Ventanas, and such upgrade required an investment of U.S.$1.1 billion in Chuquicamata, U.S.$703 million in El Teniente, U.S.$441 million in Salvador and U.S.$113 million in Ventanas for a total approximate investment of U.S.$2.3 billion. As of September 30, 2019, 100%, 99%, 97% and 99% of the upgrades at the Ventanas, Salvador, El Teniente and Chuquicamata smelters, respectively, have been completed, and all four smelters are operating.

  - 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, which requires an approximate investment of U.S.$900 million between 2019 and 2021. As of September 30, 2019, the feasibility study has been completed, and the initial work relating to the project has commenced.

- The expansion of the existing Andina open pit is an initiative that is expected to expand the treatment capacity of the concentrator plant up to 150 thousand tons per day (an approximate investment of U.S.$95 million between 2019 and 2021) starting in 2027. As of September 30, 2019, the feasibility study has been authorized and is approximately 40% complete.

- *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.

- *Transformation Plan.* On November 29, 2019, CODELCO announced a transformation plan with the goal of making CODELCO a more productive, profitable and sustainable company (the "Transformation Plan"). Among other objectives, the Transformation Plan seeks to optimize the standards for project selection and to reduce execution delays, improve operating performance and renew focus on maximizing the value of its mineral resources and reserves. The Transformation Plan also includes a series of targets to achieve cost savings in capital and operational expenditures.

- *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 attracting and retaining a world-class management team and professionals of the highest caliber, as well as promoting a culture of diversity and inclusion. 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

Desalination Project

On December 19, 2019, CODELCO announced the initiation of a new bidding process for the development, construction and operation of a desalination plant and complementary infrastructure. The plant would increase the supply of water to the Chuquicamata, Radomiro Tomic and Ministro Hales operations, allowing CODELCO to gradually increase its use of seawater in its operations. Between the award and signing of the original contract, CODELCO identified opportunities for adjustments to the project to meet the goals of CODELCO's Transformation Plan. The new bidding process will be extended for up to two years.

New Bilateral Credit Facility

On December 18, 2019, CODELCO entered into a seven-year bilateral credit facility with Banco Latinoamericano de Comercio Exterior in an aggregate principal amount of U.S.$75 million. The credit facility matures in 2026. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Bank Debt."

Appointment of New Executives

On November 29, 2019, CODELCO announced the appointment of Antonio Bonani Rizzolli as acting Vice President of Mining Resources Management and Development and the appointment of María Francisca Domínguez Meza as acting General Counsel. All new positions were effective as of November 29, 2019.

New International Bond Issuance

On November 7, 2019, CODELCO issued notes in an aggregate principal amount of HKD 500 million. The notes will mature on November 7, 2034 and accrue interest at a rate of 2.84% per annum payable on an annual basis.

Liability Management

On October 21, 2019, CODELCO announced the final results of its Offer to Purchase, which was previously announced on September 23, 2019, of its 3.750% Notes due 2020, 3.875% Notes due 2021, 3.000% Notes due 2022 and 4.500% Notes due 2023. CODELCO purchased for cash a total amount of notes outstanding of U.S.$152 million. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt.”

Political and Social Unrest in Chile

Since October 18, 2019, Chile has been experiencing political unrest and social strife sparked by an increase in the subway fare of the Santiago Metro. Initial protests rapidly evolved to reflect anger over living costs and inequality in general, including demands to reform the pension system and the Constitution and to reduce urban highway tolls. Protests and riots have spread across several cities and impacted the economy and daily activities of many people and companies. Events such as looting, arson and destruction of property were less frequent in December than in October and November. However, these events have already had an impact on Chile’s economy. The Central Bank of Chile’s monthly indicator of economic activity (IMACEC) showed a 5.4% decline from September 2019 to October 2019.

In response, the Government of Chile is implementing a U.S.$5.5 billion fiscal plan to support employment and households, provide working capital support to small and medium enterprises, boost public investment and reconstruct damaged infrastructure. Additionally, the Government of Chile has reached agreements with members of the Chilean Congress and political parties to address demands motivating the protests. According to the Government of Chile, the most important agreements relate to: (i) pension reform and the implementation of a broad social agenda, (ii) pro-growth and progressive tax reform and (iii) mechanisms to eventually draft a new Constitution. For more information, see “Risk Factors—CODELCO’s growth and profitability depend on political stability and economic activity in Chile and other emerging markets.”

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.$1,000,000,000 aggregate principal amount of 3.150% notes due 2030 (the "2030 notes"). U.S.$1,000,000,000 aggregate principal amount of 3.700% notes due 2050 (the "reopened 2050 notes" and, together with the 2030 notes, the "notes"). The reopened 2050 notes will have identical terms, be fungible with and be part of a single series of senior debt securities with the $900,000,000 aggregate principal amount of 3.700% Notes due 2050 issued on September 30, 2019 (the "original 2050 notes" and, together with the reopened 2050 notes, the "2050 notes") following the termination of certain U.S. selling restrictions. During the periods subject to certain U.S. selling restrictions, the reopened 2050 notes offered pursuant to Regulation S will have temporary CUSIPs and ISINs. The total aggregate principal amount of 2050 notes outstanding upon completion of this offering will be U.S.$1,900,000,000 (of which U.S.$900,000,000 was issued on September 30, 2019).
Issue Price	The issue price of the 2030 notes is 99.787%. The issue price of the reopened 2050 notes is 95.489%, plus accrued interest from September 30, 2019.
Interest	2030 notes: 3.150% per year. Reopened 2050 notes: 3.700% per year. The interest on the 2030 notes will be payable semi-annually in arrears on January 14 and July 14 of each year, beginning on July 14, 2020. The interest on the 2050 notes will be payable semi-annually in arrears on January 30 and July 30 of each year, beginning in the case of the reopened 2050 notes on January 30, 2020. Interest on the notes will be calculated on the basis of a 360-day year of twelve 30-day months. See "Description of Notes."
Maturity Date	2030 notes: January 14, 2030. Reopened 2050 notes: January 30, 2050.

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 each 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 2030 notes, and six months, in respect of the reopened 2050 notes, prior to the maturity date of the 2030 notes and the reopened 2050 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 2030 notes, and six months, in respect of the reopened 2050 notes, prior to the maturity date of the 2030 notes and the reopened 2050 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 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	We intend to apply 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. The notes are not yet listed. The original 2050 notes are listed on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market.
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 (stable) and a long-term foreign issuer credit rating by S&P of A+ (negative). 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 for general corporate purposes.
Trustee, Paying Agent, Transfer Agent and Registrar	The Bank of New York Mellon.
Luxembourg Listing 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 of this offering memorandum.

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, including the 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 as of September 30, 2019 and for the nine-month periods ended September 30, 2018 and 2019 includes all adjustments, consisting of only normal recurring adjustments, with the exception of adjustments made to the statement of financial position as of September 30, 2019 for the adoption of IFRS 16, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the nine months ended September 30, 2018 and 2019 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 nine months ended September 30,	
	2016	2017	2018	2018	2019
	(in thousands of U.S.$)				
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenue	$ 11,536,751	$ 14,641,555	$ 14,308,758	$ 10,771,511	$ 8,808,184
Cost of sales[(1)]	(9,449,668)	(10,380,403)	(11,194,341)	(8,357,160)	(7,256,283)
Gross profit	2,087,083	4,261,152	3,114,417	2,414,351	1,551,901
Other income, by function	138,474	154,332	124,826	95,038	206,981
Impairment loss determined in accordance with IFRS 9	N/A	N/A	158	(805)	1,176
Distribution costs	(11,891)	(10,403)	(18,262)	(14,288)	(12,647)
Administrative expenses	(415,395)	(428,140)	(465,328)	(347,163)	(303,025)
Other expenses[(2)]	(1,324,149)	(1,557,473)	(2,115,314)	(1,420,134)	(1,328,133)
Other gains	29,400	32,605	21,395	13,643	17,038
Finance income	23,402	29,836	51,329	37,439	22,504
Finance costs	(547,347)	(644,610)	(463,448)	(349,654)	(360,104)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(177,358)	185,428	119,114	98,409	11,863
Foreign exchange differences	(232,895)	(206,058)	178,143	83,639	114,946
Profit (loss) for the period before tax	(430,676)	1,816,669	547,030	610,475	(77,500)
Income tax expense[(3)]	97,096	(1,193,067)	(357,283)	(392,181)	(20,499)
Profit (loss) for the period	(333,580)	623,602	189,747	218,294	(97.999)
Profit (loss) attributable to owners of the parent	(275,418)	569,175	155,719	189,604	(105,530)
Profit (loss) attributable to non-controlling interests	(58,162)	54,427	34,028	28,690	7,531
Profit (loss) for the period	$ (333,580)	$ 623,602	$ 189,747	$ 218,294	$ (97,999)

	As of December 31			
	2016	2017	2018	As of September 30, 2019
	(in thousands of U.S.$)			
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION				
Total current assets	$ 4,690,418	$ 6,211,053	$ 5,828,206	$ 7,001,017
Total property, plant and equipment	23,977,261	25,275,512	26,754,998	28,673,181
Investments accounted for using equity method[(4)]	3,753,974	3,665,601	3,568,293	3,488,854
Non-current receivables	95,316	91,442	84,731	109,553
All other assets[(5)]	904,161	1,112,533	854,577	949,067
Total assets	$ 33,421,130	$ 36,356,141	$ 37,090,805	$ 40,221,672
Total current liabilities	2,462,453	3,315,456	3,539,412	4,256,209
Total non-current liabilities	21,068,268	22,115,347	22,207,524	24,395,394

Total liabilities	$ 23,530,721	$ 25,430,803	$ 25,746,936	$ 28,651,603
Non-controlling interests	978,666	1,007,495	969,204	921,052
Equity attributable to owners of the parent	8,911,743	9,917,843	10,374,665	10,649,017
Total equity	$ 9,890,409	$ 10,925,338	$ 11,343,869	$ 11,570,069
Total liabilities and equity	$ 33,421,130	$ 36,356,141	$ 37,090,805	$ 40,221,672

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	2017	2018	2018	2019
OTHER ITEMS	(in thousands of U.S.$, except ratios and copper prices)				
Depreciation and amortization of assets	$ 1,936,152	$ 2,101,101	$ 2,181,140	$ 1,593,895	$ 1,583,361
Interest expense, net	$ (523,945)	$ (614,774)	$ (412,119)	$ (312,215)	$ (337,600)
Ratio of earnings to fixed charges (adjusted)[(6)]	0.5	3.8	3.0	3.1	0.8
Average LME copper price (U.S. ¢ per pound)[(7)]	220.6	279.7	295.9	301,3	274.0
Adjusted EBITDA[(8)]	$ 3,075,187	$ 5,668,314	$ 4,695,792	$ 3,543,590	$ 2,552,680
Ratio of debt to Adjusted EBITDA[(9)]	4.8	2.6	3.2	N/A	N/A
Adjusted EBITDA coverage ratio[(10)].	5.9	9.2	11.4	11.3	7.6

(1) "Cost of sales" for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and byproducts, 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 the Copper Reserve Law. See note 24.b of the Audited Annual Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) 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 statutory rate of the mining tax for CODELCO was 5.0% for each year between 2016 and 2018. See note 5 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "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 24% in 2016 and 25% since 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.

(4) See note 9 of the Audited Annual Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(5) All other assets includes other non-current financial assets, other non-current non-financial assets, accounts receivable from related parties, non-current, non-current inventories, intangible assets other than goodwill, investment property, non-current tax assets and deferred tax assets.

(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 net of reversals (as defined in note (1) of the following table) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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 net of reversals (as defined in note (1) of the following table) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals and other non-cash charges.

(9) The ratio of debt to Adjusted EBITDA is calculated by dividing debt by Adjusted EBITDA. Debt is defined as loans from financial institutions plus bonds issued.

(10) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income. See note 9 above for further information about Adjusted EBITDA and notes 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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 and Adjusted EBITDA for the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2016	**2017**	**2018**	**2018**	**2019**
			(in thousands of U.S.$)		
Profit (loss) for the period	$ (333,580)	$ 623,602	$ 189,747	$ 218,294	$ (97,999)
Income tax expense	(97,096)	1,193,067	357,283	392,181	20,499
Finance costs	547,347	644,610	463,448	349,654	360,104
Impairments[(1)]	156,709	7,378	395,965	138,183	_
Adjusted EBIT[(2)]	**273,380**	**2,468,657**	**1,406,443**	**1,098,312**	**282,604**
Ratio of earnings to fixed charges (adjusted)[(3)]	**0.5**	**3.8**	**3.0**	**3.1**	**0.8**
Depreciation and amortization of assets[(4)]	1,936,152	2,101,101	2,181,140	1,593,895	1,583,361
Copper Reserve Law[(5)]	865,655	1,098,556	1,108,209	851,383	686,715
Adjusted EBITDA	**$ 3,075,187**	**$ 5,668,314**	**$ 4,695,792**	**$ 3,543,590**	**$ 2,552,680**

(1) Impairments include charges and reversals related to charges of investment projects, research projects and investment in associates and joint ventures and exclude impairment charges recorded under International Accounting Standard No. 36 related to other long-lived assets. See notes 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals and other non-cash charges.

(2) Adjusted EBIT is calculated by adding finance cost, impairment charges net of reversals (as defined in note (1) above) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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) See note 22 of the Audited Annual Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements.

(5) The Copper Reserve Law 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, 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.

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	2017	2018	2018	2019
	(in thousands of U.S.$, except ratios)				
Debt	$ 14,913,561	$ 14,709,790	$ 15,257,685	$ 15,018,542	$ 17,453,362
Ratio of debt to Adjusted EBITDA	4.8	2.6	3.2	N/A	N/A
Finance income	23,402	29,836	51,329	37,439	22,504
Adjusted EBITDA coverage ratio(1)	5.9	9.2	11.4	11.3	7.6

(1) 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 of 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 in the past recognized significant impairment charges for certain assets and, if market and industry conditions deteriorate, further impairment charges may be recognized.

A substantial amount of CODELCO's total assets are property, plant and equipment. As of December 31, 2018, 72.1% 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.$79 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 National Geological and Mining Service (*Servicio Nacional de Geología y Minería*, or "SERNAGEOMIN"). In 2017, the impairments charges relating to the Anglo American Sur assets were reversed in the amount of U.S.$67 million, due to the approval of the mining plan for El Soldado by the Government of Chile. In 2018, CODELCO recognized a U.S.$199 million impairment loss in its Ventanas Division mainly due to a decrease in treatment and refining charges, as well as the negative outlook of long-term sulfuric acid prices. Because the impairment calculation is directly associated with the outlook of copper prices, a downturn in the copper price outlook could require further impairment losses on 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 2018, copper prices averaged 295.9 cents per pound, up from 279.7 cents per pound in the same period in 2017. In the first nine months of 2019, copper prices averaged 274.0 cents per pound, down from 301.3 cents per pound in the same period in 2018, which may be attributable primarily to ongoing trade disputes between the United States and China. China has been the main driver of copper consumption in recent years, and in 2016, 2017 and 2018, 46.1%, 39.6% and 49.8%, respectively, of CODELCO's sales were made to China. If economic conditions deteriorate in China or other emerging markets, the market price of copper could fall. A decline in copper prices would have an adverse impact on CODELCO's revenues and financial results. In 2018, 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 charge 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. In 2015, CODELCO also recognized impairment charges of U.S.$311 million and U.S.$54 million in 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 23 and 24 of the Audited Annual

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 61.9% of its copper output in 2018 (including CODELCO's share in the El Abra deposit and Anglo American Sur). The El Teniente Division, including the Caletones smelter, produced an aggregate of 465,040 metric tons of copper in 2018. The Radomiro Tomic mine produced an aggregate of 332,667 metric tons of copper and the Chuquicamata mine produced an aggregate of 320,744 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 and Cachapoal rivers and is evaluating the adoption of a new water quality standard for the Loa river. If new water quality standards are adopted for those water supply sources on which CODELCO depends, these new 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 pollutants and to protect natural resources, including water and air, among other requirements. If the *Ministerio del Medio Ambiente* (the Ministry of the Environment) 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 are decontamination plans for PM_{10} under development and 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 it or the cost of compliance with the revised PM_{10} pollution reduction plans, the SO_2 prevention plan or any future changes to the other plans covering the areas where CODELCO operates. As of the date of this offering memorandum, the impact of operating in latent and saturated zones has not been material to CODELCO; however, it could have a material effect in the future.

An air emissions standard for smelters was enacted by the Ministry of the Environment in 2013. This standard involves arsenic (As), SO_2, PM_{10} and mercury (Hg) emissions. Since 2013, CODELCO's cost of complying with this standard was U.S.$2.3 billion, 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. As of the date of this offering memorandum, the Ventanas and El Teniente smelters meet the requirements of this standard and the engineering projects in the other smelters are currently under development. See "Regulatory Framework—Environmental Regulations."

Additionally, in 2015, Supreme Decree 10 declared the boroughs of Concón, Quintero and Puchuncaví, where the Ventanas smelting plant is located, as a saturated zone with regards to $PM_{2.5}$ and as a latent zone with regards to PM_{10}, and new decontamination and prevention plans were enacted in March 2019. CODELCO estimates that the cost of such plans will be U.S.$27 million, which will be incurred over a period of approximately four years.

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 green taxes, climate change, environmental crimes and 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 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 electricity and fossil fuels as mining is an energy intensive industry. Recently, during the 25th Conference of the Parties to the United Nations Framework Convention on Climate Change in Madrid, the Chilean government announced an update to its Nationally Determined Contribution, which includes the reduction of its CO2 emissions per GDP unit by 45% below 2016 levels by 2030.

Any of these new laws or regulations could result in significant additional environmental compliance costs or delays in expansion projects. As of September 30, 2019, CODELCO had total provisions of 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. 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."

CODELCO is subject to legal proceedings and legal compliance risks that may adversely impact its financial condition, results of operations and liquidity.

CODELCO spends substantial resources ensuring that it complies with local regulations, contractual obligations and other legal standards. Notwithstanding this, CODELCO is subject to a variety of legal proceedings and compliance risks in respect of various matters, including tax- and labor-related matters that arise in the course of its business and in its industry as well as disputes with governmental agencies. For example, CODELCO is subject to various labor proceedings in which workers and families of deceased workers allege that working conditions caused the workers to contract silicosis. Although CODELCO has undertaken precautionary measures, there have been fatalities involving CODELCO personnel in the past and there may be additional fatalities in the future. Serious accidents, including fatalities, may subject CODELCO to substantial penalties, civil litigation or criminal prosecution. Claims for damages to persons, including claims for bodily injury or loss of life, could result in substantial costs and liabilities, which could materially and adversely affect CODELCO's financial condition, results of operations or cash flows. If CODELCO's safety record were to substantially deteriorate over time or CODELCO were to suffer substantial penalties or criminal prosecution for violation of health and safety regulations, CODELCO's contracts may be cancelled or it may not be awarded future business. In addition, CODELCO has filed administrative appeals against three statements on the Company issued by the Comptroller General of the Republic of Chile (the "Comptroller") in 2017. The Company estimates that these statements have had, as of the date of this offering memorandum, 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. A negative outcome in an unusual or significant legal proceeding or compliance investigation could also adversely affect our financial condition and results of operations. For information regarding

CODELCO's current significant legal proceedings, see "Business and Properties—Comptroller General of the Republic" and "Business and Properties—Legal Proceedings."

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 2015 when an earthquake struck the coast of Chile, (ii) in 2014 when an earthquake struck the north of Chile and (iii) in 2010 when a severe earthquake struck the southern central region of Chile. The 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 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 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 2015, 2014 and 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 financial condition, results of operations or 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, including increased governmental supervision and control over the management of CODELCO's business and its awarding of contracts, 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.$13.4 billion between 2019 and 2021 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 continues to decline over time, innovation and exploration are 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 risk 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 became effective in 2017. CODELCO began paying the taxes due under this law in 2018. 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.

Any interruption or destruction or loss of data in CODELCO's information technology systems due to technical or operational malfunctions or cyber-attacks could have a material adverse effect on its reputation, business, financial condition and results of operations.

CODELCO is subject to a variety of information technology and system risks as a part of its normal course of operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of CODELCO's information technology systems by third parties or CODELCO's own personnel. Although CODELCO has security measures and controls in place that are designed to mitigate these risks, a breach of its security measures or a loss of information could occur and result in a loss of material and confidential information, breach of privacy laws and a disruption to its business activities. In addition, information systems could be damaged or interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, confidential and proprietary information, and on CODELCO's business, financial condition and results of operations.

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, 2018, CODELCO employed 18,036 employees, approximately 92.3% of whom were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to three years. CODELCO has experienced material work slowdowns, work stoppages and strikes in the past. Most recently, CODELCO experienced a 39-day strike involving 83 union workers from the Andina Division, a one-day strike that blocked access to the Chuquicamata mine to four of the six labor unions and a 14-day strike involving 3,200 union workers in the Chuquicamata Division (or approximately 67% of the total work force). These strikes diminished production by 17,600 metric tons.

CODELCO negotiated nine collective bargaining agreements in the nine-month period ended September 30, 2019. In 2018, CODELCO negotiated 18 collective bargaining agreements. Twelve collective bargaining agreements, covering a total of 7,081 employees at the Andina Division, Salvador Division, Mina Ministro Hales Division, El Teniente Division and Gabriela Mistral Division, were negotiated ahead of schedule without any conflicts or work stoppages. Five collective bargaining agreements, covering a total of 2,601 employees at the Radomiro Tomic Division, Mina Ministro Hales Division, Chuquicamata Division and our headquarters, were negotiated on schedule without any conflicts or work stoppages. The remaining collective bargaining agreement was reached at the conclusion of the 39-day strike with the workers from the Andina Division.

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 is subject to an extensive labor reform law promulgated by the Government of Chile that could affect its business and operating results in the future.

In 2016, the Government of Chile promulgated an extensive labor reform law (the "Labor Reform Law"), which became effective in 2017. The Labor Reform Law 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. However, it has not been a practice of CODELCO to replace employees on strike, and there has not been an increase in labor disruptions in Chile since the law became effective.

In addition, under the Labor Reform Law, CODELCO and its labor unions negotiate from time to time the minimum services and emergency equipment that the labor unions must provide in case of a strike during a collective bargaining process. Currently, the following minimum services must 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).

As of December 31, 2018, CODELCO employed 18,036 employees, approximately 92.3% of whom were covered by collective bargaining agreements with labor unions. CODELCO currently has positive labor relations with these unions. CODELCO is currently unable to estimate the impact that the Labor Reform Law or similar reforms will have on its labor relations with respect to labor unions, or on its business, financial condition, operating results and prospects.

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 2017-2018 Consolidated Financial Statements and 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 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 29 and 30 to the 2017-2018 Consolidated Financial Statements and notes 29 and 30 to the Unaudited Interim Consolidated Financial Statements for further information on CODELCO's hedging activity.

Global economic, political and regulatory developments 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 called for substantial changes to United States foreign trade policy, including the possibility of imposing greater restrictions on international trade and significant increases in tariffs on goods imported into the United States. For example, the United States has recently enacted a series of tariffs on the import of Chinese products. The continued threats of tariffs, trade restrictions and trade barriers could have a generally disruptive impact on the global economy and, therefore, negatively impact our revenues. Given the relatively fluid regulatory environment in China and the United States and uncertainty on how the United States or foreign governments will act with respect to tariffs, international trade agreements and policies, there could be additional tax or other regulatory changes in the future. Any such changes could adversely impact CODELCO's business, financial condition and results of operations. 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 planned departure of the UK from the European Union could have an adverse effect on CODELCO's business, financial condition and potential growth in Europe.

The decision of the UK to withdraw from the European Union ("EU"), commonly referred to as "Brexit," has caused significant volatility in the global financial markets. Brexit has also given rise to calls for the governments of other EU member states to consider withdrawal from the EU. These developments, or the perception that they could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, including by significantly reducing global market liquidity or restricting the ability of key market participants to operate in certain financial markets. 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. However, the eventual effects of the UK's planned departure from the EU on CODELCO's business and financial condition are uncertain at this time.

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 (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. In 2017, Miguel Juan Sebastián Piñera Echenique was re-elected as President of Chile, after having previously served as President from 2010-2014. Mr. Piñera's administration began on March 11, 2018. 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, will be adopted by the administration of the new President and/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 as retention of profits. Between 2014 and 2019, the Government of Chile has authorized the capitalization by capital injection and retention of profit within CODELCO in an aggregate amount of U.S.$3.3 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.

The Copper Reserve Law 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 *Banco Central de Chile* (the "Central Bank of Chile") 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. The Copper Reserve Law has an adverse effect on our ability to retain earnings for purposes of capital expenditures. In July 2019, the Congress of Chile issued a new resolution to repeal the Copper Reserve Law. Under this resolution, CODELCO will remain subject to the 10% special export tax until 2028. Beginning in 2029, the tax will be reduced annually by 25% until 2032 when CODELCO will no longer be subject to such tax.

Since the 2012 fiscal year, CODELCO has been subject to a mining tax on operating income generated during the operating year at progressive rates between 5% and 14%. During 2018, CODELCO distributed a total of U.S.$1.8 billion (including income tax, and export tax payments and distributions) to the Chilean Treasury. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury" and "Regulatory Framework." The statutory rate of the mining tax was 5% for each of 2016, 2017 and 2018.

In 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. In 2017, depending on the tax regime chosen by a company, the corporate tax rate was increased to 25% (in the case of the attributable taxation regime) and 25.5% (in the case of the partially integrated regime). On January 1, 2018, the tax rate applicable to the partially integrated regime 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. Its corporate tax rate has gradually increased from 21% in 2014 to up to 25% since 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 2016. Currently, CODELCO is also subject to 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.

Chile has recently experienced political unrest and social strife, including a wave of protests and riots, beginning on October 18, 2019, sparked by an increase in the subway fare of the Santiago Metro and widened to reflect anger over living costs and inequality. The continuing unrest in Chile and associated civil protests have caused temporary disruptions in port operations and as a result temporary delays of shipments from CODELCO to its customers. In addition, indicators of economic activity in Chile are expected to be adversely affected in the fourth quarter of 2019 and, potentially, in future periods as a result of the unrest. 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") through September 30, 2019:

Year	**Inflation (CPI)**
	(in percentages)
2016	2.7
2017	2.3
2018	2.6
2019 (though September 30, 2019)	2.0

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 (4.9% of the total amount of liabilities on a consolidated basis) as of September 30, 2019. 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 the holder of the notes 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 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, we intend to apply 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 holders of the notes 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 rating 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, holders of the notes may suffer a U.S. dollar shortfall judgment in Chile is obtained.

USE OF PROCEEDS

The estimated total net proceeds from the offering of the notes are U.S.$1,933,045,542, after deducting commissions to the initial purchasers, payment of a Chilean stamp tax of U.S.$16,000,000 and payment of legal fees and all other expenses related to the offering, and excluding accrued interest payable. CODELCO intends to use the net proceeds from the sale of the notes for general corporate purposes. 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 as of September 30, 2019 (i) on an actual historical basis, (ii) as adjusted to give effect to an international note issuance in an aggregate principal amount dollar equivalent of U.S.$64 million issued in November 2019 and a seven-year bilateral credit facility with Banco Latinoamericano de Comercio Exterior in an aggregate principal amount of U.S.$75 million entered into in December 2019, and (iii) as further adjusted to give effect to the offering of the notes. 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 September 30, 2019					
	Actual		As Adjusted[1]		As Further Adjusted	
	(in thousands of U.S.$)					
Current financial liabilities						
Current portion of loans from financial institutions	$	871,161	$	871,161	$	871,161
Current portion of bonds issued		124,044		124,044		124,044
Total current financial liabilities	$	995,205	$	995,205	$	995,205
Non-current financial liabilities						
Bank debt	$	2,370,178	$	2,445,178	$	2,445,178
3.750% Notes due 2020		401,364		401,364		401,364
3.875% Notes due 2021		236,170		236,170		236,170
3.000% Notes due 2022		520,931		520,931		520,931
4.500% Notes due 2023		355,438		355,438		355,438
2.250% Euro Notes due 2024[2]		647,532		647,532		647,532
4.000% UF Notes due 2025[3]		275,848		275,848		275,848
4.500% Notes due 2025		1,054,721		1,054,721		1,054,721
2.500% UF Notes due 2026[4]		402,757		402,757		402,757
3.63% Notes due 2027		1,442,319		1,442,319		1,442,319
2.869% Notes due 2029		128,759		128,759		128,759
3.000% Notes due 2029		1,087,216		1,087,216		1,087,216
5.625% Notes due 2035		492,036		492,036		492,036
2.840% Notes due 2034[8]		-		64,000		64,000
6.150% Notes due 2036		496,515		496,515		496,515
3.580% Notes due 2039[5]		46,781		46,781		46,781
4.250% Notes due 2042		733,343		733,343		733,343
5.630% Notes due 2043		933,491		933,491		933,491
4.875% Notes due 2044		961,328		961,328		961,328
4.50% Notes due 2047		1,205,730		1,205,730		1,205,730
4.85% Notes due 2048		594,464		594,464		594,464
4.375% Notes due 2049		1,181,696		1,181,696		1,181,696
3.700% Notes due 2050		889,540		889,540		889,540
Notes offered hereby[6]		-		-		2,000,000
Total non-current financial liabilities	$	16,458,157	$	16,597,157	$	18,597,157
Non-controlling interest	$	921,052	$	921,052	$	921,052
Equity						
Issued capital	$	5,619,423	$	5,619,423	$	5,619,423
Other reserves		5,334,459		5,334,459		5,334,459
Retained Earnings:						
Retained earnings		(304,865)		(304,865)		(304,865)
Profits distributions to the Chilean Treasury		-		-		
Equity attributable to equity owners of the parent	$	10,649,017	$	10,649,017	$	10,649,017
Total capitalization[7]	$	29,023,431	$	29,162,431	$	31,162,431

(1) For more information on the international note issuance issued in November 2019 and the bilateral credit facility with Banco Latinoamericano de Comercio Exterior entered into in December 2019, see "Summary—Recent Developments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Other Debt."

(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 = €0.9173 at September 30, 2019.

(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 = 0.025963 UF at September 30, 2019.

(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 = 0.025963 UF at September 30, 2019.

(5) The U.S.$ equivalent of AUD 70 million aggregate principal amount of the 3.580% notes due 2039 has been translated at an exchange rate of U.S.$1.00 = AUD 1.4813 at September 30, 2019.

(6) 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.

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

(8) The U.S.$ equivalent of HKD 500 million aggregate principal amount of the 2.840% Notes due 2034 has been translated at an exchange rate of U.S.$1.00 = HKD 7.8125.

EXCHANGE RATES

As a general matter, prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases explicitly authorized by the Central Bank of Chile. Law 18,840, the Central Bank of Chile Act, liberalized the rules that govern the purchase and sale of foreign currency. The act empowers the Central Bank to determine that certain purchases and sales of foreign currency specified by law must be carried out in the *Mercado Cambiario Formal* (the "Formal Exchange Market"). The Formal Exchange Market is formed by the banks and other entities so authorized by the Central Bank. The exchange rate of the transactions conducted in the Formal Exchange Market is freely agreed upon by the parties thereto. For more information, see "Foreign Investment and Exchange Controls in Chile." The observed exchange rate for any given day equals the average exchange rate of the transactions conducted in the Formal Exchange Market on the immediately preceding banking day, as certified by the Central Bank (the "Observed Exchange Rate"). Even though the Central Bank is authorized to carry out its transactions at the rates it sets, it generally uses the spot rate for its transactions. Authorized transactions by other banks are generally carried out at the spot rate.

Purchases and sales of foreign exchange, which may be effected outside the Formal Exchange Market, can be carried out in the *Mercado Cambiario Informal* (the "Informal Exchange Market"). There are no limits imposed on the extent to which the exchange rate in the Informal Exchange Market may 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 for U.S. dollars for each year beginning in 2015 as reported by the Central Bank of Chile. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos.

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

Period	High(1)	Low(1)	Average(2)	Period-End(3)
2015	715.66	597.10	654.25	707.34
2016	730.31	645.22	676.83	667.29
2017	679.05	615.22	649.33	615.22
2018	698.56	588.28	640.29	695.69
2019:				
July	699.98	677.62	686.06	699.98
August	724.20	700.82	713.70	720.65
September	727.08	707.07	718.02	725.68
October	729.38	709.71	721.03	726.34
November	828.25	735.05	776.53	828.25
December	812.13	744.62	770.39	744.62
2020:				
January (through January 3, 2020)	754.16	748.74	751.45	754.16

(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 the rates on each day for the periods indicated.

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

Source: Central Bank of Chile.

The Observed Exchange Rate reported by the Central Bank of Chile for January 3, 2020 was Ch$754.16 = 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 periods indicated. This data (other than the average LME copper prices) is derived from, and should be read together with, CODELCO's Consolidated Financial Statements, including the 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 as of September 30, 2019 and for the nine-month periods ended September 30, 2018 and 2019 includes all adjustments, consisting of only normal recurring adjustments, with the exception of adjustments to the statement of financial position as of September 30, 2019 for the adoption of IFRS 16, that in the opinion of management are necessary for the fair presentation of such information. The unaudited results of operations for the nine months ended September 30, 2018 and 2019 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 nine months ended September 30,	
	2016	2017	2018	2018	2019
	(in thousands of U.S.$)				
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME					
Revenue	$ 11,536,751	$ 14,641,555	$ 14,308,758	$ 10,771,511	$ 8,808,184
Cost of sales[(1)]	(9,449,668)	(10,380,403)	(11,194,341)	(8,357,160)	(7,256,283)
Gross profit	2,087,083	4,261,152	3,114,417	2,414,351	1,551,901
Other income, by function	138,474	154,332	124,826	95,038	206,981
Impairment loss determined in accordance with IFRS 9	N/A	N/A	158	(805)	1,176
Distribution costs	(11,891)	(10,403)	(18,262)	(14,288)	(12,647)
Administrative expenses	(415,395)	(428,140)	(465,328)	(347,163)	(303,025)
Other expenses[(2)]	(1,324,149)	(1,557,473)	(2,115,314)	(1,420,134)	(1,328,133)
Other gains	29,400	32,605	21,395	13,643	17,038
Finance income	23,402	29,836	51,329	37,439	22,504
Finance costs	(547,347)	(644,610)	(463,448)	(349,654)	(360,104)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(177,358)	185,428	119,114	98,409	11,863
Foreign exchange differences	(232,895)	(206,058)	178,143	83,639	114,946
Profit (loss) for the period before tax	(430,676)	1,816,669	547,030	610,475	(77,500)
Income tax expense[(3)]	97,096	(1,193,067)	(357,283)	(392,181)	(20,499)
Profit (loss) for the period	(333,580)	623,602	189,747	218,294	(97.999)
Profit (loss) attributable to owners of the parent	(275,418)	569,175	155,719	189,604	(105,530)
Profit (loss) attributable to non-controlling interests	(58,162)	54,427	34,028	28,690	7,531
Profit (loss) for the period	$ (333,580)	$ 623,602	$ 189,747	$ 218,294	$ (97,999)

	As of December 31			As of September 30, 2019
	2016	2017	2018	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	(in thousands of U.S.$)			
Total current assets	$ 4,690,418	$ 6,211,053	$ 5,828,206	$ 7,001,017
Total property, plant and equipment	23,977,261	25,275,512	26,754,998	28,673,181
Investments accounted for using equity method[(4)]	3,753,974	3,665,601	3,568,293	3,488,854
Non-current receivables	95,316	91,442	84,731	109,553
All other assets[(5)]	904,161	1,112,533	854,577	949,067
Total assets	$ 33,421,130	$ 36,356,141	$ 37,090,805	$ 40,221,672
Total current liabilities	2,462,453	3,315,456	3,539,412	4,256,209

Total non-current liabilities	21,068,268	22,115,347	22,207,524	24,395,394
Total liabilities	$ 23,530,721	$ 25,430,803	$ 25,746,936	$ 28,651,603
Non-controlling interests	978,666	1,007,495	969,204	921,052
Equity attributable to owners of the parent	8,911,743	9,917,843	10,374,665	10,649,017
Total equity	$ 9,890,409	$ 10,925,338	$ 11,343,869	$ 11,570,069
Total liabilities and equity	$ 33,421,130	$ 36,356,141	$ 37,090,805	$ 40,221,672

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	2017	2018	2018	2019
	(in thousands of U.S.$, except ratios and copper prices)				
OTHER ITEMS					
Depreciation and amortization of assets	$ 1,936,152	$ 2,101,101	$ 2,181,140	$ 1,593,895	$ 1,583,361
Interest expense, net	$ (523,945)	$ (614,774)	$ (412,119)	$ (312,215)	$ (337,600)
Ratio of earnings to fixed charges (adjusted)(6)	0.5	3.8	3.0	3.1	0.8
Average LME copper price (U.S. ¢ per pound)(7)	220.6	279.7	295.9	301,3	274.0
Adjusted EBITDA(8)	$ 3,075,187	$ 5,668,314	$ 4,695,792	$ 3,544,894	$ 2,552,680
Ratio of debt to Adjusted EBITDA(9)	4.8	2.6	3.2	N/A	N/A
Adjusted EBITDA coverage ratio(10)	5.9	9.2	11.4	11.4	7.6

(1) "Cost of sales" for any period includes direct and indirect costs, depreciation and amortization associated with the production of copper and byproducts, 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 the Copper Reserve Law. See note 24.b of the Audited Annual Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(3) 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 statutory rate of the mining tax for CODELCO was 5.0% for each year between 2016 and 2018. See note 5 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "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 24% in 2016 and 25% since 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.

(4) See note 9 of the Audited Annual Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(5) All other assets includes other non-current financial assets, other non-current non-financial assets, accounts receivable from related parties, non-current, non-current inventories, intangible assets other than goodwill, investment property, non-current tax assets and deferred tax assets.

(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 net of reversals (as defined in note (1) of the following table) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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 net of reversals (as defined in note (1) of the following table) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals and other non-cash charges.

(9) The ratio of debt to Adjusted EBITDA is calculated by dividing debt by Adjusted EBITDA. Debt is defined as loans from financial institutions plus bonds issued.

(10) Adjusted EBITDA coverage ratio is the ratio of Adjusted EBITDA to finance cost net of finance income. See note 9 above for further information about Adjusted EBITDA and notes 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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 and Adjusted EBITDA for the periods indicated.

	For the year ended December 31,			For the nine months ended September 30,	
	2016	**2017**	**2018**	**2018**	**2019**
			(in thousands of U.S.$)		
Profit (loss) for the period	$ (333,580)	$ 623,602	$ 189,747	$ 218,294	$ (97,999)
Income tax expense	(97,096)	1,193,067	357,283	392,181	20,499
Finance costs	547,347	644,610	463,448	349,654	360,104
Impairments(1)	156,709	7,378	395,965	138,183	_
Adjusted EBIT(2)	**273,380**	**2,468,657**	**1,406,443**	**1,098,312**	**282,604**
Ratio of earnings to fixed charges (adjusted)(3)	**0.5**	**3.8**	**3.0**	**3.1**	**0.8**
Depreciation and amortization of assets(4)	1,936,152	2,101,101	2,181,140	1,593,895	1,583,361
Copper Reserve Law(5)	865,655	1,098,556	1,108,209	851,383	686,715
Adjusted EBITDA	**$ 3,075,187**	**$ 5,668,314**	**$ 4,695,792**	**$ 3,543,590**	**$ 2,552,680**

(1) Impairments include charges and reversals related to charges of investment projects, research projects and investment in associates and joint ventures and exclude impairment charges recorded under International Accounting Standard No. 36 related to other long-lived assets. See notes 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals and other non-cash charges.

(2) Adjusted EBIT is calculated by adding finance cost, impairment charges net of reversals (as defined in note (1) above) 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 9, 23 and 24 of the Audited Annual Consolidated Financial Statements and Unaudited Interim Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" for further information about impairment charges and reversals 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) See note 22 of the Audited Annual Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements.

(5) The Copper Reserve Law 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, 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.

	As of and for the year ended December 31,			As of and for the nine months ended September 30,	
	2016	2017	2018	2018	2019
	(in thousands of U.S.$, except ratios)				
Debt	$ 14,913,561	$ 14,709,790	$ 15,257,685	$ 15,018,542	$ 17,453,362
Ratio of debt to Adjusted EBITDA	4.8	2.6	3.2	N/A	N/A
Finance income	23,402	29,836	51,329	37,439	22,504
Adjusted EBITDA coverage ratio[(1)]	5.9	9.2	11.4	11.4	7.6

(1) 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 December 31, 2016, 2017 and 2018 and for the nine months ended September 30, 2018 and 2019. For more information regarding such data, see "Business Properties."

	Year ended December 31,			For the nine months ended September 30,	
	2016	2017	2018	2018	2019
COPPER MINING OPERATIONS					
Ore Mined (in thousands of dry metric tons):					
Mina Ministro Hales	26,494	23,653	19,827	15,181	14,375
Chuquicamata Division	45,642	50,104	56,909	40,998	48,181
Radomiro Tomic Division	79,971	78,582	77,692	59,428	52,197
Gabriela Mistral Division	39,596	40,503	39,430	29,828	28,807
El Teniente Division	50,826	50,812	52,454	38,293	38,305
Andina Division	28,218	31,863	29,264	23,122	22,670
Salvador Division	16,392	14,513	12,892	10,493	7,785
Total	287,139	290,029	288,467	217,344	212,319
Average Copper Ore Grade:					
Mina Ministro Hales	1.19%	1.08%	1.09%	1.09%	0.97%
Chuquicamata Division	0.79	0.77	0.62	0.61	0.68
Radomiro Tomic Division	0.47	0.51	0.53	0.52	0.49
Gabriela Mistral Division	0.43	0.43	0.37	0.37	0.39
El Teniente Division	1.01	0.98	0.96	0.98	0.93
Andina Division	0.78	0.78	0.75	0.74	0.67
Salvador Division	0.54	0.56	0.59	0.60	0.62
Weighted Average	0.71%	0.71%	0.67%	0.67%	0.66%
PLANT COPPER PRODUCTION					
(by division in metric tons):					
Mina Ministro Hales	237,020	215,086	195,485	142,184	110,588
Chuquicamata Division	302,010	330,910	320,744	198,280	262,091
Radomiro Tomic Division	318,255	318,878	332,667	254,163	197,889
Gabriela Mistral Division	121,712	122,737	107,247	77,315	72,182
El Teniente Division	475,340	464,328	465,040	348,350	323,896
Andina Division	193,341	220,030	195,531	143,798	125,939
Salvador Division	59,796	61,942	60,840	36,925	27,130
Total	1,707,474	1,733,911	1,677,554	1,201,015	1,119,715
PLANT COPPER PRODUCTION					
(contained copper in metric tons):					
ER Cathodes	93,724	65,579	44,308	24,791	2,834
SX-EW Cathodes	440,587	442,136	410,649	303,118	285,001
Calcined	166,159	159,113	152,653	117,471	81,610
Anodes – Blister	393,820	381,526	386,393	294,642	206,075
Concentrates	613,184	685,557	683,551	460,993	544,195
Total	1,707,474	1,733,911	1,677,554	1,201,015	1,119,715
MOLYBDENUM PRODUCTION					
(contained molybdenum in metric tons)	30,641	28,674	24,031	18,217	16,036
COPPER SALES					
(in metric tons; includes sales of third-party copper):					
Cathodes	1,358,519	1,233,012	1,231,172	942,209	742,651
Fire Refined	-	-	-	-	-
Anodes – Blister	100,337	118,986	135,509	98,318	21,839
Concentrates	595,567	610,852	529,292	351,745	548,527
Total	2,054,423	1,962,850	1,895,974	1,392,272	1,313,016
COPPER EXPORTS					

(in metric tons; includes sales of third-party copper):					
Cathodes	1,267,012	1,164,459	1,173,010	894,314	707,916
Blister	100,325	118,986	133,499	96,314	21,839
Concentrates	543,726	515,214	379,398	266,318	408,529
Total	1,911,063	1,798,659	1,685,906	1,256,946	1,138,284
INVENTORIES OF COPPER AT PERIOD-END (in metric tons)	58,675	54,448	80,233	60,820	45,267

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

The following discussion should be read in conjunction with CODELCO's Consolidated Financial Statements, including 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 byproducts, the processing of ore into refined copper and the international sale of refined copper and byproducts. In 2018, CODELCO derived 92% of its total sales from copper and 8% of its total sales from byproducts of its copper production, primarily molybdenum, anodic slimes and sulfuric acid.

Since its inception in 1976, CODELCO has contributed approximately U.S.$108.2 billion (in 2018 currency) to the Chilean Treasury. Approximately 62.4% of this amount was generated in the last 15 years, representing 8.8% of the revenues of the Government of Chile. In 2018, CODELCO accounted for 17.2% 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 295.9 cents per pound in 2018, compared to 279.7 cents per pound in 2017 and 220.6 cents per pound in 2016. Copper prices averaged 274.0 cents per pound in the first nine months of 2019, compared to 301.3 cents per pound in the first nine months of 2018. As of late 2016, copper prices have rebounded and our results have experienced a positive effect. Nonetheless, since the first half of 2018 copper prices have been affected by the ongoing trade disputes between the United States and China. For more information, see "Overview of the Copper Market."

CODELCO continues to focus on controlling and limiting production cost increases. For many years, CODELCO has been within the first or second quartiles in the industry with respect to costs. Currently, CODELCO is in the third quartile of the industry's cost curve. 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 be within the first or second quartiles of the industry's cost curve in the long-term. In 2018, CODELCO's total costs and expenses were 245.1 cents per pound, compared to 227.1 cents per pound in 2017 and 214.6 cents per pound in 2016, mainly due to the appreciation of the Chilean peso against the U.S. dollar, as well as higher input prices, non-cash charges related to the write-off of an innovation project for underground mining and impairment losses on fixed assets associated with the Ventanas Division. The increase in 2017 compared to 2016 is primarily attributable to the appreciation of the Chilean peso against the U.S. dollar followed by higher interest expenses and higher fuel and energy expenses. During the nine months ended September 30, 2019, CODELCO's total costs and expenses decreased by 4.9 cents per pound (2.1%) to 239.7 cents per pound, compared to 244.6 cents per pound for the same period in 2018, mainly due to Chilean peso depreciation against U.S. Dollar and cost cutting initiatives, partially offset by lower production levels in connection with weather disruptions in the northern area of Chile, a 14-day strike at the Chuquicamata mine and upgrades at the Chuquicamata and Salvador smelters that suspended operations temporarily.

In 2018, CODELCO'S total cash cost was U.S.$5.1 billion, compared to U.S.$5.1 billion in 2017 and U.S.$4.7 billion in 2016. For the nine months ended September 30, 2019, CODELCO's total cash cost was U.S.$3.5 billion, as compared to U.S.$3.6 billion for the nine months ended September 30, 2018. 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, the appreciation increases these costs. See "Exchange Rates." In 2018, CODELCO's cash cost of production was 139.1 cents per pound, compared to 135.9 cents per pound in 2017 and 126.1 cents per pound in 2016, primarily attributable to the appreciation of the Chilean peso against the U.S. dollar, lower production levels and higher main input prices. The higher cash cost in 2017 over 2016 is primarily attributable to higher operational costs, the appreciation of the Chilean peso against the U.S. dollar and higher interest expenses. For the nine months ended September 30, 2019, 143.1 cents per pound, compared to 138.9 cents per pound in the same period in 2018, primarily attributable to lower production levels as a result of weather disruptions in the northern area of Chile, a 14-day strike at the Chuquicamata mine and lower by-product credits due to lower volumes sold of molybdenum, sulfuric acid, gold and silver.

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 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 September 30, 2019, CODELCO did not have any production hedging commitments and, accordingly, there was no related impact on pre-tax income for the nine months ended September 30, 2019. See notes 29 and 30 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 29 and 30 to the 2017-2018 Consolidated Financial Statements and notes 29 and 30 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 2018, CODELCO's annual production, including its investment in El Abra and Anglo American Sur, slightly decreased to 1.81 million metric tons from 1.84 million metric tons in 2017 and 1.83 million metric tons in 2016. The lower production in 2018 was mainly due to lower production at the Andina, Mina Ministro Hales, Gabriela Mistral and Chuquicamata Divisions, partially offset by increased production at the Radomiro Tomic Division and CODELCO's stake in Anglo American Sur and El Abra. The higher production in 2017 was mainly due to an increase in production from the Andina and the Chuquicamata Divisions, partially offset by a decrease in the Mina Ministro Hales and the El Teniente Divisions, as well as lower production coming from CODELCO's stake in El Abra.

In 2018, 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 byproducts, and foreign exchange rates.

In 2018, CODELCO invested U.S.$3.6 million, mainly in expansion and development projects, including the Chuquicamata underground mine, the Andina plant reallocation, the new mine level at El Teniente and the upgrade of Chuquicamata, Salvador and El Teniente smelters. 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,			**Nine months ended September 30,**	
	2016	**2017**	**2018**	**2018**	**2019**
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of sales	(81.9)	(70.9)	(78.2)	(77.6)	(82.4)
Gross profit	18.1	29.1	21.8	22.4	17.6
Other income, by function	1.2	1.1	0.9	0.9	2.4
Administrative expenses	(3.6)	(2.9)	(3.3)	(3.2)	(3.4)
Other expenses	(11.5)	(10.6)	(14.8)	(13.2)	(15.1)
Finance costs	(4.7)	(4.4)	(3.2)	(3.2)	(4.1)
Profit (loss) for the period before tax	(3.7)	12.4	3.8	5.7	(0.9)
Income tax expense	0.8	(8.1)	(2.5)	(3.6)	(0.2)
Profit (loss) for the period	(2.9)%	4.3%	1.3%	2.0%	(1.1)%

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

	Year ended December 31,			Nine months ended September 30,	
	2016	2017	2018	2018	2019
CODELCO Average Metal Price (per pound)[1]					
Copper	$ 2.14	$ 2.86	$ 2.76	$ 2.83	$ 2.58
Molybdenum	$ 6.38	$ 7.88	$ 11.64	$ 11.59	$ 12.00
CODELCO Sales Volume (in metric tons)					
Own copper(2)	1,860,465	1,846,452	1,838,150	1,348,223	1,277,440
Third-party copper	401,966	304,026	296,109	218,021	124,804
Total copper	2,262,431	2,150,478	2,134,259	1,566,244	1,402,244
Molybdenum (in oxide and concentrate)	29,823	28,918	25,385	19,852	17,226
CODELCO's Cash Cost of Production (per pound)	126.1¢	135.9¢	139.1¢	138.9¢	143.1¢

(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 Nine months Ended September 30, 2018 and 2019

The following table sets forth CODELCO's summarized results of operations for the nine months ended September 30, 2018 and 2019:

	Nine months ended September 30,		% Change
	2018	2019	2018/2019
	(in millions of U.S.$)		
Revenue	$ 10,772	$ 8,808	(18.2)%
Cost of sales	(8,357)	(7,256)	(13.2)
Gross profit	2,414	1,552	(35.7)
Other income, by function	95	207	117.8
Administrative expenses	(347)	(303)	(12.7)
Other expenses	(1,420)	(1,328)	(6.5)
Finance costs	(350)	(360)	3.0
Share of profit (loss) of associates and joint ventures accounted for using equity method	98	12	(87.9)
Foreign exchange differences	84	115	37.4
Profit (loss) for the period before tax	610	(78)	(112.7)
Income tax expense	(392)	(20)	(94.8)
Profit (loss) for the period	218	(98)	(144.9)
Profit (loss) attributable to owners of parent	190	(106)	(155.7)
Profit (loss) attributable to non-controlling interests	29	8	(73.8)

Revenue. The following table sets forth CODELCO's revenue for the nine months ended September 30, 2018 and 2019:

	Nine months ended September 30,		% Change
	2018	2019	2018/2019
	(in millions of U.S.$)		
Revenue	$ 10,772	$ 8,808	(18.2)%
Sales of CODELCO's own copper	8,392	7,259	(13.5)
Sales of third-party copper	1,444	724	(49.9)
Sales of byproducts and other	935	825	(11.8)

Revenue decreased by 18.2% to U.S.$8.8 billion in the first nine months of 2019, compared to U.S.$10.8 billion for the same period in 2018. This decrease was primarily attributable to a decrease in CODELCO's average copper price from U.S.$2.83 per pound in the first nine months of 2018 to U.S.$2.58 per pound in the first nine months of 2019 and a decrease in the volume of copper sold by 10.5% as a result of lower production levels. Our own copper sales decreased by 13.6% mainly due to the decrease in CODELCO's average copper price and 5.3% lower volume sold. A decline in copper prices in October, November and December 2019 may result in a downward adjustment in CODELCO's revenues and trade receivables recognized in September 2019, primarily attributable to adjustments to account for the provisional billing of copper at the time of shipment and the final amount billed after shipment. When the downward adjustment to provisional invoices is expected to be greater than the decreases in copper prices between the date of sale and the final pricing as a result of changes in the forward curves used to effect the provisional pricing, the impact to CODELCO's revenues would be expected to be substantially greater than the decrease in copper prices during the fourth quarter of 2019, and the impact to CODELCO's net profit would be expected to be substantially greater than the decrease in revenues during the fourth quarter of 2019. Such adjustments may be recorded in the consolidated financial statements for year ended December 31, 2019. See "Critical Accounting Estimates—Provisional Pricing Arrangements" for more information.

Third-party copper sales totaled U.S.$724 million in the first nine months of 2019, compared to U.S.$1.4 billion for the same period in 2018, attributable to lower average copper prices and a decline of sales volume. In general, changes in the volume of third-party copper sales 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 byproducts and other decreased by 11.8% to U.S.$825 million in the first nine months of 2019, compared to U.S.$935 million for the same period in 2018. This decrease was primarily due to the 13.0% decline in molybdenum sales volume.

Cost of sales. CODELCO's cost of sales in any period includes both the mining and production costs of its own copper and byproducts and the purchase costs of copper, as well as gold, silver and other byproducts, 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 nine months ended September 30, 2018 and 2019:

	Nine months ended September 30, 2018	Nine months ended September 30, 2019	% Change 2018/2019
	(in millions of U.S.$)		
Cost of sales	$ 8,357	$ 7,256	(13.2)%
Cost of CODELCO's own copper	6,426	6,073	(5.5)
Cost of third-party sales	1,428	717	(49.8)
Cost of byproducts and other	503	466	(7.3)

CODELCO's total cost of sales decreased by 13.2% to U.S.$7.3 billion (82.4% of sales) in the first nine months of 2019, compared to U.S.$8.4 billion (77.6% of sales) for the same period in 2018, primarily due to lower sales volume, in addition to operational cost reduction efforts and the depreciation of the Chilean peso against the U.S. dollar, which positively impacted wages and third-party services expenses. 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.$6.1 billion during the first nine months of 2019, compared to U.S.$6.4 billion for the same period in 2018. This decrease is primarily attributable to lower sales volume in addition to lower operational costs as the result of cost reduction efforts and the depreciation of the Chilean peso against the U.S. dollar, which decreased wage and third-party services expenses.

The cost of copper purchased from third parties decreased by 49.8% in the first nine months of 2019 to U.S.$717 million, compared to U.S.$1.4 billion for the same period in 2018. The decrease was caused by lower sales volume of third-party copper and by a decrease in the average price of copper.

The cost of byproducts and other decreased by 7.3% to U.S.$466 million in the first nine months of 2019, compared to U.S.$503 million for the same period in 2018, primarily due to lower sales volume of molybdenum, sulfuric acid, gold and silver.

Depreciation and amortization expenses decreased by 0.7% to U.S.$1.6 billion during the nine months of 2019, compared to U.S.$1.6 billion for the same period in 2018. This decrease was primarily due to lower production since the amounts recognized in property, plant and equipment are depreciated under a units-of-production method.

Gross profit. Gross profit amounted to U.S.$1.6 billion for the first nine months of 2019, compared to U.S.$2.4 billion for the same period in 2018. The 35.7% decrease was primarily attributable to the decrease in revenues mainly due to lower average price received for CODELCO's product mix and lower sales volume of copper, molybdenum, sulfuric acid, silver and gold, partially offset by the decrease in the cost of sales mainly due to lower sales volumes and cost reduction efforts.

Other income, by function. The largest components of other income, by function, are sales of services to third parties, insurance reimbursements received and gains on sales of assets. Other income, by function increased 117.8% to U.S.$207 million in the first nine months of 2019, compared to U.S.$95 million for the same period in 2018, primarily attributable to miscellaneous sales and sales of assets.

Administrative expenses. Administrative expenses decreased to U.S.$303 million (3.4% of total revenues) during the first nine months of 2019, compared to U.S.$347 million (3.2% of total revenues) for the same period in 2018. This decrease was primarily attributable to the positive effect of the depreciation of the Chilean peso against the U.S. dollar and the decrease in the depreciation and amortization.

Other expenses. Other expenses amounted to U.S.$1,328 million (15.1% of total revenues) during the first nine months of 2019, compared to U.S.$1,420 million (13.2% of total revenues) for the same period in 2018. This decrease was primarily attributable to a decline of the amount of special export tax payments due to a lower average copper price, a decrease of bonuses paid related to collective bargaining processes and the absence of non-cash charges related to a U.S.$138.1 million write-off in connection with an underground mining innovation project during the first nine months of 2018, partially offset by the increase in indirect fixed costs.

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

	Nine months ended September 30,	
	2018	**2019**
	(in millions of U.S.$)	
Copper Reserve Law	$ 851	$ 687
Bonus for the end of collective bargaining and other employee benefits	191	110
Other expenses	378	532
Total other expenses by function	$ 1,420	$ 1,328

CODELCO recorded other expenses of U.S.$851 million and U.S.$687 million in the first nine months of 2018 and 2019, respectively, pursuant to the Copper Reserve Law, which levies a 10% tax on CODELCO's exports of its own copper and related byproducts. Under the accounting policies adopted by Codelco, this export tax is accounted for in "other expenses." The decrease of this tax recorded in the first nine months of 2019 compared to the same period in 2018 is primarily attributable to lower revenues from CODELCO's own copper sales.

Bonuses for the end of collective bargaining and other employee benefits decreased to U.S.$110 million from U.S.$191 million, due to a smaller number of employees benefitting from collective bargaining negotiations in 2019.

Other expenses increased from U.S.$378 million to U.S.$532 million due to an increase in indirect fixed costs, partially offset by the absence of a non-cash charges related to a U.S.$138.1 million write-off in connection with an underground mining innovation project during 2018.

Finance costs. Finance costs increased to U.S.$360 million in the first nine months of 2019, compared to U.S.$350 million for the same period in 2018. This increase was primarily attributable to costs incurred in connection with the consummation of the tender offer in September 2019. The average interest rate was 4.1% as of September 30, 2019. As of September 30, 2019, 85% of our debt had a fixed rate and 15% 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 decreased to a net profit of U.S.$12 million in the nine months of 2019, compared to a net profit of U.S.$98 million for the same period in 2018. This decrease was primarily attributable to the decrease in the average copper price which negatively impacted the El Abra deposit and Anglo American Sur's profitability, as well as production losses due to weather disruptions in the northern area of Chile.

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 gain from foreign exchange differences of U.S.$115 million in the first nine months of 2019, compared to a gain from foreign exchange differences of U.S.$84 million in the same period of 2018. The gain recorded in the first nine months of 2019 is primarily attributable to the depreciation of the Chilean peso against the U.S. dollar as of September 30, 2019 as compared to December 31, 2018.

Loss before tax. Loss before tax was U.S.$78 million during the first nine months of 2019, compared to a profit of U.S.$610 million for the same period in 2018, primarily attributable to lower sales and lower share of profit of associates and joint ventures, partially offset by lower cost of sale and administrative costs and the foreign exchange difference due to the depreciation of the Chilean peso against the U.S. dollar.

Income tax expense. During the first nine months of 2019, 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 2018, CODELCO was subject to the same statutory tax rate of 65%. 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 statutory rate of the mining tax for 2018 and 2017 was 5%. CODELCO's taxes on income amounted to an expense of U.S.$20 million during the first nine months of 2019 and an expense of U.S.$392 million during the same period of 2018. The decrease in expense from taxes on income was primarily due to the losses before tax generated during the first nine months of 2019.

Loss for the period. As a result of the factors described above, CODELCO's loss after tax was U.S.$98 million during the first nine months of 2019, compared to a profit of U.S.$218 million for the same period of 2018.

Results of Operations for the Three Years Ended December 31, 2018

The following table sets forth CODELCO's summarized results of operations for the years ended December 31, 2016, 2017 and 2018:

	Year ended December 31,			% Change	
	2016	2017	2018	2016/2017	2017/2018
	(in millions of U.S.$)				
Revenue	11,537	14,642	14,309	26.9%	(2.3)%
Cost of sales	(9,450)	(10,380)	(11,194)	9.8	7.8
Gross profit	2,087	4,261	3,114	104.2	(26.9)
Other income, by function	138	154	125	11.6	(18.8)
Administrative expenses	(415)	(428)	(465)	3.1	8.6
Other expenses	(1,324)	(1,557)	(2,115)	17.6	35.8
Finance costs	(547)	(645)	(463)	17.9	(28.2)
Share of profit (loss) of associates and joint ventures accounted for under the equity method	(177)	185	119	(204.5)	(35.7)
Foreign exchange differences	(233)	(206)	178	(11.6)	(186.4)
Profit (loss) for the period before tax	(431)	1,817	547	(521.6)	(69.9)
Income tax expense	97	(1,193)	(357)	(1,329.9)	(70.1)
Profit (loss) for the period	(334)	624	190	(286.8)	(69.6)
Profit (loss) attributable to owners of parent	(275)	569	156	(306.9)	(72.6)
Profit (loss) attributable to non-controlling interests	(58)	54	34	(193.1)	(37.0)

Revenue. The following table sets forth CODELCO's revenues for the years ended December 31, 2016, 2017 and 2018:

	Year ended December 31,			% Change	
	2016	2017	2018	2016/2017	2017/2018
	(in millions of U.S.$)				
Revenue	$ 11,537	$ 14,642	$ 14,309	26.9%	(2.3)%
Sales of CODELCO's own copper	8,779	11,635	11,219	32.5	(3.6)
Sales of third-party copper	1,753	2,006	1,901	14.4	(5.2)
Sales of byproducts and other	1,004	1,001	1,189	(0.3)	18.8

Revenue decreased in 2018 by 2.3% to U.S.$14.3 billion, compared to U.S.$14.6 billion in 2017, mainly due to a 3.5% decrease in CODELCO's copper price to 276 cents per pound in 2018 from 286 cents per pound in 2017. CODELCO's own copper sales decreased 3.6% to U.S.$11.2 billion in 2018, compared to U.S.$11.6 billion in 2017, primarily attributable to the 3.4% decrease in CODELCO's copper price and a 0.4% reduction in the tonnage volume sold. Revenue increased in 2017 by 26.9% to U.S.$14.6 billion, compared to U.S.$11.5 billion in 2016, mainly due to CODELCO's average copper price growth from an average of 214 cents per pound in 2016 to 286 cents per pound in 2017. CODELCO's own copper sales increased 32.5% to U.S.$11.6 billion in 2017, compared to U.S.$8.8 billion in 2016, primarily attributable to the 33.6% increase in CODELCO's copper price, partially offset by a 0.8% reduction in the tonnage volume sold.

Third-party copper sales totaled U.S.$1.9 billion in 2018, compared to U.S.$2.0 billion in 2017 and U.S.$1.8 billion in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to a 3.4% decrease in CODELCO's copper price and a 2.6% decrease in tonnage sold. The increase in 2017 as compared to 2016 was primarily attributable to a 33.6% increase in CODELCO's copper price, partially offset by a 24.4% reduction in the tonnage volume sold. In general, changes in the volume of third-party copper sold are dependent upon CODELCO's need to meet requirements under sales contracts and, to a lesser extent, to 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 byproducts and other totaled U.S.$1,189 million in 2018, compared to U.S.$1,001 million in 2017 and U.S.$1,004 million in 2016. The increase of 18.8% in 2018 as compared to 2017 was primarily attributable to a 47.7% increase in CODELCO's average molybdenum price, partially offset by a 12.2% decrease in molybdenum tonnage sold. The decrease of 0.3% in 2017 as compared to 2016 was primarily attributable to lower anodic slimes coming from Chuquicamata because of scheduled refinery maintenance.

Cost of sales. The following table sets forth CODELCO's total cost of sales for the years ended December 31, 2016, 2017 and 2018:

	Year ended December 31,			% Change	
	2016	**2017**	**2018**	**2016/2017**	**2017/2018**
	(in millions of U.S.$)				
Cost of sales	$ 9,450	$10,380	$ 11,194	9.8%	7.8%
Cost of CODELCO's own copper	7,140	7,793	8,646	9.1	10.9
Cost of third-party sales	1,767	2,000	1,881	13.2	(6.0)
Cost of byproducts and other	543	588	667	8.3	13.4

CODELCO's total cost of sales in 2018 increased 7.8% to U.S.$11.2 billion (78.2% of sales) compared to U.S.$10.4 billion (70.9% of sales) in 2017, mainly due to higher operational costs arising from the appreciation of the Chilean peso against the U.S. dollar. In 2017, CODELCO's total cost of sales increased 9.8% to U.S.$10.4 billion (70.9% of sales), compared to U.S.$9.5 billion (81.9% of sales) in 2016, mainly due to higher operational costs arising from the appreciation of the Chilean peso against the U.S. dollar.

CODELCO's cost of sales of its own copper increased by 10.9% to U.S.$8.6 billion in 2018 compared to U.S.$7.8 billion in 2017 and increased 9.1% to U.S.$7.8 billion in 2017 compared to U.S.$7.1 billion in 2016. The increases in 2018 and 2017 compared to 2017 and 2016, respectively, were primarily attributable to the higher production cost due to the appreciation of the Chilean peso against the U.S. dollar and higher fuel and energy costs.

In 2018, the cost of copper purchased from third parties decreased by 6.0% to U.S.$1.9 billion compared to U.S.$2.0 billion in 2017 primarily attributable to lower volumes of copper purchased and lower average copper price. In 2017, the cost of copper purchased from third parties increased 13.2% to U.S.$2 billion from U.S.$1.8 billion in 2016 primarily attributable to higher copper prices, partially offset by 24.4% lower volume of third-party copper sold.

The cost of byproducts and other increased by 13.4% to U.S.$667 million in 2018 compared to U.S.$588 million in 2017 and increased by 8.3% to U.S.$588 million in 2017 compared to U.S.$543 million in 2016. The increases in 2018 and 2017 compared to 2017 and 2016, respectively, were principally attributable to higher operational costs arising from the appreciation of the Chilean peso against the U.S. dollar and higher fuel and energy costs.

Depreciation and amortization expenses increased by 3.8% to U.S.$2.2 billion in 2018 compared to U.S.$2.1 billion in 2017 and increased by 8.5% to U.S.$2.1 billion in 2017 compared to U.S.$1.9 billion in 2016. The increases in 2018 and 2017 compared to 2017 and 2016, respectively, are mainly due to the higher capital expenditure.

Gross profit. Gross profit amounted to U.S.$3.1 billion in 2018, compared to U.S.$4.3 billion in 2017 and U.S.$2.1 billion in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to the higher operational costs, a 3.4% decrease in CODELCO's copper price and a 0.8% decrease in copper tonnage sold, partially offset by an increase in 18.8% of by-products revenues mainly due an increase in the average price of CODELCO's product mix. The increase in 2017 as compared to 2016 was primarily attributable to copper price growth.

Other income. Other income decreased by 19.1% to U.S.$125 million in 2018 compared to U.S.$154 million in 2017 and increased by 11.5% to U.S.$154 million in 2017 compared to U.S.$138 million in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to the absence of insurance indemnity in 2018 as well as a decrease in in miscellaneous sales, partially offset by the profit on the sale of CODELCO's 40% stake in Deutsche Giessdraht GmbH to Aurubis. The increase in 2017 as compared to 2016 was primarily attributable to the increase in miscellaneous sales in 2017, partially offset by the absence in 2017 of the realized gain from the El Abra deposit recorded in 2016. See note 24a to the 2017-2018 Consolidated Financial Statements and note 23a to the 2016-2017 Consolidated Financial Statements.

Administrative expenses. Administrative expenses increased to U.S.$465 million (3.3% of total revenues) in 2018 compared U.S.$428 million (2.9% of total revenues) in 2017 and U.S.$415 million (3.6% of revenues) in 2016. The increases in 2018 compared to 2017 and the one in 2017 compared to 2016 are mainly due to the appreciation of the Chilean peso against the U.S. dollar.

Other expenses. Other expenses amounted to U.S.$2.1 billion (14.8% of revenues) in 2018, compared to U.S.$1.6 billion (10.6% of revenues) in 2017 and U.S.$1.3 billion (11.5% of revenues) in 2016. The increase in 2018 as compared to 2017 was primarily attributable to a non-cash charge related to a write-off of an underground mining innovation project amounting to U.S.$138.1 million, an impairment recognition in the Ventanas Division amounting to U.S.$199 million and the increase in collective bargaining bonuses. The increase in 2017 as compared to 2016 was primarily attributable to the increase in export tax payments because of the increase in the spot market price of copper.

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

	Year ended December 31,		
	2016	2017	2018
	(in millions of U.S.$)		
Copper Reserve Law	$ (866)	$ (1,099)	$ (1,108)
Bonus for the end of collective bargaining and Employee Benefits	(129)	(53)	(269)
Asset impairments	(0)	(0)	(199)
Other non-cash charges	(43)	(89)	(217)
Other expenses	(287)	(317)	(322)
Total	$ (1,324)	$ (1,557)	$ (2,115)

CODELCO recorded other expenses of U.S.$1.1 billion, U.S.$1.1 billion and U.S.$866 million in 2018, 2017 and 2016, respectively, pursuant to the Copper Reserve Law, 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 byproducts produced by CODELCO. The export tax remained stable in 2018 due to there not being any significant changes in the export sales of CODELCO's own copper. On the other hand, the export tax increased in 2017 as compared to 2016 mainly attributable to the increase in the spot market price of copper.

In 2018, CODELCO recorded a U.S.$199 million impairment loss of certain items of property, plant and equipment related to the Ventanas Division due a decline in, and deterioration in the outlook for, treatment and refining charges.

In 2018, CODELCO has impaired certain investment and research projects and recorded a loss to adjust inventories to net realizable value due to decreased copper prices.

Finance costs. Finance costs in 2018 amounted to U.S.$463 million, compared to U.S.$645 million in 2017 and U.S.$547 million in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to a higher capitalization of interest related to certain investment projects and a decrease in financial expenses that had previously increased due to costs incurred in connection with the consummation of the tender offer in August 2017. On the other hand, the increase in 2017 as compared to 2016 was primarily attributable to costs incurred in connection with the consummation of the tender offer in August 2017 as well as the change in the interest rate of such debt. CODELCO's debt level was U.S.$15.3 billion as of December 31, 2018, U.S.$14.7 billion as of December 31, 2017, and U.S.$14.9 billion as of December 31, 2016. CODELCO's average interest rate was 4.34% as of December 31, 2018. As of December 31, 2017, 88% of CODELCO's debt had a fixed rate and 12% had a floating rate. See "Selected Consolidated Financial Data" for information regarding debt during the years ended December 31, 2016, 2017 and 2018.

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 profit of U.S.$119 million in 2018, compared to a profit of U.S.$185 million in 2017 and a loss of U.S.$177 million in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to lower income from CODELCO's stake in Anglo American

Sur. The increase in 2017 as compared to 2016 was primarily attributable to an increase in copper prices and the reversal of the impairment related to the El Abra deposit and the Anglo American Sur assets for U.S.$67 million. See note 9 to the Audited Annual Consolidated Financial Statements.

Profit (loss) before tax. Profit before tax was U.S.$547 million in 2018, compared to a profit of U.S.$1.8 billion in 2017 and a loss of U.S.$431 million in 2016. The decrease in 2018 as compared to 2017 was primarily attributable to slightly lower sales combined with higher selling and administrative expenses, a non-cash charge related to a write-off of an underground mining innovation project in 2018, an impairment recognition in the Ventanas Division and the impact of end of bargaining bonuses. The increase in 2017 as compared to 2016 was mainly due to an increase of the average copper price.

Income tax expense. In 2018, CODELCO had a statutory income tax rate of 65% in accordance with applicable regulations, comprised of a corporate income tax of 25% (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 statutory rate of the mining tax for 2018, 2017 and 2016 was 5%. In 2018, CODELCO's taxes on income amounted to an expense of U.S.$357 million, compared to an expense of U.S.$1.2 billion in 2017 and a benefit of U.S.$97 million in 2016, primarily as a result of a decrease in CODELCO's pre-tax profit in 2018 as compared to 2017 and CODELCO's pre-tax profit in 2017 as compared to pre-tax loss in 2016. As of December 31, 2018, CODELCO's tax expense amounted to U.S.$357 million, primarily attributable to the deferred tax adjustments recorded in relation to Chile's recent tax reform. As of December 31, 2017, CODELCO's tax expense amounted to U.S.$1,193 million. For more information regarding this payment, see note 5 to the Annual Audited Consolidated Financial Statements and "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile—CODELCO is subject to special taxes."

Profit for the period. As a result of the factors described above, CODELCO recorded a profit after tax of U.S.$190 million in 2018 compared to U.S.$624 million in 2017 and a loss of U.S.$334 million in 2016.

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 and amortization and depreciation recorded against other comprehensive income and/or profit and loss. For the nine-month period ended September 30, 2019, non-cash charges were U.S.$667 million in amortization and U.S.$916 million in depreciation. Non-cash deferred tax charges of U.S.$12.3 million were recorded for the nine-month period ended September 30, 2019. 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 and was received in December 2016. The remaining U.S.$475 million was authorized pursuant to a new law (Law 20,989), effective as of January 2017, which provided for 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 event CODELCO does not have the required pre-tax profits to cover the 10% special export tax under 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. While CODELCO did not expect additional capital injections in connection with Law 20,989 during 2017, in November 2017, the Government of Chile authorized a capital injection of U.S.$520 million (out of the maximum U.S.$3 billion for the newly extended 2014-2019 period), which was received in U.S. dollars in December 2017. In June 2018, the Government of Chile announced a final capital injection of U.S.$1 billion to complete the multi-year capitalization law approved in October 2014. Moreover, in October 2018, the Government of Chile authorized the disbursement of such amount in two installments completed on December 31, 2018 for U.S.$600 million and on February 28, 2019 for the remaining U.S.$400 million.

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.$3.5 billion, U.S.$225 million of which could not be 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, 2018, net cash flows from operating activities decreased to U.S.$3.9 billion, compared to U.S.$4.7 billion in 2017 and U.S.$1.9 billion in 2016. The decrease in net cash flows from operating activities during 2018 was primarily attributable to an increase in payments to suppliers and employees, partially offset by higher cash received from sales of goods. The increase in net cash flows from operating activities during 2017 was primarily attributable to more cash received from the sale of goods and services as the result of higher average copper and molybdenum prices. During the first nine months of 2019, net cash flows from operating activities decreased by 42.9% to U.S.$2.4 billion from U.S.$4.3 billion for the same period in 2018. This decrease in net cash flows from operating activities resulted primarily due to the decrease in cash received from the sales of goods because of a deterioration in CODELCO's average product portfolio prices and sales volumes. See note 28 to the Unaudited Interim Consolidated Financial Statements and note 28 to the 2017-2018 Consolidated Financial Statements.

Bank debt. CODELCO's total financial debt (defined as loans from financial institutions plus bonds issued) as a percentage of its total capitalization was 60.1% at December 31, 2016, 57.4% at December 31, 2017, 57.4% at December 31, 2018, and 60.1% at September 30, 2019. CODELCO's total outstanding financial debt at December 31, 2016, 2017 and 2018 was U.S.$14.9 billion, U.S.$14.7 billion and U.S.$15.3 billion, respectively, and U.S.$17.5 billion as of September 30, 2019. As adjusted to give effect to the U.S.$64 million international notes issued in November 2019 and the U.S.$75 million bilateral credit facility with Banco Latinoamericano de Comercio Exterior entered into in December 2019, CODELCO's total financial debt as a percentage of its total capital would have been 60.3% and its total outstanding financial debt would have been U.S.$17.6 billion as of September 30, 2019.

We intend to use the net proceeds from the sale of the notes for general corporate purposes. See "Use of Proceeds."

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 September 30, 2019, 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

As of September 30, 2019, U.S.$251 million was outstanding under the loan described above with Bank of Tokyo-Mitsubishi UFJ, Ltd. As of September 30, 2019, U.S.$303 million was outstanding under the loan described above with Export Development Canada.

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 September 30, 2019, U.S.$97 million was outstanding under the loan described above with Japan Bank for International Cooperation and we repaid in full the loan described above with The Bank of Tokyo Mitsubishi UFJ, Ltd. As of September 30, 2019, CODELCO had amortized U.S.$127 million of the loan with the Japan Bank for International Cooperation and U.S.$96 million of the loan with The Bank of Tokyo Mitsubishi UFJ, Ltd.

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

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. In July 2017, CODELCO rolled over its loan with Export Development Canada for U.S.$300 million. The new loans mature in five years and the terms and interest rates are described below:

	Credit Amount	**Interest Rate**
Scotiabank & Trust (Cayman), Ltd.	U.S.$300.0 million	LIBOR plus 65.0 basis points

Export Development Canada	U.S.$300.0 million	LIBOR plus 62.0 basis points

Between November and December 2017, CODELCO prepaid in full the above-mentioned loans contracted in 2013 with Mizuho Bank, Ltd. and The Bank of Tokyo–Mitsubishi UFJ, Ltd., each of which was scheduled to mature during 2018.

As of September 30, 2019, U.S.$301 million was outstanding under the loan described above with Scotiabank & Trust (Cayman), Ltd. and U.S.$301 million was outstanding under the loan described above with Export Development Canada.

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

In May 2018, CODELCO prepaid in full the loan described above with Mizuho Bank, Ltd. and in October 2018, CODELCO rolled over the above-mentioned loan with Export Development Canada for the same amount. The loan matures in 2028 and the terms are described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Export Development Canada	U.S.$300.0 million	LIBOR plus 121.5 basis points	October 2018

As of September 30, 2019, U.S.$300 million was outstanding under the loan described above with Export Development Canada.

In December 2018, CODELCO entered into a one-year revolving credit facility for U.S.$300 million and drew down the full amount. The revolving credit facility may be renewed on a yearly basis and matures in 2023. The terms are described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Scotiabank Chile	U.S.$300.0 million	LIBOR plus 72.5 basis points	December 2018

As of September 30, 2019, U.S.$302 million was outstanding under the loan described above with Scotiabank Chile.

Between March and June 2019, CODELCO entered into six up to one-year advances on export exchange contracts (ACC). The loans mature between March and May 2020 and the terms are described below:

	Credit Amount	Interest Rate	Date Loan Drawn
Scotiabank Chile.	U.S.$100.0 million	LIBOR plus 35.0 basis points	March 2019
Scotiabank Chile	U.S.$65.0 million	LIBOR plus 35.0 basis points	March 2019
Santander Chile	U.S.$100.0 million	LIBOR plus 30.0 basis points	April 2019
Itaú Chile	U.S.$30.0 million	LIBOR plus 63.0 basis points	June 2019
Banco de Crédito e Inversiones	U.S.$50.0 million	LIBOR plus 39.5 basis points	June 2019
Banco Chile	U.S.$120.0 million	LIBOR plus 66.0 basis points	June 2019

As of September 30, 2019, U.S.$165 million was outstanding under the loans described above with Scotiabank Chile, U.S.$101 million was outstanding under the loan described above with Santander Chile, U.S.$30 million was outstanding under the loan described above with Itaú Chile, U.S.$50 million was outstanding under the loan described above with Banco de Crédito e Inversiones, U.S.$120 million was outstanding under the loan described above with Banco Chile.

Codelco-Kupferhandel GmbH has a short-term line of credit for €80 million, with a guarantee letter provided by CODELCO. As of September 30, 2019, there was no outstanding debt under this short-term line of credit.

Other Debt. In July 2017, CODELCO launched a cash tender offer of any and all of its 7.500% notes due 2019, 3.750% notes due 2020 and 3.875% notes due 2021 and a waterfall cash tender offer for its 3.00% notes due 2022, 4.500% notes due 2023 and 4.500% notes due 2025, which was financed with the proceeds from a concurrent offering of U.S.$1.5 billion aggregate principal amount of its 3.625% notes due 2027 and U.S.$1.25 billion aggregate principal amount of 4.500% notes due 2047. Moreover, in January 2019, CODELCO launched a second cash tender offer for its 3.750% notes due 2020, 3.875% notes due 2021 and 3.00% notes due 2022 and a waterfall cash tender offer for its 4.500% notes due 2023 and 4.500% notes due 2025, which was financed with the proceeds from a concurrent offering of U.S.$1.3 billion aggregate principal amount of its 4.375% notes due 2049. Moreover, in September 2019, CODELCO launched a third cash tender offer for its 3.750% notes due 2020 and 3.875% notes due 2021 and a waterfall cash tender offer for its 3.00% notes due 2022 and 4.500% notes due 2023, which was financed with the proceeds from a concurrent offering of U.S.$1.1 billion aggregate principal amount of its 3.000% notes due 2029 and U.S.$0.9 billion aggregate principal amount of 3.700% notes due 2050. The following table shows amounts due by CODELCO under notes issued in both international and local markets as of September 30, 2019:

Type of Issuance	Maturity	Principal Amount	Outstanding Principal Amount and Accrued Interest as of September 30, 2019	Interest Rate
International	November 4, 2020	U.S.$1.00 billion	U.S.$408 million	3.75%
International	November 4, 2021	U.S.$1.15 billion	U.S.$240 million	3.88%
International	July 17, 2022	U.S.$1.25 billion	U.S.$524 million	3.00%
International	August 13, 2023	U.S.$750 million	U.S.$358 million	4.50%
International	July 9, 2024	€600 million	U.S.$651 million	2.25%
International	September 16, 2025	U.S.$2.00 billion	U.S.$1.10 billion	4.50%
Local	April 1, 2025	6.9 million UF	U.S.$276 million	4.00%
Local	August 24, 2026	10 million UF	U.S.$404 million	2.50%
International	August 1, 2027	U.S.$1.50 billion	U.S.$1.50 billion	3.63%
International	August 23, 2029	U.S.$130 million	U.S.$129 million	2.87%
International	September 30, 2029	U.S.$1.10 billion	U.S.$1.10 billion	3.00%
International	September 21, 2035	U.S.$500 million	U.S.$493 million	5.63%
International	October 24, 2036	U.S.$500 million	U.S.$510 million	6.15%
International	July 22, 2039	AUD500 million	U.S.$47 million	3.58%
International	July 17, 2042	U.S.$750 million	U.S.$740 million	4.25%
International	October 18, 2043	U.S.$950 million	U.S.$958 million	5.63%
International	November 4, 2044	U.S.$980 million	U.S.$981 million	4.88%
International	August 1, 2047	U.S.$1.25 billion	U.S.$1.20 billion	4.50%
International	May 18, 2048	U.S.$600 million	U.S.$605 million	4.85%
International	February 5, 2049	U.S.$1.30 billion	U.S.$1.20 billion	4.38%
International	January 1, 2050	U.S.$900 million	U.S.$890 million	3.70%

The following table sets forth the scheduled maturities of CODELCO's bank and unsecured note obligations as of September 30, 2019:

Bank and Unsecured 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	U.S.$ 3,241	U.S.$ 871	U.S.$ 250	U.S.$ 961	U.S.$ 0	U.S.$ 1,159	LIBOR+0.61%
Bonds issued	14,212	124	401	757	1,003	11,927	4.16%
Total	U.S.$ 17,453	U.S.$ 995	U.S.$ 651	U.S. $ 1,718	U.S.$ 1,003	U.S.$ 13,086	

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 million and U.S.$830 million, respectively, as of December 31, 2018 and to U.S.$31 million and U.S.$765 million, respectively, as of September 30, 2019. See notes 17 and 18 to the 2017-2018 Consolidated Financial Statements and to the Unaudited Interim Consolidated Financial Statements. In addition, as of September 30, 2019, CODELCO believes that its net deferred taxes will reverse as follows: deferred tax expense in the amount of U.S.$25 million in 2019, U.S.$142 million in 2021 and U.S.$4,616 million after 2023 and deferred tax benefit in the amount of U.S.$141 million in 2020 and U.S.$109 million in 2022. CODELCO currently has no hedges related to its production of copper through 2018. 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 Oriente Copper Netherlands B.V. ("Oriente Copper"), 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 Oriente Copper 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 Oriente Copper 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. On November 26, 2016, CODELCO signed a credit agreement with Oriente Copper renegotiating the payment of principal at the end of the contract. The terms established an annual interest rate of LIBOR +2.5% with a five-year maturity to be payable in one installment at maturity with semi-annual interest payments. On May 26, 2017, CODELCO signed a new credit agreement with Oriente Copper renegotiating the following semi-annual payment, which was on the same terms as the first renegotiation done in November 2016. As of September 30, 2019, the aggregate outstanding balance of the credit agreements is U.S.$620 million.

Capital Expenditure Program. We seek to maintain and improve our competitive position in the industry through our three-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.$13.4 billion between 2019 and 2021 on major projects, transforming its main mining operations with a view towards the long-term development of its resources. 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 between 2019 and 2021 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.$2.0 billion between 2019 and 2021). Environmental approvals were obtained in September 2010, and the project is approximately 94% complete as of September 30, 2019.

- 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.$371 million between 2019 and 2021). Operations are expected to begin in 2021, and the project is approximately 80% complete as of September 30, 2019.

- The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$1.6 billion between 2019 and 2021) 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 in January 2018 that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023. As of September 30, 2019, the project is approximately 54% complete.

- The upgrade of CODELCO's smelters to new emission standards was required to maintain our operating licenses in Chuquicamata, El Teniente, Salvador and Ventanas, and such upgrade required an investment of U.S.$1.1 billion in Chuquicamata, U.S.$703 million in El Teniente, U.S.$441 million in Salvador and U.S.$113 million in Ventanas for a total approximate investment of U.S.$2.3 billion. As of September 30, 2019, 100%, 99%, 97% and 99% of the upgrades at the Ventanas, Salvador, El Teniente and Chuquicamata smelters, respectively, have been completed, and all four smelters are operating.

- 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, which requires an approximate investment of U.S.$900 million between 2019 and 2021. As of September 30, 2019, the feasibility study has been completed, and the initial work relating to the project has commenced.

- The expansion of the existing Andina open pit is an initiative that is expected to expand the treatment capacity of the concentrator plant up to 150 thousand tons per day (an approximate investment of U.S.$95 million between 2019 and 2021) starting in 2027. As of September 30, 2019, the feasibility study has been authorized and is approximately 40% complete.

CODELCO has already begun investing in the aforementioned projects. In 2018, CODELCO invested U.S.$3.6 billion principally in expansion and development projects, including the new El Teniente mine level, the Chuquicamata underground mine expansion and, the reallocation of the Andina mine-plant pursuant to the Andina expansion project, as well as in the upgrade of CODELCO's smelters to comply with the new emission standards.

CODELCO invested U.S.$3.5 billion in 2017 and U.S.$2.7 billion in 2016. 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 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 and was received in December 2016. The remaining U.S.$475 million was authorized pursuant to a new law (Law 20.989), effective as of January 2017, which provided for 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 event CODELCO does not have the required pre-tax profits to cover the 10% special export tax under 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. While CODELCO did not expect additional capital injections in connection with Law 20.989 during 2017, in November 2017, the Government of Chile authorized a capital injection of U.S.$520 million (out of the maximum U.S.$3 billion for the newly extended 2014-2019 period), which was received in U.S. dollars in December 2017. In June 2018, the Government of Chile announced a final capital injection of U.S.$1 billion to complete the multi-year capitalization law approved in October 2014. Moreover, in October 2018, the Government of Chile authorized the disbursement of such amount in two installments completed on December 31, 2018 for U.S.$600 million and on February 28, 2019 for the remaining U.S.$400 million.

See "Management's Discussion and Analysis of Financial Condition and Results 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.$2.5 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.$ 2.8 billion in these projects from 2012 to 2018 and plans to continue implementing its pollution abatement plan through additional capital investments of approximately U.S.$1 billion from 2019 through 2020. In 2018, CODELCO invested U.S.$861 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.$750 million in 2019 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 the Chuquicamata, Salvador and El Teniente smelters for the abatement of atmospheric emissions, among others. In 2020, planned investments include the continuation of the projects for the abatement of atmospheric emissions in the Chuquicamata smelter and the continued enlargement of the tailing dams, among others. Further, a new air emission standard for smelters was enacted by the Ministry of the Environment in December 2013. CODELCO's cost of complying with this standard was U.S.$2.3 billion, which was 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 2016-2018:

	Environmental Investments (in millions of U.S.$)			
	2016	**2017**	**2018**	**Total**
Decontamination plans	185.0	433.2	581.6	1,199.8
Tailing dams	125.1	183.5	245.9	554.5
Solid wastes	8.2	15.2	9.0	32.4
Liquid wastes and water management	31.5	24.9	15.6	72.0
Others	32.3	6.7	8.9	47.9
Total	382.1	663.3	861.0	1,906.5

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 2018 and 2017, CODELCO distributed U.S.$602 million and U.S.$273 million, respectively, to the Chilean Treasury, while in 2016 CODELCO did not distribute dividends due to the absence of profits that year. 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 six-month period 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, 2018 and for the nine months ended September 30, 2019.

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

	Year Ended December 31,			Nine months ended September 30,
	2016	2017	2018	2019
Income tax payments	$ 25	$ 31	$ 70	$ 60
Copper Reserve Law	917	1,062	1,137	-
Subtotal	$ 942	$ 1,093	$ 1,207	$ 60
Dividends	-	273	602	-
Total	$ 942	$ 1,366	$ 1,809	$ 60

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 29 and 30 to the 2017-2018 Year end Consolidated Financial Statements and notes 29 and 30 to the Unaudited Interim Consolidated Financial Statements. In 2017, 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 30 to the 2017-2018 Consolidated Financial Statements and note 30 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 September 30, 2019, 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.$664 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 September 30, 2019.

As of September 30, 2019, 85% of CODELCO's financial debt was at a variable interest rate and 15% 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, 2018. Based on the assessment performed, CODELCO's management has not identified any material weakness in its control environment.

New Accounting Standards

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those applied in the preparation of CODELCO's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of IFRS 16 as of January 1, 2019.

In the current period, CODELCO has applied IFRS 16 for the first time. CODELCO has applied IFRS 16 with the cumulative effect of the initial application of the standard, recognized as of January 1, 2019. Consequently, it has not restated the comparative financial information.

IFRS 16 introduces new or modified requirements with respect to the accounting for leases. It introduces significant changes to lease accounting for lessees by removing the distinction between operating and financial leases; requires the recognition, at the outset, of an asset for right to use and a lease liability for all leases, except for short-term leases and leases of low-value assets. In contrast to the accounting for the lessee, the requirements for the accounting of the lessor remain largely unchanged. The impact of the adoption of IFRS 16 in the consolidated financial statements of CODELCO is described below.

The change in the definition of a lease is mainly related to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the client has the right to control the use of an identified asset for a period of time in exchange for a consideration.

IFRS 16 changes with respect to how CODELCO accounts for leases previously classified as operating leases under IAS 17, which, with this change, are recognized in the assets and liabilities of the statement of financial position. CODELCO has re-evaluated all of its contracts at the date of initial application. As a result of the foregoing, leases have been re-assessed in accordance with the new requirements of IFRS 16.

As of January 1, 2019, CODELCO recognizes its leases with the accumulated effect on the date of initial application, opting to recognize a right to use asset equal to the lease liability. Practical expedients applied in the transition to operating leases: (a) single discount rate applied to a lease portfolio; (b) short-term and low value lease exemption for those contracts whose term ends within twelve months from January 1, 2019; (c) exclusion of initial direct costs on the measurement of the right-of-use asset; and (d) review of contracts under the onerous contract provisions of IAS 37 as an alternative to impairment testing under IAS 36.

The following table sets the impact of the adoption of IFRS 16 on assets, liabilities and equity as of January 1, 2019.

	Balances prior to IFRS 16	Adjustment IFRS 16	Balances adjusted by IFRS 16
		(in millions of U.S.$)	
Property, plant and equipment (1)	$ 26,754,998	$ 368,890	$ 27,123,888
Total Assets	37,090,805	368,890	37,459,695
Other current financial liabilities (1)	872,277	94,281	966,558
Other non-current financial liabilities (1)	14,674,510	274,609	14,949,119
Total Liabilities	25,746,936	368,890	26,115,826
Net Effect	11,343,869	-	11,343,869

(1) CODELCO has re-evaluated all of its contracts at the date of initial application, including those that under IAS 17 and IFRIC 4, had not been identified as leases. As a result of the foregoing, leases have been included in accordance with the new requirements of IFRS 16.

The following table sets the reconciliation of operating leases under IAS 17 disclosed as of December 31, 2018 and lease liabilities recognized as of January 1, 2019.

Reconciliation of operating leases	**January 1, 2019 U.S.$**
Operating lease commitments as of December 31, 2018, as disclosed in the consolidated financial statements in accordance with IAS17	$ 266,351
Less initial recognition exceptions:	
Short-term leases	(55,360)
Leases with variable payments that do not depend on an index or a rate	(69,070)
Low-value leases	(220)
Total lease liabilities recognized as of January 1, 2019	**141,701**
Plus:	
Leases identified in existing contracts as of January 1, 2019 under IFRS 16[1]	414,326
Discounted using the incremental borrowing rate at the date of the initial application (January 1, 2019)	4.67%
Discounted financing lease liabilities recognized as of January 1, 2019	368,890
Lease liabilities related to leases previously classified as financial leases	107,839
Total lease liabilities recognized on January 1, 2019	**476,729**
Consisting of:	
Lease liabilities current portion	115,791
Lease liabilities non-current portion	360,938
Total lease liabilities recognized on January 1, 2019	**476,729**

(1) CODELCO has re-evaluated all of its contracts at the date of initial application, including those that under IAS 17 and IFRIC 4, had not been identified as leases. As a result of the foregoing, leases have been included in accordance with the new requirements of IFRS 16.

See Section II, part 4 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 Audited Annual 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. 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 adjusting the provision for decommissioning and site restoration costs as well as the associated 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 at the time control of the asset is transferred to the customer 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 under which control of the product is transferred to the client based on receipt of the product at the buyer's destination point, and for these contracts revenue is recorded at the moment of such 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 four 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 performance obligation has been satisfied.

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. 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. No provision is recognized for cases in which management and our legal advisors believe that (i) a favorable outcome will be obtained, (ii) the probability of a loss is remote or possible, but not probable, or, if probable, (iii) the amount of the obligation cannot be measured reliably.

BUSINESS AND PROPERTIES

CODELCO is the world's largest copper producer and one of the largest companies in Chile in terms of revenues (U.S.$14.3 billion in 2018). As of December 31, 2018, CODELCO's total assets were U.S.$37.1 billion and equity amounted to U.S.$11.3 billion. As of September 30, 2019, total assets were U.S.$40.2 billion and equity amounted to U.S.$11.6 billion. CODELCO engages primarily in the exploration, development and extraction of ores bearing copper and byproducts, the processing of ore into refined copper and the international sale of refined copper and byproducts. CODELCO is 100% owned by the Government of Chile and controls approximately 6% of the world's proven and probable copper reserves, as such term is defined by the U.S. Geological Survey. In 2018, CODELCO had an estimated 9% share of the total world copper production, with production amounting to approximately 1.81 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 9% 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 2018, CODELCO derived 92% of its total sales from copper and 8% of its total sales from byproducts of its copper production or, for the nine-month period ended September 30, 2019, 91% and 9%, respectively.

The following table sets forth certain production, cost and price information relating to CODELCO for the three-year period ended December 31, 2018 and the nine-month periods ended September 30, 2018 and 2019:

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,			Nine months ended September 30,	
	2016	2017	2018	2018	2019
CODELCO's Copper Production	1,707	1,734	1,678	1,201	1,120
CODELCO's Cash Cost of Production	126.1	135.9	139.1	139.9	143.1
Average LME Price(1)	220.6	279.7	295.9	301.3	274.0

(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. 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.$13.4 billion between 2019 and 2021 on major projects, transforming its main mining operations with a view towards the long-term development of its resources. 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 between 2019 and 2021 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.$2.0 billion between 2019 and 2021). Environmental approvals were obtained in September 2010, and the project is approximately 94% complete as of

September 30, 2019.

- 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.$371 million between 2019 and 2021). Operations are expected to begin in 2021, and the project is approximately 80% complete as of September 30, 2019.

- The development of a new production level in the existing El Teniente underground mine (an approximate investment of U.S.$1.6 billion between 2019 and 2021) 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 in January 2018 that will still permit us to maintain our original production goal and the new mining level is now expected to be completed in 2023. As of September 30, 2019, the project is approximately 54% complete.

- The upgrade of CODELCO's smelters to new emission standards was required to maintain our operating licenses in Chuquicamata, El Teniente, Salvador and Ventanas, and such upgrade required an investment of U.S.$1.1 billion in Chuquicamata, U.S.$703 million in El Teniente, U.S.$441 million in Salvador and U.S.$113 million in Ventanas for a total approximate investment of U.S.$2.3 billion. As of September 30, 2019, 100%, 99%, 97% and 99% of the upgrades at the Ventanas, Salvador, El Teniente and Chuquicamata smelters, respectively, have been completed, and all four smelters are operating.

- 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, which requires an approximate investment of U.S.$900 million between 2019 and 2021. As of September 30, 2019, the feasibility study has been completed, and the initial work relating to the project has commenced.

- The expansion of the existing Andina open pit is an initiative that is expected to expand the treatment capacity of the concentrator plant up to 150 thousand tons per day (an approximate investment of U.S.$95 million between 2019 and 2021) starting in 2027. As of September 30, 2019, the feasibility study has been authorized and is approximately 40% complete.

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.

Transformation Plan. On November 29, 2019, CODELCO announced the Transformation Plan. Among other objectives, the Transformation Plan seeks to optimize the standards for project selection and to reduce execution delays, improve operating performance and renew focus on maximizing the value of its mineral resources and reserves. The Transformation Plan also includes a series of targets to achieve cost savings in capital and operational expenditures.

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 operates 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 2018, this division produced 465,040 metric tons of copper, or 25.7% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 106.5 cents per pound, compared to 113.5 cents per pound in 2017, and a total cash cost of U.S.$1.1 billion in 2018, compared to U.S.$1.2 billion in 2017. During the first nine months of 2019, this division produced 323,896 metric tons of copper with a cash cost of 101.8 cents per pound and a total cash cost of U.S.$716 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 2018. In 2018, this division produced 332,667 metric tons of copper cathodes, or 18.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 134.1 cents per pound, compared to 131.4 cents per pound in 2017, and a total cash cost of U.S.$973 million in 2018 compared to U.S.$915 million in 2017. During the first nine months of 2019, this division produced 197,889 metric tons of copper with a cash cost of 147.4 cents per pound and a total cash cost of U.S.$639 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 2018, this division produced 320,744 metric tons of copper cathodes, or 17.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 131.5 cents per pound, compared to 130.9 cents per pound in 2017, and a total cash cost of U.S.$908 million in 2018, compared to U.S.$933 million in 2017. During the first nine months of 2019, this division produced 262,091 metric tons of copper with a cash cost of 125.0 cents per pound and a total cash cost of U.S.$702 million.

- The Mina Ministro Hales Division was created in 2010 for the operation of the Mina Ministro Hales ore body, which first began producing copper at the end of 2013. In 2018, this division produced 195,485 metric tons of copper, or 10.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 124.0 cents per pound, compared to 121.8 cents per pound in 2017, and a total cash cost of U.S.$517 million in 2018, compared to U.S.$560 million in 2017. During the first nine months of 2019, this division produced 110,588 metric tons of copper with a cash cost of 133,7 cents per pound and a total cash cost of U.S.$315 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 2018, this division produced 195,531 metric tons of copper, or 10.8% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 163.7 cents per pound, compared to 139.6 cents per pound in 2017, and a total cash cost of U.S.$682 million in 2018, compared to U.S.$654 million in 2017. During the first nine months of 2019, this division produced 125,939 metric tons of copper with a cash cost of 188.8 cents per pound and a total cash cost of U.S.$506 million.

- The Gabriela Mistral Division was created in 2013 and operates the Gabriela Mistral mine, which uses SX-EW technology. The Gabriela Mistral mine produced its first copper cathodes in 2008 after a 26-month construction period. In 2018, this division produced 107,247 metric tons of copper, or 5.9% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 191.9 cents per pound, compared to 151.9 cents per pound in 2017, and a total cash cost of U.S.$454 million in 2018, compared to U.S.$411 million in 2017. During the first nine months of 2019, this division produced 72,182 metric tons of copper with a cash cost of 250.2 cents per pound and a total cash cost of U.S.$398 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 2018, this division produced 60,840 metric tons of copper cathodes, or 3.4% of CODELCO's total copper output (including CODELCO's share of the El Abra deposit and Anglo American Sur), with a cash cost of 223.5 cents per pound, compared to 198.7 cents per pound in 2017, and a total cash cost of U.S.$296 million in 2018, compared to U.S.$269 million in 2017. During the first nine months of 2019, this division produced 27,130 metric tons of copper with a cash cost of 246.6 cents per pound and a total cash cost of U.S.$146 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 ENAMI in 2005. In 2018, this division refined 409,049 metric tons of copper, compared to 410,024 metric tons of copper in 2017. 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 CODELCO'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. 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 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, increased to 1,806,363 metric tons during the twelve months of 2018 from 1,842,075 metric tons in the twelve months of 2017. This decrease was mainly due to lower copper production from the Andina, Mina Ministro Hales, Gabriela Mistral and Chuquicamata Divisions. Molybdenum production decreased by 16.2% in 2018 mainly due to the decreased production from the Chuquicamata and the Andina 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, 2018 and the nine-month period ended September 30, 2019:

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

	Year ended December 31,			Nine months ended September 30,		% Change
	2016	2017	2018	2018	2019	2018/2019
El Teniente Division	475	464	465	348	324	(7.0)%
Radomiro Tomic Division	318	319	333	254	198	(22.1)
Chuquicamata Division	302	331	321	198	262	32.2
Mina Ministro Hales	237	215	195	142	111	(22.2)
Andina Division	193	220	196	144	126	(12.4)
Gabriela Mistral Division	122	123	107	77	72	(6.6)
Salvador Division	60	62	61	37	27	(26.6)

El Abra[(1)]	49	38	44	34	29	(14.7)
Anglo American Sur[(2)]	71	70	84	62	61	(1.7)
CODELCO Total Production	1,827	1,842	1,806	1,296	1,209	(6.7)
Chilean Private Sector[(3)]	3,725	3,661	4,026	2,958	3,037	2.7
Total Chilean Production	5,553	5,503	5,832	4,254	4,246	(0.2)

(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, 2017 and the nine-month period ended September 30, 2019:

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

	Year ended December 31,			Nine months ended September 30,
	2016	**2017**	**2018**	**2019**
Cathodes	534	508	455	288
Blister and anodes	394	382	386	206
Calcines	166	159	153	82
Concentrates	613	686	684	544
Total	**1,707**	**1,734**	**1,678**	**1,120**

The following table sets forth CODELCO's initial capital expenditures budget for the period 2019-2021 by division, and for the executive offices, as approved by the Company's Board of Directors as part of CODELCO'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 CODELCO). 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	$ 3,747
El Teniente	2,941
Andina	1,339
Radomiro Tomic	656
Salvador	1,164
Mina Ministro Hales	221
Gabriela Mistral	227
Ventanas	110
Executive Offices	481
Subsidiaries	38
Deferred expenses	2,460
Total	**$ 13,385**

(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.$)
El Teniente	New mining level (2023)	Execution[(1)]	5,598
Chuquicamata	Chuquicamata Underground (2019)	Execution[(1)]	5,019
Andina	Expansion phase II (N.A.)	Feasibility	3,440
	Reallocation Plant (2020)	Execution[(1)]	1,361
Salvador	Inca Pit (2021)	Feasibility	1,262
		Total	**$ 19,571**

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

Nonetheless, the figures above reflect the estimated investments that CODELCO expected to make under its 2019 updated BDP report. CODELCO continues to reformulate the Andina expansion project, which could decrease the medium-term capital expenditure program. Therefore, this medium-term period more reliably reflects CODELCO'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 2018 production, and operates the El Teniente underground mine located 80 kilometers southeast of Santiago. With the production of 465,040 metric tons in 2018, 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 140,000 metric tons of ore per day. The Esmeralda area of the mine is the main producing mine area, producing approximately 36,750 metric tons of ore per day.

As of September 30, 2019, the El Teniente Division employed 4,045 persons and produced 323,896 metric tons of copper at a cash cost of 101.8 cents per pound and a total cash cost of U.S.$716 million, as compared to a cash cost of 106.6 cents per pound and a total cash cost of U.S.$811 million during the first nine months of 2018. In 2018, this division had a cash cost of 106.5 cents per pound, compared to 113.5 cents per pound in 2016 and 97.2 cents per pound in 2016, and a total cash cost of U.S.$1.1 million in 2018, compared to U.S.$1.2 million in 2017 and U.S.$1.0 million in 2016.

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,			Nine months ended September 30,
	2016	**2017**	**2018**	**2019**
Copper Production	475	464	465	324
Cash Cost	97.2	113.5	106.5	101.8

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 1.29 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 2018, the Radomiro Tomic Division produced 332,667 metric tons of copper.

As of September 30, 2019, the Radomiro Tomic Division employed 1,190 persons and produced 197,889 metric tons of copper at a cash cost of 147.4 and a total cash cost of U.S.$639 million compared to a cash cost of 135.2 cents per pound and a total cash cost of U.S.$749 million during the first nine months of 2018. In 2018, this division had a cash cost of 134.1 cents per pound compared to a cash cost of 131.4 cents per pound in 2017 and 134.8 cents per pound in 2016 and a total cash cost of U.S.$973 million in 2018, compared to a total cash cost of U.S.$915 million in 2017 and U.S.$936 million in 2016.

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,			Nine months ended September 30,
	2016	2017	2018	2019
Copper Production Radomiro Tomic	318	319	333	198
Cash Cost Radomiro Tomic	134.8	131.4	134.1	147.4

Chuquicamata Division

Chuquicamata—Mining Operations. Chuquicamata is one of the largest open pits in the world with a total production of 320,744 metric tons in 2018. 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 September 30, 2019, the Chuquicamata Division employed 5,110 persons and produced 262,091 metric tons of copper at a cash cost of 125.0 cents per pound and a total cash cost of U.S.$702 million, compared to a cash cost of 135.9 cents per pound and a total cash cost of U.S.$580 million during the first nine months of 2018. In 2018, this division had a cash cost of 131.5 cents per pound compared to a cash cost of 130.9 cents per pound in 2017 and 118.3 cents per pound in 2016 and a total cash cost of U.S.$908 million in 2018, compared to a total cash cost of U.S.$933 million in 2017 and U.S.$774 million in 2016.

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

	Year ended December 31,			Nine months ended September 30,
	2016	2017	2018	2019
Copper Production Chuquicamata	302	331	321	262
Cash Cost Chuquicamata	118.3	130.9	131.5	125.0

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 2018, it produced 195,485 metric tons of fine copper.

As of September 30, 2019, Mina Ministro Hales employed 767 persons and produced 110,588 metric tons of fine copper at a cash cost of 133.7 cents per pound and a total cash cost of U.S.$315 million, compared to a cash cost of 118.6 cents per pound and a total cash cost of U.S.$360 million during the first nine months of 2018. In 2018, this division had a cash cost of 124.0 cents per pound, compared to a cash cost of 121.8 cents per pound in 2017 and 115.3 cents per pound in 2016 and a total cash cost of U.S.$517 million in 2018, compared to a total cash cost of U.S.$560 million in 2017 and U.S.$584 million in 2016.

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,			Nine months ended September 30,
	2016	2017	2018	2019
Copper Production	237	215	195	111
Cash Cost	115.3	121.8	124.0	133.7

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 2018, the Gabriela Mistral Deposit produced 107,247 metric tons of copper.

As of September 30, 2019, the Gabriela Mistral Division employed 451 persons and produced 72,182 metric tons of copper at a cash cost of 250.2 cents per pound and a total cash cost of U.S.$398 million, as compared to a cash cost of 191.9 cents per pound and a total cash cost of U.S.$327 million during the first nine months of 2018. In 2018, this division had a total cash cost of 191.9 cents per pound, compared to a cash cost of 151.9 cents per pound in 2017 and 144.2 cents per pound in 2016 and a total cash cost of U.S.$411 million in 2017, compared to a total cash cost of U.S.$387 million in 2016 and U.S.$440 million in 2015.

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,			Nine months ended September 30,
	2016	2017	2018	2019
Copper Production	122	123	107	72
Cash Cost	144.2	151.9	191.9	250.2

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 September 30, 2019, the Andina Division employed 1,591 persons and produced 125,939 metric tons of copper at a cash cost of 188.8 cents per pound and a total cash cost of U.S.$506 million, as compared to a cash cost of 164.8 cents per pound and a total cash cost of U.S.$505 million during the first nine months of 2018. In 2018, this division produced 195,531 metric tons of copper and had a cash cost of 163.7 cents per pound, compared to a cash cost of 139.6 cents per pound in 2017 and 146.6 cents per pound in 2016 and a total cash cost of U.S.$682 million in 2018, compared to a total cash cost of U.S.$654 million in 2017 and U.S.$603 million in 2016.

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 calcopyrite. CODELCO's portion of the deposit is four kilometers in length, in the northwest to southeast direction, with a maximum width of almost one kilometer.

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

	Year ended December 31,			Nine months ended September 30,
	2016	**2017**	**2018**	**2019**
Copper Production	193	220	196	126
Cash Cost	146.6	139.6	163.7	188.8

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 2018, it produced 60,840 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 September 30, 2019, Salvador employed 1,474 persons and produced 27,130 metric tons of fine copper at a cash cost of 246.6 cents per pound and a total cash cost of U.S.$146 million, compared to a cash cost of 228.6 cents per pound and a total cash cost of U.S.$184 million during the first nine months of 2018. In 2018, this division had a cash cost of 223.5 cents per pound, compared to a cash cost of 198.7 cents per pound in 2017 and 182.3 cents per pound in 2016 and a total cash cost of U.S.$296 million in 2018, compared to a total cash cost of U.S.$269 million in 2017, and U.S.$239 million in 2016.

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,			Nine months ended September 30,
	2016	**2017**	**2018**	**2019**
Copper Production	60	62	61	27
Cash Cost	182.3	198.7	223.5	246.6

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

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 2005. The Ventanas smelter has the capacity to treat of over 400,000 metric tons of concentrate. Ventanas refined approximately 409,049 metric tons of copper in 2018. 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 September 30, 2019, the Ventanas Division employed 836 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 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 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. This company had delivered dividends to CODELCO in an aggregate amount of U.S.$104.7 million and U.S.$14.4 million in 2015 and 2016, respectively.

- *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. 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 2004.

  - In 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 2018, SCM El Abra produced 90,532 metric tons of fine copper at a cash cost of 234 cents per pound. For the nine months ended September 30, 2019, the production was 58,463 metric tons of fine copper with a cash cost of 269 cents per pound.

  - The project had delivered total dividends of U.S.$110 million, U.S.$80 million, and U.S.$10 million in

2016, 2017 and 2018, respectively, and CODELCO had received U.S.$53.9 million, U.S.$39.2 million and U.S.$4.9 million in dividends in 2016, 2017 and 2018, respectively. In the first nine months of 2019, the project had not delivered dividends. As of September 30, 2019, the carrying value of SCM El Abra's ownership interest was equal to U.S.$596.6 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, then 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.

- On November 26, 2016, CODELCO signed a credit agreement with Oriente Copper, an affiliate of Mitsui, renegotiating the payment of principal at the end of the contract. The terms established an annual interest rate of LIBOR +2.5% with a five-year maturity to be payable in one installment at maturity with semi-annual interest payments. On May 26, 2017, CODELCO signed a new credit agreement with Mitsui renegotiating the following semi-annual payment, which was on the same terms as the first renegotiation done in November 2016.

- On December 21, 2017, CODELCO and Mitsui agreed to merge Acrux into Becrux, as the surviving entity. The reorganization did not affect the interest that CODELCO and Mitsui indirectly hold in Anglo American Sur.

- Anglo American Sur fine copper production was 422,247 metric tons in 2018 with a cash cost of 149 cents per pound, compared to 348,732 metric tons in 2017 with a cash cost of 173 cents per pound and 354,178 metric tons in 2016 with a cash cost of 157 cents per pound. For the nine months ended September 30, 2019, the production was 302,629 metric tons of fine copper with a cash cost of 140 cents per pound. Anglo American Sur has distributed U.S.$0 in 2016, U.S.$187.3 million in 2017, U.S.$182.9 million in 2018, and U.S.$84.4 million as of September 30, 2019 in cash dividends to Becrux, and CODELCO has a 67.8% indirect participation in Becrux. As of September 30, 2019, the carrying value of equity of Anglo American Sur was equal to U.S.$2.9 billion, of which CODELCO has a 20% indirect participation. See "Risk Factors." A substantial amount of our total assets are property, plant and equipment.

- *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. In 2015, the company distributed U.S.$2.5 million in dividends to CODELCO. During 2016, 2017, 2018 and the first nine months of 2019, 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 Aurubis AG (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. On July 31, 2018, CODELCO sold its 40% ownership stake in Deutsche Giessdraht GmbH to its partner Aurubis AG after receiving approval of the transaction by Germany's federal antitrust regulator (*Bundeskartellamt*). The sale includes an agreement which allows CODELCO to produce wire rod until December 31, 2018 to fulfill its sales contract obligations that expire at the end of 2018.

- *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.

  - As of June 30, 2019, CODELCO owned 37% of the outstanding shares of the company, and Suez Energy Andino S.A. owned the remaining 63% of the shares.

  - On August 6, 2019, CODELCO announced the sale of its 37% stake in GNL Mejillones S.A. to to Ameris Capital AGF, for an amount of US$193.5 million.

- *Salar de Maricunga SpA*: In April 2017, CODELCO formed Salar de Maricunga SpA ("Salar de Maricunga") to develop projects for the exploration and exploitation of lithium in Chile. In March 2018, Salar de Maricunga entered into a special lithium operating contract with Chile's Ministry of Mining for the exploration and development of a lithium project in the Maricunga salt flat in the northern Atacama Region of Chile. In July 2019, CODELCO subscribed a non-binding MOU with Minera Salar Blanco S.A. with the purpose of studying how to structure a sustainable lithium project from a social, environmental and economic point of view in the Salar de Maricunga, with the aim of the project becoming the third largest lithium producer in Chile. During the term of the MOU, the companies will negotiate the definitive terms of the association that will allow them to carry out this initiative, combining their experiences. This MOU seeks to enable CODELCO to participate in a lithium project that consolidates the main mining properties of the Maricunga salt flat, based on a public-private alliance model, according to the guidelines of the National Lithium Policy.

- *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 a 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 September 30, 2019:

Major Mining and Exploration Agreements
(As of September 30, 2019)

	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		
Puntilla Galenosa	Pucobre (Chile)	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*.

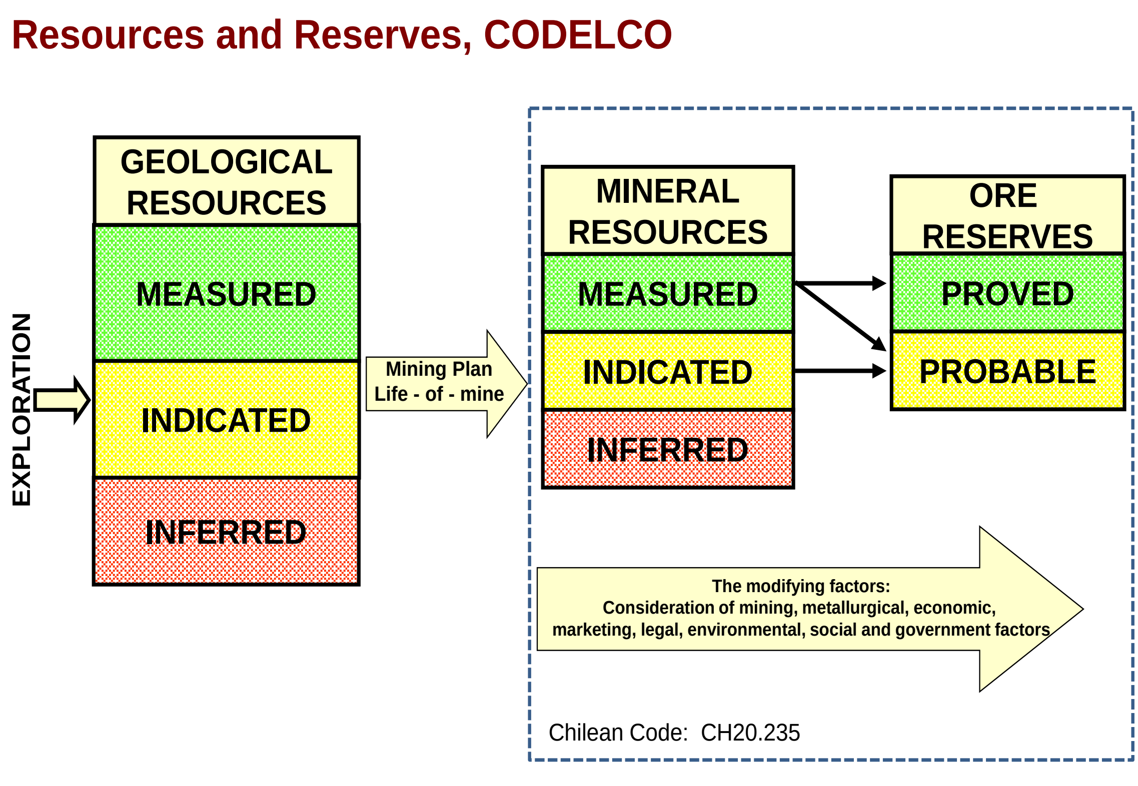
A resource is considered to be *measured* if CODELCO's knowledge of the resource is extensive and direct; if CODELCO's knowledge of the resource is substantial but less extensive, it is considered to be *indicated*; and if CODELCO's knowledge of the resource is only indirect, it is considered to be *inferred*.

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 47.6 million metric fine tons of copper, an amount that represents at least 26 years of future production at current levels. CODELCO's mineral resources include 134.2 million metric fine tons of copper, and its identified geological resources include 392.1 million metric tons of copper, for a cut-off grade of 0.2% copper.

CODELCO's proved and probable reserves slightly decreased from 48.3 million metric tons in 2018 to 47.6 million metric tons in 2019, increased to 48.3 million metric tons in 2018 from 48.2 million metric tons in 2017 and decreased to 48.2 million metric tons in 2017 from 51.0 million metric tons in 2016 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, 2018:

	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	7,442	0.41%	30.5	3,972	0.45%	17.8	1,926	0.50%	9.6
Chuquicamata	14,558	0.44%	63.7	1,934	0.69%	13.3	1,303	0.73%	9.5
Ministro Hales	2,421	0.79%	19.2	1,233	0.87%	10.7	185	0.91%	1.7
Gabriela Mistral	1,469	0.34%	4.9	414	0.35%	1.4	336	0.35%	1.2
Salvador	3,484	0.41%	14.3	828	0.59%	4.9	581	0.64%	3.7
Andina	22,096	0.61%	135.9	4,139	0.80%	32.9	1,163	0.69%	8.0
El Teniente	16,367	0.57%	93.4	4,381	0.80%	34.9	1,348	0.85%	11.4
Exploration/Business and Subsidiaries(4)	8,421	0.36%	30.4	3,201	0.56%	18.1	512	0.50%	2.5
Total	**76,290**	**0.51%**	**392.1**	**20,104**	**0.67%**	**134.2**	**7,353**	**0.65%**	**47.6**

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

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

(3) In millions of metric tons.

(4) Includes artificial geological resources

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, 2018:

	World (in millions of tons)	CODELCO (in millions of tons)	CODELCO's share (%)
Geological Resources	2,100(1)	392.1(2)	19
Proved and Probable Reserves	830(1)	47.6	6

(1) As defined by the U.S. Geological Survey (January 2019) 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 2019 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 2019 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 2019 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 6% 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 2018, 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 2.438 million of metric tons of ore with an 0.44% average copper ore grade, and equivalent to 10.69 million metric tons of fine copper. As explorations progress and further estimates are completed, these resources could 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 and projects abroad, as of December 31, 2018:

	Potential Geological Reserves(1)		
Region	**Ore(2)**	**Grade Copper**	**Fine Copper(2)**
CODELCO Northern District (CND)	99	0.51	0.51
Don Felipe			
San Andrés NW			
Carmen			
International Exploration	2,339	0.44	10.18
Liberdade (Brazil)			
Llurimagua (Ecuador)			
Total	2,438	0.44	10.69

(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 byproducts. 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 2018, CODELCO's annual production of copper was 1.68 million metric tons, or 1.81 million metric tons including the El Abra and Anglo American Sur interests. CODELCO continues to focus on controlling and limiting increases in production costs. In 2018, CODELCO's total costs and expenses were 245.1 cents per pound, compared to 227.1 cents per pound in 2017 and 214.6 cents per pound in 2016, mainly due to the appreciation of the Chilean peso against the U.S. dollar, lower production levels, higher input prices, reflected in higher fuel, energy and materials expenses, a non-cash charge related to a write-off of an underground mining innovation project, an impairment recognition in Ventanas Division and higher bonuses and employment benefits associated with 18 collective bargaining agreements. The increase in 2017 compared to 2016 is primarily attributable to the appreciation of the Chilean peso against the U.S. dollar followed by higher interest expenses and higher fuel and energy expenses. During the nine months ended September 30, 2019, CODELCO's total costs and expenses decreased by 4.9 cents per pound (2.1%) to 239.7 cents per pound, compared to 244.6 cents per pound for the same period in 2018, mainly due to Chilean peso depreciation against U.S. Dollar and cost cutting initiatives, partially offset by lower production levels in connection with weather disruptions in the northern area of Chile, a 14-day strike at the Chuquicamata mine and upgrades at the Chuquicamata and Salvador smelters that suspended operations temporarily.

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 2018, CODELCO's cash cost of production was 139.1 cents per pound compared to 135.9 cents per pound in 2017 and 126.1 cents per pound in 2016 primarily attributable to the appreciation of the Chilean peso against the U.S. dollar, lower production levels, and higher main input prices. The higher cash cost in 2017 is mainly the consequence of higher operational costs, the appreciation of the Chilean peso against the U.S. dollar and the increase in interest expenses. For the nine months ended September 30, 2019, CODELCO's cash cost was 143.1 cents per pound, compared to 138.9 cents per pound in the same period in 2018, due to lower production levels as a result of weather disruptions in the northern area of Chile, a 14-day strike at the Chuquicamata mine and lower by-product credits due to lower volumes sold of molybdenum, sulfuric acid, gold and silver.

In 2018, CODELCO'S total cash cost was U.S.$5.1 billion, compared to U.S.$5.1 billion in 2017 and U.S.$4.7 billion in 2016. For the nine months ended September 30, 2019, CODELCO's total cash cost was U.S.$3.5 billion, as compared to U.S.$3.6 billion for the nine months ended September 30, 2018. 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, the 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 new electrical generation capacity based on coal. Furthermore, in 2018 CODELCO entered into an extension of the Chuquicamata Division contract for an additional 11 years. This new agreement, effective as of 2025, provides for the creation of new electrical generation capacity based on renewable sources. Additionally, 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 began 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, 2018 and the nine months ended September 30, 2019:

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

	Year ended December 31,			Nine months ended September 30,
	2016	2017	2018	2019
Cathodes	1,359	1,233	1,231	743
Blisters and Anodes	100	119	136	22
Concentrates	596	611	529	549
Total	2,054	1,963	1,896	1,313

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 under long-term contracts of at least one year to customers that have long-term relationships with CODELCO. The specific commercial terms of these contracts are negotiated annually by the parties for the following calendar year. Recently, and as part of a revamped commercial strategy, CODELCO has agreed to sell copper under a rolling deal format known as "evergreen" contracts with certain key customers. CODELCO's evergreen contracts have an initial duration of three years from the effective date and, unless terminated by either party, are automatically renewed for an additional year at the end of the original term. The main advantage of evergreen contracts is to lock-in sales to key customers (and for customers to have a guaranteed supply of raw material from a key supplier) over a longer period of time. For both annual and evergreen contracts, the premium over the base price is negotiated annually and the base price is the LME cash settlement averaged over the quotation period, which according to CODELCO's commercial policy is the month following the contractual or scheduled month of shipment (referred to as M+1). Products that are not committed under long-term contracts (which represent a small percentage of CODELCO's annual volume) are sold throughout the year at the prevailing conditions of the spot market to either consumers or merchants.

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 2018, the base premium for CIF shipments (including shipping and insurance costs) to Rotterdam was set at U.S.$87 per metric ton, compared to U.S.$82 per metric ton in 2017 and U.S.$92 per metric ton in 2016. The estimated base premium for 2019 is U.S.$98 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 charges.

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 29 and 30 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 29 and 30 to the 2017-2018 Consolidated Financial Statements and notes 29 and 30 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 2017 were geographically diversified, with approximately 55% of sales made to Asia, including 40% to China, 15% of sales made to Europe and 30% to North and South America. CODELCO's top ten customers purchased approximately 37.8% of its total copper sales volume in 2017.

The following table shows CODELCO's copper sales for the three years ended December 31, 2018 to CODELCO's top export markets and in Chile:

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

	2016	2017	2018
China	943	789	869
United States	203	295	248
South Korea	173	123	107
Chile	144	170	201
France	103	95	82
Brazil	78	88	72
Germany(1)	65	58	17
India	48	58	30
Japan	44	37	43
Taiwan	41	54	48
Spain	30	51	31
Bulgaria	22	28	22
Turkey	21	29	25
Greece	15	11	5
Mexico	15	10	14
Malaysia	14	7	5
Thailand	11	7	7
Vietnam	10	12	8
Canada	6	6	32
Others	60	63	33
Total	**2,047**	**1,991**	**1,899**

(1) Until 2016, sales in Austria, the Netherlands and Denmark were done through Germany and, as a result, such sales are consolidated with sales in Germany. In 2017, the sales figure also combines the sales in the Netherlands for comparability purposes. There were no sales in Austria or Denmark in 2017.

The sales to China increased in 2018 as compared to 2017 primarily driven by growth in the world copper consumption, while sales in China decreased in 2017 as compared to 2016 primarily driven by a reallocation of supply to stronger demand in the U.S. market.

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, 2018, CODELCO employed 18,036 employees as compared to 18,562 employees as of December 31, 2017. CODELCO spent U.S.$15.20 million during 2018 on staff development and training. A total of 8,144 training sessions were held, with many employees attending multiple courses, for a total of approximately 70,566 participants. CODELCO employed an average work force of 18,395 persons during the twelve months of 2018.

As of December 31, 2018, approximately 92.3% of CODELCO's employees were covered by collective bargaining agreements with labor unions. Most of these collective bargaining agreements have terms of two to three years.

In the nine-month period ended September 30, 2019, CODELCO negotiated nine collective bargaining agreements with no conflicts or work stoppages, except for one 14-day strike involving approximately 3,200 union workers in the Chuquicamata Division.

In 2018, CODELCO negotiated 18 collective bargaining agreements. Twelve collective bargaining agreements, covering a total of 7,081 employees at the Andina Division, Salvador Division, Mina Ministro Hales Division, El Teniente Division and Gabriela Mistral Division, were negotiated ahead of schedule without any conflicts or work stoppages. Five collective bargaining agreements, covering a total of 2,601 employees at the Radomiro Tomic Division, Mina Ministro Hales Division, Chuquicamata Division and our headquarters, were negotiated on schedule without any conflicts or work stoppages. The remaining collective bargaining agreement was reached at the conclusion of the 39-day strike with the workers from the Andina Division.

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 with the CTC will not occur in the future.

As of September 30, 2019, there were 33,851 employees of regular independent operating contractors and 15,295 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 September 30, 2019, an aggregate principal amount of U.S.$195 million of these loans was outstanding.

Number of Employees by Division(1)

Divisions	January to December 2016	2017	2018	Variation (%) 2017/2018	January to September 2019
Chuquicamata	6,126	5,679	5,650	(0.5)%	5,225
Radomiro Tomic	1,252	1,238	1,261	1.9%	1,213
Gabriela Mistral	561	548	554	1.1%	519
Mina Ministro Hales	764	758	790	4.2%	778
Salvador	1,503	1,666	1,666	0.0%	1,540
Andina	1,692	1,691	1,720	1.7%	1,635
El Teniente	4,549	4,526	4,395	(2.9)%	4,191
Headquarters	460	477	483	1.3%	584
Ventanas	952	936	894	(4.5)%	847
Shared Services (Vice Presidency of Projects)	872	855	948	10.9%	1,009
Internal Auditing	28	29	35	20.7%	41
Total	18,758	18,403	18,395	0.0%	17,581

(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 2018, there were four fatalities involving CODELCO personnel and CODELCO contractors. In 2019, there has been one fatality involving CODELCO personnel. CODELCO is currently investigating the cause of this fatality.

The total number of "lost time" accidents in 2018 was 122 and the accident frequency rate was 0.86 accidents per million hours worked. As of September 30, 2019, the current total number of "lost time" accidents for 2019 is 84 and the accident frequency is 0.70 accidents per million hours worked.

Comptroller General of the Republic

During 2017, the Comptroller issued three declarations (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 declarations 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 declarations 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 declarations issued, and subsequently filed an action of annulment against the three declarations issued by the Comptroller. 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. Those described in this section involve claims of U.S.$10 million or more. 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. In August 2019, the Santiago Court of Appeals issued a final decision in favor of CODELCO, discarding all of the SII's claims and rendering the SII's resolution null and void. The SII has appealed the decision before the Supreme Court. A final decision is still pending.

CODELCO has been subject to various proceedings in which workers, former workers and families of deceased workers allege that working conditions caused the workers to contract silicosis. CODELCO has provisions related to each of the claims detailed below:

- In May 2017, 56 former workers from the El Salvador Division initiated a civil legal proceeding for approximately U.S.$29.5 million. A final resolution was issued in September 2018 granting the claimants an award of approximately U.S.$2.3 million, which was subsequently appealed by both claimants and defendant. A final decision was issued determining a partial award in favor of 34 former workers for approximately U.S.$2.0 million, bringing this proceeding to an end.

- In October 2019, CODELCO was served process related to a new claim filed by relatives of 42 former workers from the Andina Division who initiated a civil proceeding requesting compensation for approximately U.S.$15.1 million. The proceedings are currently in the initial stages and, as a result, CODELCO is unable to determine the outcome of this matter. A final decision is still pending.

In January 2016, the FESUC filed a labor claim accusing CODELCO of anti-union conduct for having released 350 workers and claiming damages that, in the aggregate, amount to approximately U.S.$45 million. Subsequent proceedings resulted in a first instance award in September 2019 in favor of the FESUC, requiring CODELCO to pay approximately U.S.$13,500 and to take measures to protect union rights. CODELCO and the FESUC have filed appeals. A final ruling is 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.$14.2 million. A final ruling is still pending.

In March 2018, Eifel Ingeniería Eléctrica y Construcción Ltda. filed a civil claim against CODELCO seeking specific performance of a service agreement for electric works at CODELCO's Andina Division and claiming damages in the amount of approximately U.S.$11.1 million. The proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In April 2018, Trebol Minerals S.A. filed a civil claim against CODELCO's El Salvador Division claiming payment of unpaid services, damages, loss of profits and moral damages, plus interest thereon, in the amount of approximately U.S.$12 million. The proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In July 2019, Ingeniería y Maquinarias Indak Limitada *et al.* filed a civil a claim against CODELCO claiming payment of damages, loss of profits, loss of opportunities and moral damages, plus interest thereon, in the amount of approximately U.S.$46 million. The proceedings are in the initial stages and have not yet reached the discovery period. A final ruling is still pending.

In November 2019, the Supervisors Labor Union of CODELCO's Gabriela Mistral Division filed a labor suit claiming anti-labor union practices and discrimination relating to the dismissal of 79 workers. The claim requests damages in the amount of approximately U.S. $21.3 million. The proceedings are in the initial stages and, as a result, CODELCO is unable to determine the outcome of this matter. 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 and lawsuits of probable loss, see note 31 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 2016 on the LME:

Average Copper Price
(U.S.¢/Pound)

2016		
	First Quarter	221.9
	Second Quarter	214.5
	Third Quarter	216.5
	Fourth Quarter	239.4
2017		
	First Quarter	264.5
	Second Quarter	256.8
	Third Quarter	288.0
	Fourth Quarter	308.8
2018		
	First Quarter	315.7
	Second Quarter	311.7
	Third Quarter	276.9
	Fourth Quarter	280.0
2019		
	First Quarter	281.9
	Second Quarter	277.3
	Third Quarter	263.2
	Fourth Quarter	266.8
2020		
	First Quarter (through January 3, 2020)	277.7

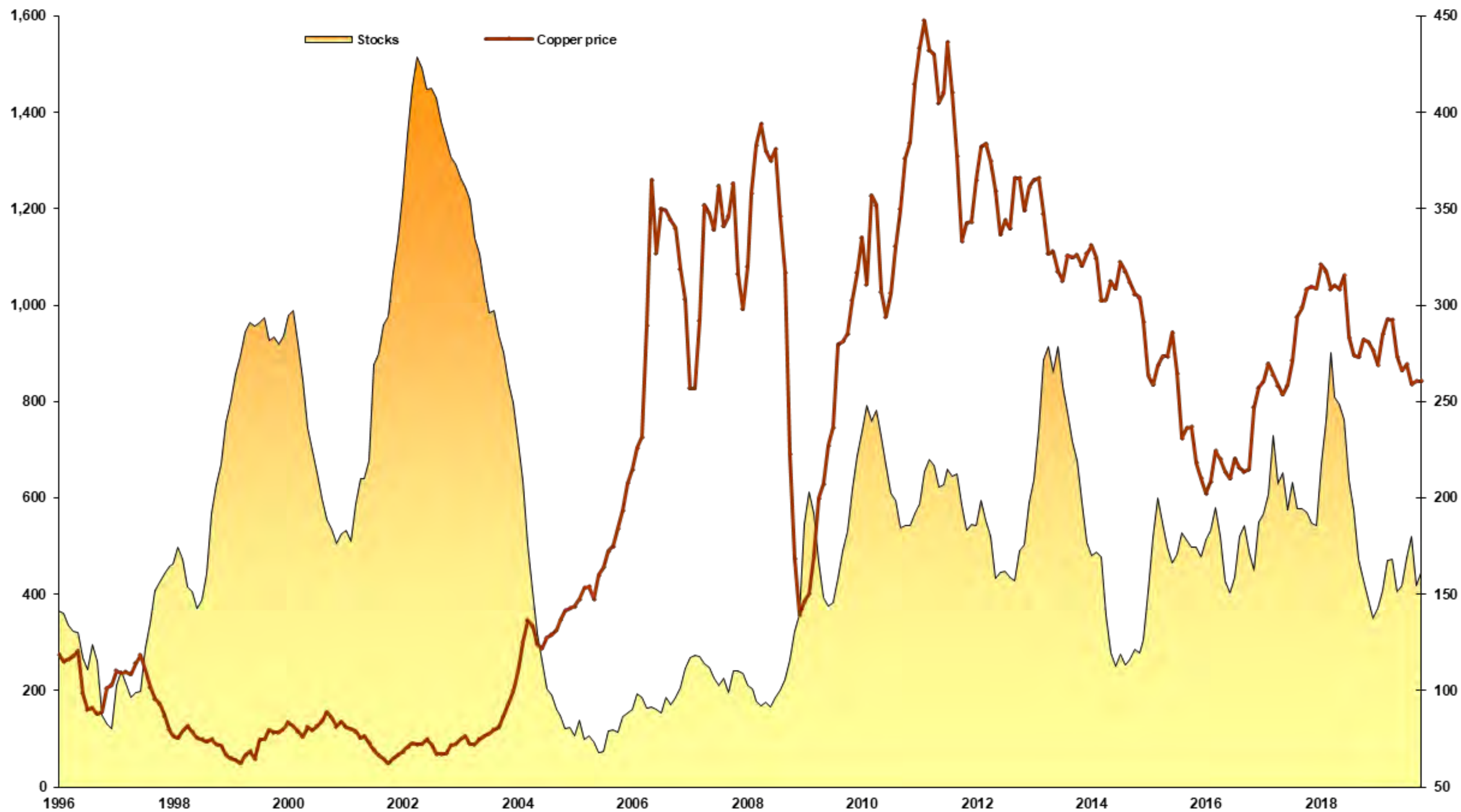
Source: London Metal Exchange, Monthly Average Settlement.

On January 3, 2020, the closing price for refined copper on the LME was 275.7 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 October 31, 2019:

Copper Prices and Inventories on Commodities Exchanges

'000 tons c/lb



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."

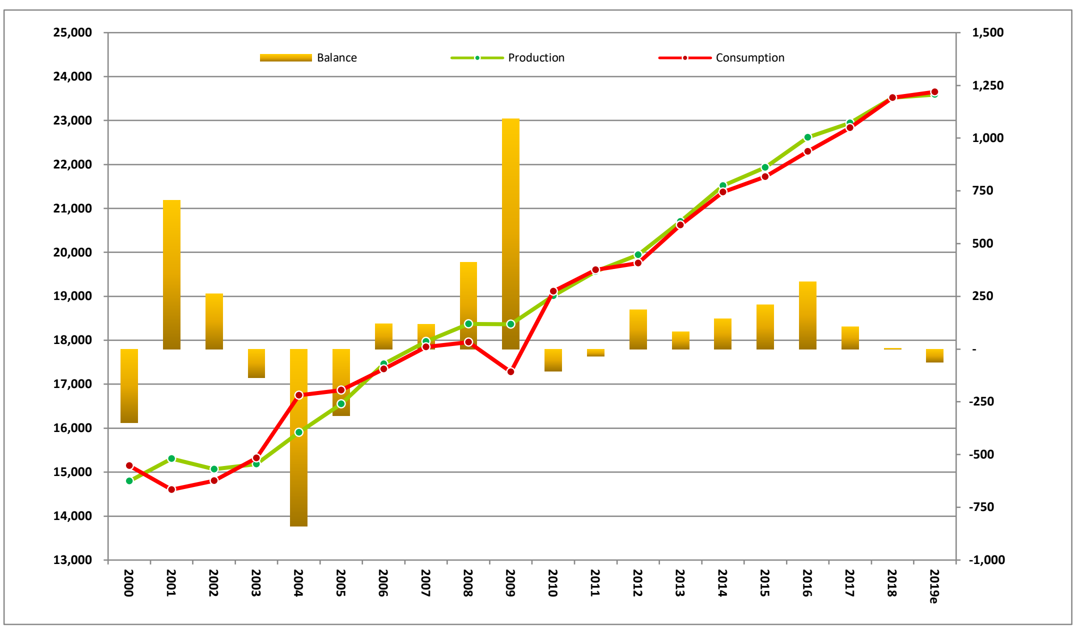
Opportunities for Copper

Since 2005, copper prices have experienced significant volatility. LME copper prices averaged 295.9 cents per pound in 2018, compared to 279.9 cents per pound in 2017 and 220.6 cents per pound in 2016. While lower copper prices in 2016 reflect the global volatility, the European crisis and the fears regarding China, the recovery in 2018 and 2017 reflects disruptions on the supply side, higher expectations in China and increased global demand. Global demand for copper in 2017 increased by 2.2%, including a 4.5% demand increase from China. In 2018 demand for copper is estimated that increased 2.8%, including a 5.3% demand growth from China. Copper demand remains strong, particularly in Asia, despite the geopolitical, trade and other global uncertainties during 2018. 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 2018 (in thousands of metric tons):

Refined Copper Supply and Demand Worldwide Balance



Sources: CODELCO, internal data (October, 2019)

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, the CMF, on the same terms as publicly held corporations (CODELCO is registered under the Securities Registry No. 785 of the CMF) 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 Chile's Constitution, 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 Constitution and 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 2018, CODELCO paid total concession fees of U.S.$7.5 million. As of September 30, 2019, CODELCO has paid U.S.$8.4 million in total concession fees for 2019.

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 No. 19,300), enacted in March 1994 and modified by Law No. 20,417, enacted in 2010, establishes the general environmental legal framework in Chile, including the establishment of a range of environmental management mechanisms known as the Environmental Impact Assessment System (*Sistema de Evaluación de Impacto Ambiental*), 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 even more 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 complemented by additional regulations, enables 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 to 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. As of the date of this offering memorandum, one of these proceedings involves CODELCO, for an action brought by citizens against all the companies that operates in the Ventanas area and the Ministry of the Environment. CODELCO is unable to fully assess at this time the potential cost of compliance.

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 and once successfully executed it may absolve the infringer from fines or sanctions. This Compliance Plan was approved by the Bureau of the Environment in 2016 and is under implementation by CODELCO. In 2017 the Environmental Court required a complement of this plan to include the evaluation of possible environmental consequences. CODELCO has presented the required information to the Bureau of the Environment to comply with this requirement and a final decision is pending.

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.

Additionally, citizens affected by environmental pollution may file a petition for relief to Chilean Courts of Appeal, requiring the suspension of the offending activity and the adoption of protective measures through the judicial process called *recurso de protección* (constitutional protection action).

If determined that CODELCO violated its environmental permits, the Bureau of the Environment could impose a fine on CODELCO and could require CODELCO to 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 article 10 of Law 19,300 by means of an environmental impact declaration or an environmental impact 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 2008 to 2018, CODELCO invested U.S.$2,988 million in projects, and plans to continue implementing pollution abatement plans through additional capital investments amounting to U.S.$1,021 million from 2019 through 2020. In 2018, CODELCO allocated U.S.$861 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 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 in air water or soil 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 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 may initiate 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. The Ventanas decontamination plan has been recently reviewed by government authorities. In the areas surrounding the Chuquicamata smelter, there are decontamination plans for PM_{10} under review and under development, and a pollution prevention plan for SO_2 is currently under development. 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. As of the date of this offering memorandum, 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 2011 and became effective in 2012. In 2015, a new saturated zone with respect to $PM_{2.5}$ and latent zone with respect to PM10 in the boroughs of Concón, Quintero and Puchuncavi, the areas where Ventanas is located, was declared and, as a result, a new decontamination plan has been recently enacted. CODELCO estimates that the cost of complying with this new standard will be U.S.$27 million, which will be incurred over a period of approximately four years.

In 2013, Supreme Decree No. 28 of the Ministry of the Environment, on Emission Standard for Smelting Plants was enacted, 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.$2.0 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.

Supreme Decree No.90/2001 of the General Secretary of the Presidency, which sets forth the standards for discharges of liquid waste into surface water bodies, went into effect in 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 No. 90/2001. 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 No. 20,551, which includes health, safety and environmental requirements along with mandatory provisions that require financial guarantees, was enacted in 2011, and became effective in 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 2014. Once the assessment of closure expenses was approved, CODELCO had to provide the financial guarantee between the sixth months since 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.$1.6 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, 2018, and U.S.$1.5 billion at September 30, 2019. CODELCO is currently developing a project to estimate the additional costs of complying with this new regulation regarding mine closure, which could be material.

On February 4, 2018, the Environmental Court (*Tribunal Ambiental*) in Antofagasta, Chile issued an interim decision which could potentially reduce the availability of a minor source of water to CODELCO in the city of Calama. As of the date of this offering memorandum, CODELCO: (i) is not a party to this legal proceeding; and (ii) has not been contacted by any party or served by the Environmental Court. If and when CODELCO becomes a party to this proceeding, CODELCO expects to: (a) enforce all its available legal remedies against any adverse decision; and (b) implement operational mitigation measures, if necessary.

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.

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. See "Risk Factors – Risks Relating to CODELCO's Relationship with the Government of Chile."

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 12, 2019, the Board of Directors of CODELCO appointed Octavio Araneda Osés as the new CEO, and he commenced his term on September 1, 2019.

On February 27, 2015, CODELCO's Board of Directors appointed Alejandro Rivera Stambuk 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 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 March 1, 2018, CODELCO announced the appointment of Christian Toutin as General Manager of the Salvador Division. On April 1, 2018, CODELCO announced the appointment of Roberto Ecclerfield as Vice President of Sales. On April 27, 2018, CODELCO announced the appointment of Nicolás Rivera as General Manager of the El Teniente Division. On September 28, 2018, CODELCO announced the appointment of Marcelo Alvarez Jara as Vice President of Human Resources.

On December 27, 2018, CODELCO announced the appointment of Renato Fernandez Baeza as Vice President of Corporate Affairs & Sustainability. On January 16, 2019, CODELCO announced the appointment of José Pesce Rosenthal as the Acting Vice President of Corporate Affairs & Sustainability, in addition to his responsibilities as Vice President of Mining Resources Management and Development, until February 18, 2019 when Renato Fernandez Baeza assumed such position on a permanent basis.

On March 1, 2019, CODELCO announced the appointment Sergio Herbage Lundín, former Northern District Development Manager, as the General Manager of the Gabriela Mistral Division. The same day, CODELCO announced the appointment of Jaime Rivera Machado, former General Manager of the Mina Ministro Hales Division, as the General Manager of Andina Division, and the appointment of Andrés Music Garrido, former Mine Manager El Teniente Division, as the General Manager of the Mina Ministro Hales Division. Finally, CODELCO announced the appointment of Alvaro García Gonzalez as CODELCO's first Vice President of Technology.

On July 26, 2019, CODELCO announced the appointment of Mauricio Barraza Gallardo, former General Manager of the Chuquicamata Divison, as Vice President of Central Southern Operations. The same day, CODELCO announced the appointment of Nicolás Rivera Rodriguez, former General Manager of the El Teniente Division, as the General Manager of the Chuquicamata Division, and the appointment of Andrés Music Garrido, the former General Manager of Mina Ministro Hales, as the General Manager of the El Teniente Division. On August 29, 2019, CODELCO announced the appointment of Rodrigo Barrera, former Chuquicata Underground Project Manager, as the General Manager of the Mina Ministro Hales Division. All new positions were effective as of September 1, 2019.

On November 29, 2019, CODELCO announced the appointment of Antonio Bonani Rizzolli as acting Vice President of Mining Resources Management and Development and the appointment of María Francisca Domínguez Meza as acting General Counsel. All new positions were effective as of November 29, 2019.

Directors and Executive Officers

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

Name	Position
Directors	
Juan Benavides Feliú	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)
Hernán de Solminihac Tampier	Director(1)(2)
Raimundo Espinoza Concha	Director(6)(7)
Ghassan Dayoub Pseli	Director(8)(4)
Vacant	Director(1)(9)
Executive Officers	
Octavio Araneda Osses	Chief Executive Officer and President
Alejandro Rivera Stambuk	Chief Financial Officer
Marcelo Alvarez Jara	Vice President Human Resources
Roberto Ecclefield Escobar	Vice President Sales
Gerhard von Borries Harms	Vice President Projects
Antonio Bonani Rizzolli	Vice President Mining Resources Management and Development
Renato Fernandez Baeza	Vice President Corporate Affairs & Sustainability
José Robles Becerra	Vice President Productivity and Costs
Alvaro García Gonzalez	Vice President Technology
Alejandro Sanhueza Diaz	Head of Finance
María Francisca Domínguez Meza	General Counsel
César Correa Parker	General Auditor
Mauricio Barraza Gallargo	Vice President – Central Southern Operations
Alvaro Aliaga Jobet	Vice President – Northern Operations
Nicolás Rivera Rodriguez	General Manager – Chuquicamata Division
Lindor Quiroga Bugueño	General Manager – Radomiro Tomic Division
Rodrigo Barrera Páez	General Manager – Mina Ministro Hales Division
Sergio Herbage Lundín	General Manager – Gabriela Mistral Division
Christian Toutin	General Manager – Salvador Division
José Sanhueza Reyes	General Manager – Ventanas Division
Andrés Music Garrido	General Manager – El Teniente Division
Jaime Rivera Machado	General Manager – Andina Division

(1) Directly appointed by the President of Chile.

(2) Term expires May 2022.

(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 2023.

(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.

(9) On October 28, 2019, Ignacio Briones Rojas resigned from his position as director. A new director will be appointed by the President of Chile.

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 (Vice Chair), Juan Enrique Morales Jaramillo and Paul Schiodtz Obilinovich, 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 Isidoro Palma Penco (Chair), Juan Enrique Morales Jaramillo (Vice Chair), Paul Schiodtz Obilinovich 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 Hernán De Solminihac Tampier (Chair), Isidoro Palma Penco (Vice Chair), 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 Paul Schiodtz (Chair), Hernán De Solminihac Tampier (Vice Chair), Blas Tomic Errázuriz, Juan Enrique Morales Jaramillo and Ghassan Dayoub Pseli. 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), Hernán De Solminihac Tampier 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 Audited Annual 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 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 CMF.

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, dated as of February 5, 2019 (the "base indenture"), among CODELCO, The Bank of New York Mellon, as trustee, paying agent, transfer agent and registrar (the "trustee"), and The Bank of New York Mellon SA/NV, Luxembourg Branch, as Luxembourg paying agent (the "Luxembourg Agent"), as amended and supplemented by the Fourth Supplemental Indenture, dated September 30, 2019, among CODELCO, the trustee and the Luxembourg Agent, the Sixth Supplemental Indenture to be dated as of January 14, 2020 between CODELCO and the trustee and the Seventh Supplemental Indenture dated as of January 14, 2020 (together with the base indenture, the "Indenture") between CODELCO and the trustee.

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 240 Greenwich 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).

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. 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 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 2030 notes accrues from January 14, 2020, and interest on the 2050 notes accrues from September 30, 2019. Interest on the notes will be payable semi-annually in arrears on January 14 and July 14 of each year, commencing on July 14, 2020, in respect of the 2030 notes, and on January 30 and July 30 of each year, commencing on January 30, 2020, in respect of the reopened 2050 notes, 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 December 30 and June 29, respectively, in respect of the 2030 notes, and on January 15 and July 15, respectively, in respect of the 2050 notes, 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 notes will be issued in two series. The reopened 2050 notes will have identical terms, be fungible with and be part of a single series of senior debt securities with the original 2050 notes following the termination of certain U.S. selling restrictions. During the periods subject to certain U.S. selling restrictions, the reopened 2050 notes offered pursuant to Regulation S will have temporary CUSIPs and ISINs. The outstanding aggregate principal amount of the 2050 notes, after issuance of the reopened 2050 notes, will be U.S.$1,900,000,000. The 2030 notes will mature on January 14, 2030, and the 2050 notes will mature on January 30, 2050. 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, unsecured, unconditional and unsubordinated obligations of CODELCO. The notes rank and will rank without any preference among them and equally with all other unsecured and 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. 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 240 Greenwich 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 Securities Exchange Act of 1934, as amended (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 CMF, 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 has received written notification 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. "Responsible Officer" is defined in the indenture as any officer of the trustee with direct responsibility for the administration of the indenture and, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

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 2030 notes will be redeemable, in whole or in part, at our option at any time and from time to time, prior to October 14, 2029 (three months prior to the scheduled maturity of the notes) (the "2030 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 2030 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 2030 notes will be redeemable, in whole or in part, at our option at any time from time to time, commencing on the 2030 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.

The reopened 2050 notes will be redeemable, in whole or in part, at our option at any time and from time to time, prior to July 30, 2049 (six months prior to the scheduled maturity of the notes) (the "2050 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 2050 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 reopened 2050 notes will be redeemable, in whole or in part, at our option at any time from time to time, commencing on the 2050 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 2030 Par Call Date with respect to the 2030 notes, or the 2050 Par Call Date with respect to the reopened 2050 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 BofA Securities, Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Scotia Capital (USA) Inc., 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 the agreement to purchase 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 listed in section 41 H of the Income Tax Law; (ii) 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; (iii) the indebtedness is guaranteed directly or indirectly by a third-party, unless they are not related to CODELCO, in the terms of clauses (i) or (ii) above, or (iv) 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) or (ii), above and (iv) hereafter; (iv) 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 (iii) above; or (v) 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. Hence, as the notes are not issued in Chile, capital gains arising from the sale or other dispositions by a Foreign Holder of the notes will not be deemed as Chilean source income.

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 partnerships for U.S. federal income tax purposes) or partners therein, insurance companies, dealers in securities, nonresident alien individuals present in the United States for 183 days or more during a taxable year, 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.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof, administrative pronouncements, judicial decisions, and final, temporary and proposed Treasury Regulations, changes to any of which subsequent to the date of this offering memorandum may affect the tax consequences described herein. 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.

U.S. Holders that use an accrual method of accounting for tax purposes ("accrual method holders") generally are required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements (the "book/tax conformity rule"). The application of the book/tax conformity rule thus may require the accrual of income earlier than would be the case under the general tax rules described below, although it is not entirely clear to what types of income the book/tax conformity rule applies. Recently released proposed regulations generally would exclude, among other items, original issue discount and market discount (in either case, whether or not *de minimis*) from the applicability of the book/tax conformity rule. Although the proposed regulations generally will not be effective until taxable years beginning after the date on which they are issued in final form, taxpayers generally are permitted to elect to rely on their provisions currently. Accrual method holders should consult with their tax advisors regarding the potential applicability of the book/tax conformity rule to their particular situation.

Qualified Reopening. For U.S. federal income tax purposes, the reopened 2050 notes will be treated as issued in a "qualified reopening" of the original 2050 notes. For U.S. federal income tax purposes, debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under the treatment described in this paragraph, the reopened 2050 notes will have the same issue date, the same issue price and the same adjusted issue price as the original 2050 notes for U.S. federal income tax purposes. Under the qualified reopening rules, because the original 2050 notes were not issued with "original issue discount" for U.S. federal income tax purposes, the reopened 2050 notes issued hereby also do not have original issue discount. The remainder of this discussion assumes that the reopened 2050 notes offered hereby are issued in a qualified reopening.

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, at the appropriate rate applicable to the U.S. Holder will be treated as 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.

Pre-Issuance Accrued Interest. A portion of the price paid for a note offered by this offering memorandum will be allocable to interest that accrued prior to the date the note is purchased ("pre-issuance accrued interest"). To the extent a portion of a U.S. Holder's purchase price for a note is allocable to pre-issuance accrued interest, a portion of the first stated interest payment equal to the amount of such pre-issuance accrued interest may be treated as a nontaxable return of such pre-issuance accrued interest to the U.S. Holder. If so, the amount treated as a return of pre-issuance accrued interest will reduce a U.S. Holder's adjusted tax basis in the note by a corresponding amount.

The remainder of this discussion assumes that a note will be so treated, and all references to interest in the remainder of this discussion exclude references to pre-issuance accrued interest.

Amortizable Bond Premium. If a note is acquired for an amount (excluding amounts paid for pre-issuance accrued interest, discussed above) in excess of the stated principal amount of the note, the note will be treated as acquired with amortizable bond premium. Any such premium may be amortized as an offset to interest income on the notes (rather than as a separate deduction) using a constant yield method over the remaining term of the notes. Because the notes may be redeemed prior to maturity at a premium, special rules apply that may reduce, eliminate or defer the amount of premium that may be amortized with respect to the notes. A U.S. Holder who elects to amortize bond premium must reduce its tax basis in the notes by the amount of bond premium amortized in any year. In the event an election is not made to amortize such premium, then that premium will remain part of the U.S. holder's basis in the note and will decrease the gain or increase the loss otherwise recognized on a disposition of the note. The election as to whether to amortize premium applies to all taxable debt instruments with premium that are owned or subsequently acquired by the U.S. Holder, and may not be revoked without the consent of the U.S. Internal Revenue Service.

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. 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 on the last day of the taxable year or U.S.$75,000 at any time during the taxable year 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 on a timely basis.

The Proposed Financial Transaction Tax

The European Commission has published a proposal (the “Commission’s Proposal”) for a Directive for a common financial transaction 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 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 and the legality of the proposal is uncertain. 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, BofA Securities, Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC and Scotia Capital (USA) 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 prices set forth on the cover page of this offering memorandum, less commissions:

Initial Purchasers	Principal Amount of 2030 Notes	Principal Amount of 2050 Notes
BofA Securities, Inc.	U.S.$250,000,000	U.S.$250,000,000
HSBC Securities (USA) Inc.	U.S.$250,000,000	U.S.$250,000,000
J.P. Morgan Securities LLC	U.S.$250,000,000	U.S.$250,000,000
Scotia Capital (USA) Inc.	U.S.$250,000,000	U.S.$250,000,000
Total	U.S.$1,000,000,000	U.S.$1,000,000,000

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 U.S. dollar-denominated debt securities issued or guaranteed by CODELCO (other than the notes).

The notes are a new issue of securities without an established trading market. We intend to apply to list the notes on the Official List of the Luxembourg Stock Exchange; however, the notes have not yet been listed. 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. Certain affiliates of Scotia Capital (USA) Inc. are lenders to us under various credit facilities currently totaling U.S.$768 million. The initial purchasers acted as initial purchasers in the offering of the original 2050 notes.

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 January 14, 2020 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 two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes 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 prior to their date of delivery hereunder should consult their own advisor.

Prohibition of Sales to EEA Retail Investors

The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling packaged retail and insurance based investment products or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

For purposes of this provision, the expression “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended) and includes any relevant implementing measure in any Member State of the European Economic Area. The expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes.

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 Regulation 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.

Notification under Section 309(B)(1)(c) of the SFA. The Company has determined that the Securities are (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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 CMF). 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 CMF 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.

Notice to Prospective Investors in Taiwan

The notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and the notes may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan requiring registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the notes in Taiwan.

Notice to Prospective Investors in the Republic of Korea

The notes have not been and will not be offered, delivered or sold directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

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 FEBRUARY 23, 2020 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 paying agent; and

- holders of notes in certificated form will be able to transfer or exchange their notes at the offices of the 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 CODELCO and its subsidiaries as of and for the year ended December 31, 2016, included in this offering memorandum, have been audited by EY Servicios Profesionales de Auditoría y Asesorías SpA, independent auditors, as stated in their report appearing herein.

The Company has appointed Deloitte Auditores y Consultores Ltda. as the Company's independent auditors for the fiscal year ending December 31, 2019. The financial statements of CODELCO and its subsidiaries as of and for the years ended December 31, 2018 and 2017, included in this offering memorandum, have been audited by Deloitte Auditores y Consultores Ltda., independent auditors, as stated in their report appearing herein (which report expresses an unmodified opinion and includes an explanatory paragraph referring to the convenience translation of the financial statements into English).

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 through Resolution No. 2,456 dated December 23, 2019. The Ministry of Finance of Chile authorized the issuance of the notes by Resolution No. 41 dated January 6, 2020.

CODELCO's Board of Directors authorized the issuance of the notes in its ordinary session of November 28, 2019 by means of Reserved Agreement No. 43/2019. 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, S.A. The securities codes for the 2030 notes are:

	CUSIP Number	ISIN Number	Common Code
Rule 144A Global Note	21987BBB3	US21987BBB36	206681837
Regulation S Global Note	P3143NBH6	USP3143NBH63	206681764

The reopened 2050 notes and the original 2050 notes will share the same CUSIP and ISIN numbers and be fungible, except that the reopened 2050 notes offered and sold outside the United States in compliance with Regulation S shall be issued and maintained under temporary CUSIP and ISIN numbers during a 40-day distribution compliance period commencing on the date of issuance of the reopened 2050 notes. The securities codes for the reopened 2050 notes are:

	Temporary CUSIP Number	Temporary ISIN Number
Regulation S Global Note	P3143NBJ2	USP3143NBJ20

	CUSIP Number	ISIN Number	Common Code
Rule 144A Global Note	21987BBA5	US21987BBA52	205887636
Regulation S Global Note	P3143NBF0	USP3143NBF08	205887644

Listing

We intend to apply 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. The notes are not yet listed. If any European or national legislation is adopted and is implemented or takes effect in Luxembourg in a manner that would 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. You can contact the Luxembourg listing agent at the addresses listed on the inside back cover of this offering memorandum. CODELCO will maintain a paying agent so long as the notes are listed on the Luxembourg Stock Exchange. Any change in the paying 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 paying agent 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 240 Greenwich 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 and prospects since the date of the last audited financial statements.

CODELCO – CHILE

Unaudited interim consolidated financial statements as of September 30, 2019 and for the nine-month and three-month periods ended September 30, 2019 and 2018

(Translation into English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note I.2)

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CONSOLIDATED FINANCIAL STATEMENTS

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2019 (Unaudited) and December 31, 2018
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	9/30/2019	12/31/2018
Assets			
Current Assets			
Cash and cash equivalents	1	2,967,242	1,229,125
Other current financial assets	12	13,977	231,409
Other current non-financial assets		58,532	6,805
Trade and other current receivables	2	1,876,203	2,212,209
Accounts receivable from related parties, current	3	6,558	92,365
Inventories	4	2,009,870	2,042,648
Current tax assets	6	68,635	13,645
Total current assets		7,001,017	5,828,206
Non-current assets			
Other non-current financial assets	12	126,869	145,751
Other non-current non-financial assets	11	5,670	6,817
Non-current receivables	2	109,553	84,731
Accounts receivable from related parties, non-current	3	18,263	20,530
Non-current inventories	4	568,857	457,070
Investments accounted for using equity method	8	3,488,854	3,568,293
Intangible assets other than goodwill	9	46,366	48,379
Property, plant and equipment	7	28,673,181	26,754,998
Investment property		981	981
Non-current tax assets	6	144,406	143,606
Deferred tax assets	5	37,655	31,443
Total non-current assets		33,220,655	31,262,599
Total Assets		40,221,672	37,090,805

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2019 (Unaudited) and December 31, 2018
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes N°	9/30/2019	12/31/2018
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	13	1,128,094	872,277
Trade and other current payables	16	1,388,714	1,546,584
Accounts payable to related parties, current	3	104,884	150,916
Other current provisions	17	1,125,141	384,249
Current tax liabilities	6	9,035	10,777
Current provisions for employee benefits	18	384,896	510,034
Other current non-financial liabilities		115,445	64,575
Total current liabilities		4,256,209	3,539,412
Non-current liabilities			
Other non-current financial liabilities	13	16,996,939	14,674,510
Non-current payables		17,705	26,613
Other non-current provisions	17	1,579,716	1,600,183
Deferred tax liabilities	5	4,570,990	4,586,168
Non-current provisions for employee benefits	18	1,226,021	1,315,520
Other non-current non-financial liabilities		4,023	4,530
Total non-current liabilities		24,395,394	22,207,524
Total liabilities		28,651,603	25,746,936
Equity			
Issued capital	20	5,619,423	5,219,423
Accumulated deficit		(304,865)	(198,917)
Other reserves	19	5,334,459	5,354,159
Equity attributable to owners of the parent		10,649,017	10,374,665
Non-controlling interests	19	921,052	969,204
Total equity		11,570,069	11,343,869
Total liabilities and equity		40,221,672	37,090,805

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
For the nine month and three month periods ended September 30, 2019 and 2018 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes N°	1/1/2019 9/30/2019	1/1/2018 9/30/2018	7/1/2019 9/30/2019	7/1/2018 9/30/2018
Revenue	20	8,808,184	10,771,511	2,891,435	3,345,047
Cost of sales		(7,256,283)	(8,357,160)	(2,594,371)	(2,779,886)
Gross profit		1,551,901	2,414,351	297,064	565,161
Other Income, by function	23.a	206,981	95,038	116,268	29,527
Provision established (reverse), net, in accordance with IFRS 9		1,176	(805)	588	(2,120)
Distribution costs		(12,647)	(14,288)	(4,863)	(4,542)
Administrative expenses		(303,025)	(347,163)	(99,579)	(114,818)
Other expenses	23.b	(1,328,133)	(1,420,134)	(342,807)	(455,725)
Other gains		17,038	13,643	3,924	5,395
Income (Loss) from operating activities		133,291	740,642	(29,405)	22,878
Finance income		22,504	37,439	4,836	12,730
Finance costs	24	(360,104)	(349,654)	(99,965)	(112,045)
Share of profit of associates and joint ventures accounted for using equity method	8	11,863	98,409	6,630	24,686
Foreign exchange difference	26	114,946	83,639	175,128	(12,006)
(Loss) Income for the period before tax		(77,500)	610,475	57,224	(63,757)
Income tax (expense) benefit	5	(20,499)	(392,181)	(54,989)	38,137
Net (Loss) income for the period		(97,999)	218,294	2,235	(25,620)
Net (Loss) income attributable to owners of parent		(105,530)	189,604	(957)	(33,703)
Net income attributable to non-controlling interests	19.b	7,531	28,690	3,192	8,083
Net (Loss) income for the period		(97,999)	218,294	2,235	(25,620)

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
CONTINUED

For the nine month and three month periods ended September 30, 2019 and 2018 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes N°	1/1/2019 9/30/2019	1/1/2018 9/30/2018	7/1/2019 9/30/2019	7/1/2018 9/30/2018
Net (Loss) income for the period		(97,999)	218,294	2,235	(25,620)
Components of other comprehensive income that will not be reclassified to profit or loss, before tax:					
Losses on remeasurement of defined benefit plans, before tax		(10,882)	(6,651)	(7,021)	(1,363)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method that will not be reclassified to profit or loss before tax		2,364	69	2,364	(566)
Other comprehensive loss that will not be reclassified to profit or loss before tax		(8,518)	(6,582)	(4,657)	(1,929)
Components of other comprehensive income that will be reclassified to profit or loss, before tax:					
Losses on exchange difference on translation, before tax		(1,990)	(2,858)	(1,867)	(3,083)
(Losses) gains on cash flow hedges, before tax		(40,540)	108,096	22,528	32,900
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		11	1,122	4	1,790
Other comprehensive (loss) income that will be reclassified to profit or loss before tax		(42,519)	106,360	20,665	31,607
Other comprehensive (loss) income, before tax		(51,037)	99,778	16,008	29,678
Income tax effect on component of other comprehensive income which will not be reclassified profit or loss					
Net income tax effect relating to benefit plans in other comprehensive income	5	7,349	4,077	4,784	1,049
Net income (loss) tax of components of other comprehensive income which will be reclassified to profit or loss					
Net (Loss) income tax relating to cash flow hedges of the other comprehensive income	5	26,351	(70,262)	(14,643)	(21,385)
Total other comprehensive (loss) income		(17,337)	33,593	6,149	9,342
Total Comprehensive (loss) Income		(115,336)	251,887	8,384	(16,278)
Comprehensive (loss) income attributable to:					
Comprehensive (loss) income attributable to owners of the parent		(122,867)	223,197	5,192	(24,361)
Comprehensive income attributable to non-controlling interests	19.b	7,531	28,690	3,192	8,083
Total comprehensive (loss) income		(115,336)	251,887	8,384	(16,278)

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD
For the nine month periods ended September 30, 2019 and 2018 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2019 9/30/2019	1/1/2018 9/30/2018
Cash flows provided by operating activities:			
Receipts from sales of goods and rendering of services		9.437.523	12.066.502
Other cash receipts from operating activities	27	1.436.936	1.267.861
Payments to suppliers for goods and services		(6.070.326)	(6.744.495)
Payments to and on behalf of employees		(1.423.993)	(1.533.918)
Other cash payments from operating activities	27	(976.755)	(939.198)
Dividends received		84.372	183.871
Interest received		-	35
Income taxes paid		(60.209)	(48.982)
Cash flows provided by operating activities		2.427.548	4.251.676
Cash flows used in investing activities:			
Other payments to acquire equity or debt instruments of other entities		(240)	-
Other charges for the sale of interests in join ventures and associates	8	193.480	22.097
Purchase of property, plant and equipment		(3.067.395)	(2.737.861)
Interest received		19.191	31.788
Other cash inflows (outflows)		209.244	(83.844)
Cash flows used in investing activities		(2.645.720)	(2.767.820)
Cash flows used in financing activities:			
Proceeds from borrowings long term		3.779.309	600.000
Proceeds from borrowings short term		465.000	-
Total proceeds from borrowings		4.244.309	600.000
Repayment of borrowings		(1.843.960)	(209.732)
Payments of finance lease liabilities		(110.677)	(20.291)
Dividends paid		-	(602.461)
Interest paid		(530.465)	(499.996)
Other cash inflows (outflows)		197.995	(64.150)
Cash flows (used) porvide in financing activities		1.957.202	(796.630)
Increase in cash and cash equivalents before effects of exchange difference		1.739.030	687.226
Effect of exchange rate changes on cash and cash equivalents		(913)	(62.316)
Increase in cash and cash equivalents		1.738.117	624.910
Cash and cash equivalents at beginning of period	1	1.229.125	1.448.835
Cash and cash equivalents at end of period	1	2.967.242	2.073.745

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

CORPORACION NACIONAL DEL COBRE DE CHILE
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine month periods ended September 30, 2019 and 2018 (Unaudited)
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

September 30,2019	Issued capital	Reserve on exchange differences on translation	Reserve of cash flow hedges	Reserve of remeasurement of defined benefit plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Initial balance as of 1/1/2019	5,219,423	(6,863)	47,792	(274,480)	5,587,710	5,354,159	(198,917)	10,374,665	969,204	11,343,869
Increase (decrease) through changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Initial balance restated	5,219,423	(6,863)	47,792	(274,480)	5,587,710	5,354,159	(198,917)	10,374,665	969,204	11,343,869
Changes in equity:										
Net income							(105,530)	(105,530)	7,531	(97,999)
Other comprehensive income (loss)		(1,990)	(14,189)	(3,533)	2,375	(17,337)		(17,337)	-	(17,337)
Comprehensive income								(122,867)	7,531	(115,336)
Dividends							-	-		-
Capital contributions	400,000	-	-	-	-	-	-	400,000	-	400,000
Increase (decrease) through transfers and other changes	-	-	(247)	-	(2,116)	(2,363)	(418)	(2,781)	(55,683)	(58,464)
Total changes in equity	400,000	(1,990)	(14,436)	(3,533)	259	(19,700)	(105,948)	274,352	(48,152)	226,200
Final balance as of 9/30/2019	5,619,423	(8,853)	33,356	(278,013)	5,587,969	5,334,459	(304,865)	10,649,017	921,052	11,570,069

September 30,2018	Issued capital	Reserve on exchange difference on translation	Reserve of cash flow hedges	Reserve of remeasurement of defined benefit plans Note 18	Other miscellaneous reserves	Total other reserves Note 19	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Initial balance as of 1/1/2018	4,619,423	(6,015)	11,336	(259,002)	5,588,773	5,335,092	(34,390)	9,920,125	1,007,495	10,927,620
Changes in equity:										
Net income							189,604	189,604	28,690	218,294
Other comprehensive income (loss)		(2,858)	37,834	(2,574)	1,191	33,593		33,593	-	33,593
Comprehensive income								223,197	28,690	251,887
Dividends							(306,619)	(306,619)		(306,619)
Capital contributions	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through transfers and other changes	-	-	-	-	-	-	(3,215)	(3,215)	(71,966)	(75,181)
Total changes in equity	-	(2,858)	37,834	(2,574)	1,191	33,593	(120,230)	(86,637)	(43,276)	(129,913)
Final balance as of 9/30/2018	4,619,423	(8,873)	49,170	(261,576)	5,589,964	5,368,685	(154,620)	9,833,488	964,219	10,797,707

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

I. GENERAL INFORMATION

1. Corporate Information

Corporación Nacional del Cobre de Chile (hereinafter referred to as “Codelco”, “Codelco - Chile”, or the “Corporation”), is, in Management´s opinion, 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.

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

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

Codelco-Chile is registered under Securities Registry No. 785 of the Chilean Commission for the Financial Market (the “CMF”), and is subject to its supervision. According to Article No. 10 of Law No. 20392 (related to 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.1349 of 1976, which created the Comisión Chilena del Cobre (“Chilean Copper Commission”).

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

Codelco was incorporated through D.L. No. 1350 of 1976, which is the statutory decree applicable to the Corporation. In accordance with the statutory decree, Codelco is a government-owned mining, industrial and commercial company, which is a separate legal entity with its own equity. Codelco Chile currently carries out its mining business through its Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and Ventanas divisions.

The 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. 20392, Codelco is governed by its organic standards set forth in Decree Law No. 1350 (D.L. No. 1350) 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. 1350 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.1350 which refers to Decree Law No. 824 on Income Tax of 1974 and Decree Law No. 2398 (Article 2) of 1978, as applicable. The Corporation's taxable income is also subject to a Specific Mining Tax in accordance with Law No. 20026 of 2005.

The Corporation is subject to Law No. 13196, 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. On January 27, 2017, Law No. 20989, article 3, establishes changes in the application of Law No. 13196 as of January 1, 2018, through which the Corporation will deposit annually, no later than December 15 of each year, the funds established in article 1 in that law.

On September 26, 2019, Law No. 21174 was published, which repeals Law No. 13,196 and establishes that the 10% tax to the tax benefit provided by the Corporation will continue to exist for a period of nine years, decreasing from year 10 2.5% per year until reaching 0% at the beginning of the thirteenth year. The validity of this law is as of January 1, 2020.

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

The associates and joint ventures located in Chile and abroad, are detailed in the Explanatory Notes Section III of Note 9.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated statements of financial position as of September 30, 2019 and December 31, 2018 and the unaudited consolidated statements of comprehensive income for the nine month and three month periods ended September 30, 2019 and 2018, changes in equity and of cash flows for the nine month periods ended September 30, 2019 and 2018, have been prepared in accordance with International Accounting Standard (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 dollars ("U.S. dollar").

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these unaudited interim consolidated financial statements and expressly declared its responsibility for the consistent and reliable nature of the information included in such financial statements as of September 30, 2019 and for the nine-month and three-month periods ended September 30, 2019 and 2018, which financial statements fully comply with IFRS as issued by the IASB. These unaudited interim consolidated financial statements as of September 30, 2019 and for the nine-month and three-month periods ended September 30, 2019 and 2018 were approved by the Board of Directors at a meeting held on November 28, 2019.

Accounting Principles

These unaudited interim consolidated financial statements reflect the financial position of Codelco and its subsidiaries as of September 30, 2019 and December 31, 2018, and the results of their operations for the nine month and three month periods ended September 30, 2019 and 2018, changes in equity and cash flows for the nine month periods ended September 30, 2019 and 2018, and their related notes, all prepared in accordance with IAS 34, Interim Financial Reporting, in consideration of the presentation instructions of the Commission for the Financial Market ("CMF").

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

II. SIGNIFICANT ACCOUNTING POLICIES

1. Significant Judgments and Key Estimates

In preparing these unaudited interim consolidated financial statements, the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of the financial statements and the amounts of revenue and expenses recognized during the reporting period is required. Such preparation 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 to determine the impact of any change.

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' accounting and the accounting for financial derivative instruments.

The Corporation estimates its reserves and mineral resources based on the information certified by the Competent Persons of the Corporation, who are defined and regulated according to Law No. 20235. 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 non-financial 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 indicator 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, where applicable. The recoverable amount of these CGUs is calculated as the present value of the expected future cash flows from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of the assets is lower than their carrying amount, an impairment loss is recognized. Goodwill and indefinitely-lived assets are tested for impairment at least annually.

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 is performed at the level of associates and joint arrangements.

d) Provisions for decommissioning and site restoration costs - The Corporation is obliged to incur decommissioning and site restoration costs when such site restoration or decommissioning is required due to a legal or constructive obligation. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known. The initial estimate of decommissioning and site restoration costs is recognized as property, plant and equipment in accordance with IAS 16, and simultaneously a liability in accordance with IAS 37, is recorded.

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

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

If the adjustment results in an addition to the cost of the asset, Codelco considers whether this is an indicator that the new carrying amount of the asset may not be fully recoverable. If it is considered such an indicator, Codelco tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss in accordance with IAS 36.

The decommissioning costs are initially recorded at the moment when a plant or other assets are installed, where required. 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 other comprehensive income or profit or loss (depending on the accounting standards applicable)on accrual bases.

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 from contracts with customers" of Note 2 "Significant accounting policies" below.

g) Fair value of derivatives and other financial instruments - Management may use its judgment to choose an adequate and proper valuation method for financial instruments that are not quoted in an active market. In the case of derivative financial instruments, assumptions are based on observable market inputs, adjusted depending on factors specific to the instruments among others.

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 loss is not probable of occurring or where probable, may not be estimated reliably, no provisions are recognized.

i) Application of IFRS 16 includes the following:

   - Estimation of the lease term;
   - Determination if it is reasonably certain that an extension or termination option will be exercised;
   - Determination of the appropriate rate to discount lease payments.

j) Revenue recognition –The Corporation determines appropriate revenue recognition for its contracts with customers by analyzing the type, terms and conditions of each contract or agreement with a customer.

   As part of the analysis, the management must make judgments about whether an agreement or contract is legally enforceable, and whether the agreement includes separate performance obligations. In addition, estimates are required in order to allocate the total price of the transaction to each performance obligation based on the stand-alone selling price of the promised goods or services underlying each performance obligation. (The Corporation applies the constraint on variable consideration as defined in IFRS 15, if applicable).

Although the abovementioned 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 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:

- Unaudited interim consolidated statement of financial position as of September 30, 2019
- Audited consolidated statement of financial position as of December 31, 2018.
- Unaudited interim consolidated statements of comprehensive income for the nine month and three month periods ended September 30, 2019 and 2018.
- Unaudited interim consolidated statements of changes in equity for the nine month periods ended September 30, 2019 and 2018.
- Unaudited interim consolidated statements of cash flows for the nine month periods ended September 30, 2019 and 2018.

b) Basis of preparation - The unaudited interim consolidated financial statements of the Corporation as of September 30, 2019 and for the nine-month and three-month periods ended September 30, 2019 and 2018, has been prepared in accordance with the instructions from the Commission for the Financial Market which fully comply with IFRS as issued by the IASB.

The consolidated statement of financial position as of December 31, 2018 (audited), and the consolidated statement of income for the nine month and three month periods ended September 30, 2018 (unaudited), the consolidated statement of changes in equity and consolidated statement of cash flows for the nine-month period ended September 30, 2018 (unaudited), which are included for comparative purposes, have been prepared in accordance with IFRS issued by the IASB, on a basis consistent with the criteria used for the same periods ended September 30, 2019, except for the adoption of the new IFRS standards and interpretations adopted by the Corporation as of and for the nine-month and three-month periods ended September 30, 2019, which are disclosed in note II.3.

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

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

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

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

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

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

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

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

The companies included in the consolidation are as follows:

Taxpayer ID Number	Company	Country	Functional Currency	9/30/2019			12/31/2018
				% 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
Foreign	Codelco USA Inc.	United States of America	US$	-	100,00	100,00	100,00
Foreign	Codelco Canada	Canada	US$	-	100,00	100,00	100,00
Foreign	Ecometales Limited	Channel Islands	US$	-	100,00	100,00	100,00
Foreign	Exploraciones Mineras Andinas Ecuador EMSAEC S.A.	Ecuador	US$	-	100,00	100,00	100,00
Foreign	Cobrex Prospeccao Mineral	Brazil	BRL	-	51,00	51,00	51,00
78.860.780-6	Compañía Contractual Minera los Andes	Chile	US$	99,97	0,03	100,00	100,00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98,30	1,70	100,00	100,00
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	CLP	96,69	-	96,69	96,69
88.497.100-4	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	100,00
89.441.300-K	Isapre Río Blanco Ltda.	Chile	CLP	99,99	0,01	100,00	100,00
96.817.780-K	Ejecutora Proyecto 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
96.991.180-9	Codelco Tec SpA	Chile	US$	99,91	0,09	100,00	100,00
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	US$	99,90	0,10	100,00	100,00
99.573.600-4	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	Inversiones Copperfield SpA	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$	99,95	0,05	100,00	100,00
76.173.357-5	Inversiones Gacrux SpA	Chile	US$	100,00	-	100,00	100,00
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	US$	-	67,80	67,80	67,80
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	US$	100,00	-	100,00	100,00
76.173.783-K	Inversiones Mineras Becrux SpA	Chile	US$	-	67,80	67,80	67,80
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	US$	-	100,00	100,00	100,00
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	US$	100,00	-	100,00	100,00
70.905.700-6	Fusat	Chile	CLP	-	-	-	-
76.334.370-7	Instituto de Salud Previsional Fusat Ltda.	Chile	CLP	-	-	-	-
78.394.040-K	Centro de Servicios Médicos Porvenir Ltda.	Chile	CLP	-	99,00	99,00	99,00
77.928.390-9	Inmobiliaria e Inversiones Rio Cipreces Ltda.	Chile	CLP	-	99,90	99,90	99,90
77.270.020-2	Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	CLP	-	99,00	99,00	99,00
76.754.301-8	Salar de Maricunga SpA	Chile	CLP	100,00	-	100,00	100,00

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

- Subsidiaries - A subsidiary is an entity over which the Corporation has control. Control is exercised if, and only if, the following conditions are met: the Corporation has i) power to direct

the relevant activities of the subsidiaries unilaterally; ii) exposure or rights to variable returns from these entities; and iii) the ability to use its power to influence the amount of these returns.
The Corporation reassesses whether or not it controls a subsidiary if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

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

The value of the participation of non-controlling shareholders in equity, net income and comprehensive income of subsidiaries are presented, respectively, in the headings "Non-controlling interests" of the consolidated statement of financial position; "Net income attributable to non-controlling interests"; and "Comprehensive income attributable to non-controlling interests."

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

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

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

- Acquisitions and Disposals - The results of businesses acquired are incorporated in the consolidated financial statements from the date when control is obtained; the results of businesses sold during the period are included in the 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 (and, where applicable, the associated cumulative translation adjustment).
  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, associate or joint venture, any excess of the cost of the investment (consideration transferred) plus the amount of the non-controlling interest in the acquiree plus the fair value of any previously held equity interest in the acquiree, where applicable, over Codelco's share of the net fair value of the identifiable assets and acquired liabilities is recognized as goodwill. Any excess of Codelco´s share of the net fair value of the identifiable assets and acquired liabilities over the consideration transferred, 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 are accounted for using the equity method.

e) Foreign currency transactions and Reporting currency conversion- 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, foreign currency transactions denominated in foreign currencies are converted at the rates prevailing at that date. Exchange differences on such transactions are recognized in profit or loss in the period in which they arise and are included in line item "Foreign exchange differences" in the consolidated statement of comprehensive income.

At the end of each reporting period, assets and liabilities denominated in Unidades de Fomento (UF or inflation index-linked units of account) are translated into U.S. dollars at the closing exchange rates at that date (9/30/2019: US$38.52; 12/31/2018: US$39.68; 9/30/2018: US$41.42). The expenses and revenues in Chilean pesos have been expressed in dollars at the observed exchange rate, corresponding to the date of the accounting recording of each operation.

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 for purposes of consolidation:

- Monetary 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.
- Non-monetary assets and liabilities as well as equity are translated at historic exchange rates.
- All resulting exchange differences are recognized in other comprehensive income and accumulated in equity under the heading "Reserve on exchange differences on translation".

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

Relation	Closing exchange ratios		
	9/30/2019	12/31/2018	9/30/2018
USD /CLP	0.00137	0.00144	0.00151
USD /GBP	1.22820	1.27000	1.30412
USD /BRL	0.24045	0.25848	0.24895
USD /EURO	1.09016	1.14390	1.16171

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 as well as when it is the intention of the Corporation to settle a transaction net.

Income or expenses arising from transactions which, for contractual or legal reasons, permit 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 financial statements.

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

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

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

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

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

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

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

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

Additionally, depreciation methods and estimated useful lives of assets, especially plants, facilities and infrastructure may be revised at the end of each year or during the year 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.

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

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

Notwithstanding the above, those reserves and resources acquired as part of acquisition of entities accounted for as business combinations, are recognized at their fair value.

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. Indefinitely-lived intangible assets are tested for impairment at least annually, and whenever there is an indication that these assets may be impaired. Definitely-lived intangible assets are tested for impairment when an indicator of impairment has been identified. 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: The expenditures for the development of Technology and Innovation Projects are recognized as intangible assets at their cost and are considered to have indefinite useful lives.
Development expenses for technology and innovation projects are recognized as intangible assets at cost, if and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will available for use or sale;
- The intention to complete the intangible asset is to use or sell it;

- The ability to use or sell the intangible asset;
- That the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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 lives are reviewed to determine whether there is an indication that those assets have suffered an impairment loss. If any such indicator exists, the Corporation estimates the asset's recoverable amount to determine the extent of the impairment loss which is then recorded.

For intangible 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 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 evaluation 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 defining of new areas or deposit areas in exploitation and of mining operations (PP&E) are recognized in property, plant and equipment and are amortized through profit or loss over the period during 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 annually 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. 2398, as well as, the specific tax on mining referred to in Law 20026 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. 1350, which states that tax payments will be made on March, June, September and December of each year, based on a provisional tax calculation.

Deferred taxes on temporary differences and other events that generate differences 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 tax rates on remittances of dividends paid out by such companies to the Corporation.

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

- Finished products and products in process: These inventories are measured at their average production cost determined using the absorption costing method, including labor, depreciation of fixed assets, amortization of intangibles and indirect costs of each period. Inventories of products in process are classified in current and non-current, 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. 1350, 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 remuneration which are contractually defined as the basis for the indemnity. This employee benefit has been classified as a defined benefit plan.

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

These plans continue to be unfunded as of September 30, 2019.

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

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

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

p) Provisions for decommissioning and site restoration costs - The Corporation is obliged to incur decommissioning and site restoration costs when such site restoration or decommissioning is required due to a legal or constructive obligation. Costs are estimated on the basis of a formal closure plan and cost estimates are annually reviewed.

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

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

Changes in the measurement of the decommissioning and site restoration provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to, or deducted from, the cost of the related assets in the period when changes occurred. The amount deducted from the cost of the related assets cannot 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 such an indicator exists, the Corporation tests the asset for impairment by estimating its recoverable amount, and recognizes an impairment loss, if any.

The effects of the updating of the liability, due to the effect of the discount rate and / or passage of time, is recorded as a financial expense.

q) Leases

Leases as of January 1, 2019 - Effective January 1, 2019, IFRS 16 Leases becomes effective, for which the Corporation evaluates its contracts at initial application to determine whether they contain a lease. The Corporation recognizes an asset for right of use and a corresponding liability for lease (at equivalent amounts as permitted under transition to IFRS 16) with respect to all lease agreements in which Codelco is the lessee, except for short-term leases (defined as a lease with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Corporation recognizes lease payments as an operating cost on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which the economic benefits of the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement date, discounted using the implicit lease rate. If this rate cannot be easily determined, the Corporation uses the incremental loan rate.

The incremental rate for loans used by Codelco is determined by estimating the interest rate that the Corporation would have to pay for borrowing the necessary funds to obtain an asset of an equivalent nature with similar value to the asset by right of use of the respective lease, in a similar economic environment over a similar term.

Lease payments included in the measurement of the lease liability mainly include fixed payments, variable payments that depend on an index or a rate and the exercise price of a purchase option. Variable payments that do not depend on an index or a rate are excluded.

The lease liability is subsequently measured as follows: the carrying amount increased to reflect the interest on the lease liability (using the effective rate method) and the carrying amount is reduced to reflect the lease payments made.

The Corporation revalues the lease liability as to the discount rate (and makes the corresponding adjustments to the asset for respective right of use) when:

- There is a change in the term of the lease or;
- There is a change in the assessment of an option to purchase the underlying asset or;
- There is a change in an index or rate which generates a change in cash flows.

The right-of-use assets include the amount of the initial measurement of the lease liability, the lease payments made before or until the start date less the lease incentives received and any initial direct costs incurred less any costs of dismantlement (if applicable – see above). The assets for right to use are subsequently measured at cost less accumulated depreciation and accumulated losses due to impairment.

When the Corporation incurs a cost obligation to dismantle or remove a leased asset, restore the location in which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured in accordance with IAS 37. Costs are included in the corresponding asset for right of use, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated during the shorter period between the term of the lease and the useful life of the underlying asset. If a lease transfers the ownership of the underlying asset or the cost of the asset for right of use reflects that the Corporation expects to exercise its option to purchase, the right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation is made from the start date of the lease.

The assets for right of use and the lease liability are presented under "Property, plant and equipment" and "Other financial liabilities", respectively, in the interim consolidated statement of financial position.

Leases until December 31, 2018- 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 the 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 return 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.

r) Revenue from Contracts with Customers - Revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to customers.

- Sale of mineral goods and / or by-products: Contracts with customers for the sale of mineral goods and / or by-products include the performance obligation for the delivery of the physical goods and the associated transportation service, at the place agreed with the customers. The Corporation recognizes revenue from the sale of goods when the performance obligation is satisfied according to the shipment or dispatch of the products, in accordance with the agreed conditions, such revenue being subject to variations related to the content and / or sale price at the date of its liquidation. Notwithstanding the foregoing, there are some contracts where the performance obligation is satisfied when there is receipt of the product (FOB ship point) instead of the buyer's corresponding destination, thus recognizing revenue at the time of said transfer. When services of transport of goods are provided, the Corporation recognizes revenue when the service obligation is satisfied.

Sales that have discounts associated with volume subject to compliance with goals are recognized net, estimating the probability that the volume target will be reached.

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.

In terms of hedge accounting established by IFRS 9, the Corporation has opted to continue applying the hedge accounting requirements of the IAS 39 instead of the requirements of the new standard. Therefore, there are no generated effects either at the level of account balances or at the level of disclosures.

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. 16624, modified by Article 15 of Decree Law No. 1349 of 1976, on the determination of sales prices for the internal market which does not differ from IFRS 15.

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 those which are fair value hedges contracts are recognized in the line item revenue.

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the item "Cash flow hedge reserve." The gain or loss relating to the ineffective portion is immediately recognized in profit or loss, and included in the "Finance cost" or "Finance income" line items. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the effect for the fluctuation in 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 accumulated in other comprehensive income are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Upon discontinuation of hedge accounting and depending on the circumstances, the cumulative gain or loss on the hedging instrument remains in equity until the hedged transaction occurs or, if the hedged transaction is not expected to occur, the amount accumulated in other comprehensive income is reclassified to profit or loss.

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

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

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

- *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. When the sales agreements are fulfilled and the derivative contracts are settled, the results from sales and derivative transactions are offset in profit or loss in revenue.

  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 the host contract is not a financial instrument and the characteristics and risks of the embedded derivative are not closely related to the host contract, the derivative is required to be recognized separately.

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 reports to the Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively. Income and expenses of the Head Office are allocated to the defined operating segments.

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

v) Current and non-current financial assets - The Corporation determines the classification of its financial assets at the time of initial recognition. The classification depends on the business model in which the investments are managed and the contractual characteristics of their cash flows.

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

- *Fair value through profit or loss*:

  Initial recognition: This category includes those financial assets not qualifying under the categories of Fair Value through Other Comprehensive Income or Amortized Cost. These instruments are initially recognized at fair value.

  Subsequent recognition: Their subsequent recognition is at fair value, recording in the consolidated statement of comprehensive income, in the line "Other gains (losses)" any changes in fair value.

- *Amortized cost*:

  Initial recognition: This category includes those instruments with respect to which the objective of the business model of the Corporation is to hold the financial instrument to collect contractual cash flows and such cash flows consist of solely payments of principal and interest. This category includes certain Trade and other current receivables, and the loans included in other non-current financial assets.

Subsequent recognition: These instruments are subsequently measured at amortized cost using the effective interest method. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any impairment allowance.

Codelco did not irrevocably choose to designate any of its investment assets at fair value with effect on other comprehensive income.

Interest income is recognized in profit or loss and is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the “Foreign exchange difference” line item.

- *At fair value through other comprehensive income:*

Initial measurement: Financial assets that meet the criteria "Solely payments of principal and interest" (SPPI) are classified in this category and must be maintained within a business model both to collect the cash flows and to sell the financial assets. These instruments are initially recognized at fair value.

Subsequent recognition: Their subsequent valuation is at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in income. Other net gains and losses are recognized in other comprehensive income. On derecognition, the gains and losses accumulated in other comprehensive income are reclassified to income.

w) Financial liabilities - Financial liabilities are initially recognized at fair value net of transaction costs. Subsequent to their initial recognition, the valuation of the financial liabilities will depend on their classification, within which the following categories are distinguished:

- Financial liabilities at fair value through profit or loss: This category includes financial liabilities defined as held for trading.
  Changes in fair value associated with own credit risk are recorded in other comprehensive income.

- Financial liabilities at amortized cost: This category includes all financial liabilities other than those measured at fair value through profit or loss.

  The Corporation includes in this category bonds, obligations and other current payables.

  These financial liabilities are measured using the effective interest rate method, recognizing interest expense based on the effective rate.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other current payables are financial liabilities that do not explicitly accrue interest and are recognized at their nominal value, which approximates its fair value.

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

x) Impairment of financial assets - The Corporation measures the loss allowance at an amount equal to lifetime expected credit losses for certain of its trade receivables. For this, it uses the simplified approach as a requirement under IFRS 9.

The provision matrix is based on an entity’s historical credit loss experience over the expected life of such trade receivables and is adjusted for forward-looking estimates taking into account the most relevant macroeconomic factors that affect bad debts.

y) Cash and cash equivalents and statement of cash flows prepared using the direct method - The statement of cash flows reflects changes in cash and cash equivalents that took place during the period, determined under the direct method. For the purposes of preparing the statement of cash flows, the Corporation has defined the following:

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

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

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

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

Bank overdrafts are classified as external resources in current liabilities.

z) Law No. 13196 – Law No. 13196 requires the payment of a 10% special export tax on receivables of the sales proceeds that Codelco receives and transfers to Chile from the export of copper and related by-products produced by Codelco. The Chilean Central Bank deducts 10% of the amounts that Codelco transferred to its Chilean bank account. The amount recognized for this concept is presented in the statement of income within line item other expenses.

On January 27, 2017, Law No. 20989, article 3, establishes changes in the application of Law No. 13196 as of January 1, 2018, through which the Corporation will deposit annually, no later than December 15 of each year, the funds established in article 1 in that law.

On September 26, 2019, Law No. 21,174 was published, which repeals Law No. 13,196 and establishes that the 10% tax to the tax benefit provided by the Corporation will subsist for a period of nine years, decreasing from year 10 2.5% per year until reaching 0% at the beginning of the thirteenth year. The validity of this law is as of January 1, 2020.

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 whose intention is to refinance, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

ad) Non-current assets or groups of assets for disposition classified as held for sale: The Corporation classifies as non-current assets or groups of assets for disposal, classified as held for sale, properties, plants and equipment, investments in associates and groups subject to expropriation (group of assets that are going to be disposed of together with their directly related liabilities), for which, at the closing date of the financial statements, their sale has been committed to or steps have been initiated and it is estimated that it will be carried out within the twelve months following said date. These assets or groups subject to disposal are valued at book value or the estimated sale value minus the costs necessary for sale, whichever is less, and are no longer amortized from the moment they are classified as non-current assets held for sale. Non-current assets or groups of assets for disposal classified as held for sale and the components of the groups subject to disposal classified as held for sale are presented in the consolidated statement of financial position on a line for each of the following concepts: "Non-current assets or groups of assets for disposition classified as held for sale" and/or “Non-current liabilities or groups of liabilities for disposition classified as held for sale.”

3. New standards and interpretations adopted by the Corporation

The accounting policies adopted in the preparation of the unaudited interim consolidated financial statements are consistent with those applied in the preparation of the Corporation's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards, interpretations and amendments, effective from January 1, 2019, which are:

a) IFRS 16, Lease:

In the current period, the Corporation has applied IFRS 16 Leases for the first time.

IFRS 16 introduces new or modified requirements with respect to the accounting for leases. It introduces significant changes to lease accounting for lessees by removing the distinction between operating and financial leases; requires the recognition, at the outset, of an asset for right to use and a lease liability for all leases, except for short-term leases and leases of low-value assets. In contrast to the accounting for the lessee, the requirements for the accounting of the lessor remain largely unchanged. Details of these new requirements are described in Chapter II, note 2, letter q Leases. The impact of the adoption of IFRS 16 in the consolidated financial statements of the Corporation is described below.

The initial application date of IFRS 16 for the Corporation is January 1, 2019.

The Corporation has applied IFRS 16 with the cumulative effect of the initial application of the standard, recognized as of January 1, 2019. Consequently, it has not restated the comparative financial information.

Impact of the new definition of a lease

The change in the definition of a lease is mainly related to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the client has the right to control the use of an identified asset for a period of time in exchange for a consideration.

Impact on the accounting of leases

Operating Leases - IFRS 16 changes with respect to how the Corporation accounts for leases previously classified as operating leases under IAS 17, which, with this change, are recognized in the assets and liabilities of the statement of financial position.

The Corporation has re-evaluated all of its contracts at the date of initial application. As a result of the foregoing, leases have been re-assessed in accordance with the new requirements of IFRS 16.

Transition rules

As of the transition date of January 1, 2019, the Corporation recognizes its leases with the accumulated effect on the date of initial application, opting to recognize a right to use asset equal to the lease liability.

Practical expedients applied in the transition to operating leases

- Discount rate applied to a lease portfolio;
- Short-term lease exemption for those contracts whose term ends within twelve months from January 1, 2019;
- Review of onerosity according to evaluation of onerous contracts under IAS 37 as an alternative to an impairment review;
- Measurement of right-of-use assets at lease liability amount at date of initial application;

Impact on assets, liabilities and equity as of January 1, 2019

	Balances prior to IFRS 16 ThUS$	Adjustment IFRS 16 ThUS$	Balances adjusted by IFRS 16 ThUS$
Property, plant and equipment (1)	26,754,998	368,890	27,123,888
Total Assets	37,090,805	368,890	37,459,695
Other current financial liabilities	872,277	94,281	966,558
Other non-current financial liabilities	14,674,510	274,609	14,949,119
Total Liabilities	25,746,936	368,890	26,115,826
Net Effect	11,343,869	-	11,343,869

Reconciliation of operating leases under IAS 17 disclosed as of December 31, 2018 and lease liabilities recognized as of January 1, 2019

Reconciliation of operating leases	January 1, 2019 ThUS $
Operating lease commitments as of December 31, 2018, as disclosed in the consolidated financial statements in accordance with IAS17.	266,351
Less initial recognition exceptions:	
Short-term leases	(55,360)
Leases with variable payments that do not depend on an index or a rate	(69,070)
Low-value leases	(220)
Total lease liabilities recognized as of January 1, 2019	141,701
Plus:	
Leases identified in existing contracts as of January 1, 2019 under IFRS 16 (1)	414,326
Discounted using the incremental borrowing rate at the date of the initial application (January 1, 2019)	4.67%
Discounted financing lease liabilities recognized as of January 1, 2019	368,890
Lease liabilities related to leases previously classified as financial leases	107,839
Total lease liabilities recognized on January 1, 2019	476,729
Consisting of:	
Lease liabilities current portion	115,791
Lease liabilities non-current portion	360,938
Total lease liabilities recognized on January 1, 2019	476,729

(1) The Corporation has re-evaluated all of its contracts at the date of initial application, including those that under IAS 17 and IFRIC 4, had not been identified as leases. As a result of the foregoing, leases have been included in accordance with the new requirements of IFRS 16.

b) IFRIC 23 Uncertainty about treatment of income tax

IFRIC 23 establishes how to determine a tax position when there is uncertainty about the treatment for income tax. For this determination, the steps are as follows:

i. determine if uncertain tax positions should be evaluated separately or as a whole;

ii. evaluate if the tax authority is likely to accept an uncertain tax treatment used, or proposed to be used, by an entity in its tax returns:

- If acceptable, the entity must determine its accounting tax position in a manner consistent with the tax treatment used or planned to be used in its tax return.

- If uncertain, the entity must reflect the effect of uncertainty in the determination of its accounting tax position.

The Corporation adopted IFRIC 23 under the modified retrospective application option without re-expression of comparative information.

The application of IFRIC 23 has not materially affected the consolidated financial statements of Codelco.

c) Amendments to IFRS 9, Features of prepayment with negative compensation

The amendments to IFRS 9 clarify that for purposes of evaluating whether a prepaid feature meets the condition of cash flows that are only principal and interest payments (SPPI), the party exercising the option could pay or receive reasonable compensation for the prepayment regardless of the reason for the prepayment. The application of these amendments had no impact on the consolidated financial statements of the Corporation, however it could affect the accounting of future transactions or agreements.

d) Amendments to IAS 28, Long-term investments in associates and joint ventures

The amendments clarify that when applying IFRS 9 to long-term investments, an entity does not take into account the adjustments to its carrying amounts required by IAS 28. The application of these amendments had no impact on the consolidated financial statements of the Corporation, however, it could affect the accounting of future transactions or agreements.

e) Amendments to IAS 19, Employee Benefits Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income. The amendments to IAS 19 require the use of updated actuarial assumptions to remeasure the service cost and the net interest for the remainder of the reporting period after the change to the plan. The application of these amendments had no impact on the consolidated financial statements of the Corporation, however it could affect the accounting of future transactions or agreements.

f) Annual improvements cycle 2015 - 2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

- Amendments to IFRS 3 and IFRS 11: Adds paragraphs on treatment for acquisitions in participations previously held in a joint operation.

- Amendments to IAS 12: Add paragraph on treatment of taxes related to dividends payable.

- Amendments to IAS 23: Modify wording on application of the capitalization rate.

The application of these amendments had no impact on the consolidated financial statements of the Corporation, however it could affect the accounting of future transactions or agreements.

4. New accounting pronouncements

a) The following new IFRS, amendments and interpretations had been issued by the IASB, but their application is not yet mandatory:

New IFRS	Date of mandatory application	Summary
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2021	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretional participating features and supersedes IFRS 4 *Insurance contracts.*

Amendments to IFRS	Date of mandatory application	Summary
Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets	Date to be determined by IASB.	Recognizes the profits or losses of sales of assets between an investor and an associate or a joint venture, which are recognized for the total when the transaction involves assets which constitute a business and are recognized partially when the assets do not constitute a business.
Definition of a Business (Amendments to IFRS 3)	Annual reporting periods beginning on or after January 1, 2020	Clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual reporting periods beginning on or after January 1, 2020	Clarifies the definition of 'material' and aligns the definition used in the Conceptual Framework and the standards.
Modifications Conceptual Framework for Revised Financial Reporting	Annual periods initiated on or after the January 1, 2020	It incorporates some new concepts, provides updated definitions and recognition criteria for assets and liabilities. This modification accompanies a separate document, "Modifications to the References to Conceptual Framework in the Rules IFRS "," which establishes amendments to other IFRS in order to update the references to the new Conceptual Framework

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)	Annual reporting periods beginning on or after 1 January 2020	The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

The Administration does not expect significant impacts with respect to standards, amendments and interpretations indicated above.

III. EXPLANATORY NOTES

1. Cash and cash equivalents

The detail of cash and cash equivalents as of September 30, 2019 and December 31, 2018, is as follows:

Item	9/30/2019 ThUS$	12/31/2018 ThUS$
Cash on hand	3,539	25,033
Bank balances	662,686	59,030
Time deposits	2,285,467	1,131,049
Mutual Funds - Money Market	432	1,698
Repurchase agreements	15,118	12,315
Total cash and cash equivalents	2,967,242	1,229,125

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

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

- For those customers that have due balances with the Corporation the accrual is presented as a deduction from the line item trade and other current receivables.
- For those customers that do not have due balances with the Corporation the accrual is 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.

According to the foregoing, as of September 30, 2019 and for provisions for unissued sales invoices, an offset of ThUS$78,249 is presented in the trade and other current receivables, and a provision of ThUS$5,906 in the trade accounts payable item of current liabilities associated to customers that do not present balances owed to Codelco; totaling a negative effect of ThUS$84,155 for open invoices related to customers.

As of December 31, 2018, an offset is presented in the trade and other current receivable of ThUS$96,396 and a provision of ThUS$5,025 in the trade accounts payable item of current liabilities, associated to customers that do not present balances owed to Codelco; totaling a negative effect of ThUS$101,421 for open invoices related to customers.

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	
	9/30/2019 ThUS$	12/31/2018 ThUS$	9/30/2019 ThUS$	12/31/2018 ThUS$
Trade receivables (1)	1,274,744	1,542,420	517	820
Allowance for doubtful accounts (3)	(12,047)	(37,811)	-	-
Subtotal trade receivables, net	1,262,697	1,504,609	517	820
Other receivables (2)	619,831	712,446	109,036	83,911
Allowance for doubtful accounts (3)	(6,325)	(4,846)	-	-
Subtotal other receivables, net	613,506	707,600	109,036	83,911
Total	1,876,203	2,212,209	109,553	84,731

(1) Trade receivables correspond to the sales of copper and its by-products, those that in general are sold in cash or through banks.

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

- Corporation's employee short-term loans and mortgage loans, both monthly deducted from the employee's salaries. Mortgage loans granted to the Corporation's employees for ThUS$48,895 are secured with collateral.
- Reimbursement receivables from insurance companies.
- Advance payments to suppliers and contractors.
- Accounts receivable for tolling services (Ventanas Smelter).
- VAT credit and other refundable taxes of ThUS$181,850 and ThUS$201,274 as of September 30, 2019 and December 31, 2018, respectively.

(3) The Corporation recognizes an allowance for doubtful accounts based on its expected credit loss model.

The reconciliation of changes in the allowance for doubtful accounts for the periods ended September 30, 2019 and for the year ended December 31, 2018, were as follows:

Items	6/30/2019 ThUS$	12/31/2018 ThUS$
Opening balance	42,657	40,100
Net Increases	570	7,215
Write-offs/applications	(24,855)	(4,658)
Total movements	(24,285)	2,557
Closing balance	18,372	42,657

As of September 30, 2019 and December 31, 2018, the balance of past due but not impaired trade receivables, is as follows:

Maturity	9/30/2019 ThUS$	12/31/2018 ThUS$
Less than 90 days	4,305	3,473
Between 90 days and 1 year	4,402	4,789
More than 1 year	8,999	10,266
Total trade receivables past-due but not impaired	17,706	18,528

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 are, in terms of transactions with related persons, subject to the provisions of Title XVI of Law on Corporations, which sets 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 policy over customary transactions (which was informed through a significant event notice to the CMF), that defines customary transactions as those carried out with its related parties in the normal course of business, which contributes to the social interest and are necessary to the normal development of Codelco's activities.

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

Accordingly, Codelco without the authorization required in CCP No. 18 and of the Board of Directors, when required by Law or by the Corporation by-laws, shall not enter into any contracts or agreements involving one or more Directors, its Chief Executive Officer, the members of Division's Managing Committees, Vice-presidents, Legal Counsel, General Auditor, Division 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	1/1/2019 9/30/2019 Amount ThUS$	1/1/2018 9/30/2018 Amount ThUS$	7/1/2019 9/30/2019 Amount ThUS$	7/1/2018 9/30/2018 Amount ThUS$
Administración de Sistemas y Services Herman Yerko Valenzuela Rojas E.I.R.L	76.349.138-2	Chile	Employee´s relative	Services	-	200	-	-
Anglo American Sur S.A.	77.762.940-9	Chile	Associate	Supplies	16	55	-	-
Arcadis Chile S.A.	89.371.200-3	Chile	Employee´s relative	Services	-	3,511	-	-
Asociación Chilena de Seguridad	70.360.100-6	Chile	Member of Board of directors	Services	-	852	-	-
B.Bosch S.A.	84.716.400-K	Chile	Employee´s relative	Supplies	3,618	-	-	-
Centro de Capacitación y Recreación Radomiro Tomi	75.985.550-7	Chile	Other related	Services	62	847	-	-
Ecometales Limited agencia en Chile.	59.087.530-9	Chile	Subsidiary	Services	43,495	20,040	43,495	20,040
Exploraciones Mineras Andinas S.A.	99.569.520-0	Chile	Subsidiary	Services	-	358,130	-	-
Flsmidth S.A.	89.664.200-6	Chile	Employee´s relative	Supplies	1,265	-	1,258	-
Fundacion Educacional de Chuquicamata.	72.747.300-9	Chile	Founder member donor	Services	134	-	-	-
Fundación Orquesta Sinfónica Infantil de los Andes.	65.018.784-9	Chile	Founder member donor	Services	270	297	-	-
Glasstech S.A.	87.949.500-8	Chile	Employee´s relative	Supplies	-	3	-	-
Highservice ingeniería y construcción ltda.	76.378.396-0	Chile	Employee´s relative	Services	680	-	-	-
Industrial Support Company Ltda	77.276.280-1	Chile	Employee´s relative	Services	22,691	-	-	-
Industrial y Comercial Artimatemb Ltda.	76.108.720-7	Chile	Employee´s relative	Services	20	28	-	-
Inoxa S.A.	99.513.620-1	Chile	Employee´s relative	Services	-	468	-	-
Institución de Salud Previsional Chuquicamata Ltda.	79.566.720-2	Chile	Subsidiary	Services	3,257	101	-	-
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Subsidiary	Services	-	47,028	-	47,028
Kairos Mining S.A.	76.781.030-K	Chile	Other related	Services	-	13,700	-	13,700
Komatsu Chile S.A.	96.843.130-7	Chile	Employee´s relative	Services y Supplies	10,729	116,236	-	113,889
Linde Gas Chile S.A.	90.100.000-K	Chile	Employee´s relative	Supplies	124	91	48	-
Marsol S.A.	91.443.000-3	Chile	Employee´s relative	Supplies	94	-	10	-
San Lorenzo Isapre Limitada	76.521.250-2	Chile	Subsidiary	Services	-	25,945	-	-
Services de Ingeniería IMA S.A.	76.523.610-K	Chile	Employee´s relative	Services	-	125	-	-
Soc. de Prod. y Serv. Solava Ltda	78.663..520-9	Chile	Employee´s relative	Supplies	57	-	-	-
Sociedad Contractual Minera El Abra.	96.701.340-4	Chile	Associate	Supplies	73	-	-	-
Sodimac S.A.	96.792.430-K	Chile	Employee´s relative	Supplies	1,644	-	1	-
Sonda S.A.	83.628.100-4	Chile	Employee´s relative	Services	221	-	-	-
Suez Medioambiente Chile S.A.	77.441.870-9	Chile	Employee´s relative	Supplies	57	-	-	-
Transelec Norte S.A.	99.521.950-6	Chile	Member of Board of directors	Services	-	4,411	-	-

b) Key Management of the Corporation

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

During the nine month and three month periods ended September 30, 2019 and the year ended December 31, 2018, 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	1/1/2019 9/30/2019 Amount ThUS$	1/1/2018 9/30/2018 Amount ThUS$	7/1/2019 9/30/2019 Amount ThUS$	7/1/2018 9/30/2018 Amount ThUS$
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Directors's fees	89	93	29	30
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Directors's fees	-	34	-	-
Ghassan Dayoub Pseli	14.695.762-5	Chile	Director	Directors's fees	71	74	23	23
Ghassan Dayoub Pseli	14.695.762-5	Chile	Director	Payroll	102	87	21	22
Hernán de Solminihac Tampier	6.263.304-2	Chile	Director	Directors's fees	71	40	23	24
Ignacio Briones Rojas	12.232.813-9	Chile	Director	Directors's fees	71	40	23	24
Isidoro Palma Penco	4.754.025-9	Chile	Director	Directors's fees	71	74	23	23
Juan Benavides Feliú	5.633.221-9	Chile	Chairman of the board	Directors's fees	106	60	34	35
Juan Morales Jaramillo	5.078.923-3	Chile	Director	Directors's fees	71	74	23	23
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Directors's fees	-	34	-	-
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the board	Directors's fees	-	51	-	-
Paul Schiodtz Obilinovich	7.170.719-9	Chile	Director	Directors's fees	71	74	23	23
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Directors's fees	71	74	23	23
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	27	54	7	26

The Ministry of Finance through Supreme Decree No. 100, dated February 5, 2018, established the compensation for the Corporation's Directors. The compensation to Board of Director members, is as follows:

a. The Directors of Codelco will receive a fixed monthly compensation of Ch$3,931,757 (three million nine hundred and thirty one thousand, seven hundred and fifty seven 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$7,863,513 (seven million eight hundred and sixty three thousand, five hundred and thirteen Chilean pesos).

c. Each member of the Directors' Committee, whether the one referred to in Article 50 bis) of Law No. 18046 or another established by the Corporation by-laws, will receive a fixed additional monthly compensation of Ch$1,310,584 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$2,621,171 for meeting attendance.

d. The compensation established in the legal text is effective for a period of two years, as from June 1, 2018, and will be updated on January 1, 2019, in accordance with the same provisions that govern the general salary adjustments of officials of the public sector. For the year 2019, the readjustment is 3.5%.

   On the other hand, the short-term benefits of key management of the Corporation paid during the nine month periods ended September 30, 2019 and 2018, were ThUS$9,696 and ThUS$10,456, respectively.

   The methodology to determine the remuneration of key management was approved by the Board of Directors at a meeting held on January 29, 2003.

During the nine month periods ended September 30, 2019 and 2018, severance indemnities were paid to key management of the Corporation for ThUS$1,660 and ThUS$1,106, respectively.

There were no payments to key management for other non-current benefits during the nine month periods ended September 30, 2019 and 2018.

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

c) Transactions with companies in which Codelco has ownership interest

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

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

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

The detail of accounts receivable and payable between the Corporation and its related parties as of September 30, 2019 and December 31, 2018, is as follows:

Accounts receivable from related companies:

Taxpayer number	Name	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					9/30/2019 ThUS$	12/31/2018 ThUS$	9/30/2019 ThUS$	12/31/2018 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	3,069	88,497	-	-
76.063.022-5	Inca de Oro S.A.	Chile	Associate	US$	399	380	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	167	3,099	18,034	20,306
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	2,923	383	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	US$	-	6	229	224
Totals					6,558	92,365	18,263	20,530

Accounts payable to related companies:

Taxpayer number	Name	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					9/30/2019 ThUS$	12/31/2018 ThUS$	9/30/2019 ThUS$	12/31/2018 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	78,099	125,913	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	24,659	22,940	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	2,126	2,063	-	-
Totals					104,884	150,916	-	-

The following table sets forth the transactions carried out between the Corporation and its related companies and their corresponding effects in profit or loss for the nine month and three month periods ended September 30, 2019 and 2018:

Taxpayer number	Entity	Nature of the transaction	Country	Index. Currency	1/1/2019 9/30/2019		1/1/2018 9/30/2018		7/1/2019 9/30/2019		7/1/2018 9/30/2018	
					Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$
96.801.450-1	Agua de la Falda S.A.	Sales of services	Chile	CLP	3	3	3	3	1	1	1	1
96.801.450-1	Agua de la Falda S.A.	Capital contribution	Chile	US$	190	-	-	-	-	-	-	-
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	US$	84,372	-	182,903	-	-	-	123,900	-
77.762.940-9	Anglo American Sur S.A.	Dividends receivable	Chile	US$	-	-	-	-	-	-	-	-
77.762.940-9	Anglo American Sur S.A.	Sales of goods	Chile	US$	8,932	8,932	58,411	58,411	-	-	1,363	1,363
77.762.940-9	Anglo American Sur S.A.	Sales of services	Chile	CLP	4,279	4,279	3,923	3,923	-	-	-	-
77.762.940-9	Anglo American Sur S.A.	Purchase of products	Chile	US$	475,497	(475,497)	512,803	(512,803)	125,504	(125,504)	150,316	(150,316)
Extranjera	Deutsche Geissdraht GmbH	Dividends received	Alemania	EURO	-	-	968	-	-	-	968	-
76.063.022-5	Inca de Oro S.A.	Sales of services	Chile	CLP	39	11	74	25	3	3	4	4
77.781.030-K	Kairos Mining	Services	Chile	CLP	16,487	(16,487)	15,348	(15,348)	5,465	(5,465)	1,504	(1,504)
76.255.054-7	Planta Recuperadora de Metales SpA	Interest loans	Chile	US$	770	770	770	770	260	260	260	260
76.255.054-7	Planta Recuperadora de Metales SpA	Services	Chile	US$	14,477	(14,477)	16,748	(16,748)	2,866	(2,866)	7,079	(7,079)
76.255.054-7	Planta Recuperadora de Metales SpA	Sales of services	Chile	CLP	4,695	4,695	940	940	-	-	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Sales of goods	Chile	US$	37	37	4,077	4,077	23	23	-	-
96.701.340-4	Soc. Contractual Minera El Abra	Purchase of products	Chile	US$	172,278	(172,278)	207,317	(207,317)	64,485	(64,485)	50,873	(50,873)
96.701.340-4	Soc. Contractual Minera El Abra	Sales of goods	Chile	US$	24,472	24,472	21,666	21,666	12,028	12,028	8,971	8,971
96.701.340-4	Soc. Contractual Minera El Abra	Other sales	Chile	US$	1,120	1,120	1,120	1,120	374	374	747	747
96.701.340-4	Soc. Contractual Minera El Abra	Perceived commissions	Chile	US$	71	71	78	78	28	28	22	22

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.

4. Inventories

The detail of inventories as of September 30, 2019 and December 31, 2018, is as follows:

Items	Current		Non-current	
	9/30/2019 ThUS$	12/31/2018 ThUS$	9/30/2019 ThUS$	12/31/2018 ThUS$
Finished products	213,251	446,344	-	-
Subtotal finished products, net	213,251	446,344	-	-
Products in process	1,283,015	1,137,605	568,857	457,070
Subtotal products in process, net	1,283,015	1,137,605	568,857	457,070
Material in warehouse and other	624,603	555,504	-	-
Obsolescence allowance adjustment	(110,999)	(96,805)	-	-
Subtotal material in warehouse and other, net	513,604	458,699	-	-
Total Inventories	2,009,870	2,042,648	568,857	457,070

The amount of inventories of finished goods transferred to cost of sales for the nine month periods ended September 30, 2019 and 2018 were ThUS$7,232,018 and ThUS$8,320,972, respectively.

For the nine month periods ended September 30, 2019 and 2018, 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	9/30/2019 ThUS$	12/31/2018 ThUS$
Opening Balance	(96,805)	(94,083)
Period provision	(14,194)	(2,722)
Closing Balance	(110,999)	(96,805)

For the nine month periods ended September 30, 2019 and 2018, the Corporation recognized write-offs of damaged inventories for ThUS$7.178 and ThUS2,715, respectively.

The provision for the net realizable value of inventories was ThUS$85,834 for the nine month ended September 30, 2019 (ThUS$53,965 for the nine month ended September 30, 2018).

During the nine month periods ended September 30, 2019 and 2018, increases in the provision for net realizable value were ThUS$53,945 and ThUS$50,965, respectively.

As of September 30, 2019 and 2018, there are no unrealized gains or losses recognized on the intercompany sales of inventories of finished products.

As of September 30, 2019 and 2018, there are no inventories pledged as security for liabilities.

5. Income taxes and deferred taxes

a) Composition of income tax expense

Items	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019	7/1/2018 9/30/2018
Current income tax	(6,572)	(86,212)	(2,404)	(14,890)
Effect of Deferred Taxes	(12,310)	(286,710)	(52,563)	75,647
Adjustments to current tax from the prior period	-	(19,956)	-	(22,878)
Other	(1,617)	697	(22)	258
Total tax expense	(20,499)	(392,181)	(54,989)	38,137

b) Deferred tax assets and liabilities:

The following table details deferred tax assets and liabilities:

Deferred tax assets	9/30/2019 ThUS$	12/31/2018 ThUS$
Provisions	1.325.143	1.429.060
Financial leasing	3.385	13.162
Tax losses	517.213	250.255
Other	7.916	4.603
Total deferred tax assets	1.853.657	1.697.080

Deferred tax liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Tax on mining activity	191,476	163,280
Property, plant and equipment variations	994,931	889,841
Post-employment benefit obligations	11,957	10,346
Accelerated depreciation for tax purposes	5,026,253	5,017,532
Fair value of mining properties acquired	108,518	108,518
Hedging derivatives – future contracts	19,991	12,282
Undistributed profits of subsidiaries	33,866	50,006
Total deferred tax liabilities	6,386,992	6,251,805

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

Deferred taxes	9/30/2019 ThUS$	12/31/2018 ThUS$
Non-current assets	37,655	31,443
Non-current liabilities	4,570,990	4,586,168
Net	4,533,335	4,554,725

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

Deferred taxes on components of other comprehensive income	9/30/2019 ThUS$	12/31/2018 ThUS$
(Charge) credit cash flow hedge	26,351	(70,262)
Defined Benefit Plans	7,349	4,077
Total deferred tax effect on components of other comprehensive income (loss)	33,700	(66,185)

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

Reconciliation of tax rate	9/30/2019						
	Taxable Base			At the Tax rate			
	25.0%	40.0%	5%	25.0%	40.0%	5%	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Tax effect on the income (loss) before taxes	(83,550)	(83,550)	(83,550)	20,888	33,420	4,178	58,486
Tax effect on the income (loss) before taxes of subsidiaries	6,050	6,050	6,050	(1,513)	(2,420)	(303)	(4,236)
Tax effect consolidated profit (loss) before taxes	(77,500)	(77,500)	(77,500)	19,375	31,000	3,875	54,250
Permanent differences:							
First category income tax (25%)	81,633			(20,408)			(20,408)
Specific tax for state-owned entities Art. 2 D.L. 2398 (40%)		46,318			(18,527)		(18,527)
Specific tax on mining activities			641,811			(32,091)	(32,091)
Single Tax Art. 21 Inc. N°1							(2,106)
Differences imposed previous years							(1,617)
TOTAL TAX EXPENSE				(1,033)	12,473	(28,216)	(20,499)

Reconciliation of tax rate	9/30/2018						
	Taxable Base			At the Tax rate			
	25.0%	40.0%	5%	25.0%	40.0%	5%	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Tax effect on the income (loss) before taxes	566,789	566,789	566,789	(141,697)	(226,716)	(28,339)	(396,752)
Tax effect on the income (loss) before taxes of subsidiaries	43,686	43,686	43,686	(10,922)	(17,474)	(2,184)	(30,580)
Tax effect consolidated profit (loss) before taxes	610,475	610,475	610,475	(152,619)	(244,190)	(30,523)	(427,332)
Permanent differences:							
First category income tax (25%)	(99,908)			24,976			24,976
Specific tax for state-owned entities Art. 2 D.L. 2398 (40%)		(130,586)			52,234		52,234
Specific tax on mining activities			850,888			(42,544)	(42,544)
Single Tax Art. 21 Inc. N°1							(2,437)
Others							2,922
TOTAL TAX EXPENSE				(127,643)	(191,956)	(73,067)	(392,181)

Pursuant to Article 2 of the Decree Law 2398, Codelco is subject to an additional tax rate of 40% on income before taxes and dividends received in accordance with the law.

On September 29, 2014, Law No. 20780 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 5% under Law No. 20469.

The Corporation, as a Taxpayer of first category, is liable to the single Tax of 40%, contained in the first paragraph of Article 21 of the Income Tax Law No. 824, in numbers i), ii) and iii) , the disbursements incurred in said numerals.

6. Current and non-current tax assets and liabilities

The current tax balance is presented net of monthly provisional payments as an asset or liability in Current Taxes, as the case may be, determined as indicated in section II. Main accounting policies, 2.l):

Current Tax Assets	9/30/2019 ThUS$	12/31/2018 ThUS$
Taxes to be recovered	68,635	13,645
Total Current Tax Assets	68,635	13,645

Current Tax Liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Monthly Provisional Payment Provision	6,748	6,910
Provision Tax	2,287	3,867
Total Current Tax Liabilities	9,035	10,777

Items	9/30/2019 ThUS$	12/31/2018 ThUS$
Non-Current Tax Assets	144,406	143,606
Total Non-Current Tax Assets	144,406	143,606

Non-current recoverable taxes correspond to advance tax payments made provisionally and which are probable of realization through utilization on future income tax returns. These non-current recoverable taxes are not expected to be utilized in the current period. The Corporation has tax loss carryforwards of ThUS$735,323.

7. Property, Plant and Equipment

a) The items of property, plant and equipment as of September 30, 2019 and December 31, 2018, are as follows:

Property, Plant and Equipment, gross	9/30/2019 ThUS$	12/31/2018 ThUS$
Construction in progress	7,322,197	8,808,652
Land	173,518	173,926
Buildings	5,649,593	5,403,295
Plant and equipment	17,687,160	15,894,046
Fixtures and fittings	58,771	58,807
Motor vehicles	2,077,145	2,062,920
Land improvements	6,269,982	5,619,800
Mining operations	8,230,000	7,214,915
Mine development	4,404,278	4,117,362
Assets by right of use	662,331	-
Other assets	1,200,869	1,380,354
Total Property, Plant and Equipment, gross	53,735,844	50,734,077

Property, Plant and Equipment, accumulated depreciation	9/30/2019 ThUS$	12/31/2018 ThUS$
Construction in progress	-	-
Land	9,722	8,964
Buildings	3,104,540	3,048,902
Plant and equipment	10,428,897	10,125,253
Fixtures and fittings	46,670	43,878
Motor vehicles	1,458,684	1,378,911
Land improvements	3,419,937	3,267,244
Mining operations	5,038,444	4,728,591
Mine development	862,536	804,318
Assets by right of use	218,157	-
Other assets	475,076	573,018
Total Property, Plant and Equipment, accumulated depreciation	25,062,663	23,979,079

Property, Plant and Equipment, net	9/30/2019 ThUS$	12/31/2018 ThUS$
Construction in progress	7,322,197	8,808,652
Land	163,796	164,962
Buildings	2,545,053	2,354,393
Plant and equipment	7,258,263	5,768,793
Fixtures and fittings	12,101	14,929
Motor vehicles	618,461	684,009
Land improvements	2,850,045	2,352,556
Mining operations	3,191,556	2,486,324
Mine development	3,541,742	3,313,044
Assets by right of use	444,174	-
Other assets	725,793	807,336
Total Property, Plant and Equipment, net	28,673,181	26,754,998

b) Movement of Property, plant and equipment:

Movements ThUS$	Construction in progress	Land	Buildings	Plant and equipment	Fixed installations and	Motor vehicles	Ground improvements	Mining operations	Development of mines	Assets by right of use	Other assets	Total
Reconciliation of changes in properties, plant and equipment												
Properties, plant and equipment at the beginning of the period. Opening Balance 1/1/2019	8,808,652	164,962	2,354,393	5,768,793	14,929	684,009	2,352,556	2,486,324	3,313,044	-	807,336	26,754,998
Changes in property, plant and equipment												
Increases other than those from business, property, plant and equipment combinations	2,602,918	-	317	10,280	366	1,054	19,128	404,804	-	85,316	30,016	3,154,199
Depreciation, property, plant and equipment	-	(758)	(112,898)	(463,259)	(2,806)	(82,113)	(154,333)	(578,143)	(60,881)	(104,810)	(19,986)	(1,579,987)
Increases (decreases) in transfers and other changes, properties, plant and equipment												
Increases (decreases) by transfers from constructions in process, properties, plant and equipment	(3,759,062)	-	327,666	1,951,372	75	15,809	646,113	817,668	-	-	359	-
Increases (decreases) by other changes, properties, plant and equipment	(326,289)	(408)	(19,278)	10,466	(269)	(163)	(13,145)	60,903	289,579	463,668	(88,783)	376,281
Increase (decrease) by transfers and other changes, properties, plant and equipment	(4,085,351)	(408)	308,388	1,961,838	(194)	15,646	632,968	878,571	289,579	463,668	(88,424)	376,281
Dispositions and withdrawals of service, property, plant and equipment												
Retirements, property, plant and equipment	(4,022)	-	(5,147)	(19,389)	(194)	(135)	(274)	-	-	-	(3,149)	(32,310)
Dispositions and withdrawals of service, property, plant and equipment	(4,022)	-	(5,147)	(19,389)	(194)	(135)	(274)	-	-	-	(3,149)	(32,310)
Increase (decrease) in properties, plant and equipment	(1,486,455)	(1,166)	190,660	1,489,470	(2,828)	(65,548)	497,489	705,232	228,698	444,174	(81,543)	1,918,183
Properties, plant and equipment at the end of the period. Closing balance 9/30/2019	7,322,197	163,796	2,545,053	7,258,263	12,101	618,461	2,850,045	3,191,556	3,541,742	444,174	725,793	28,673,181

Movements ThUS$	Construction in progress	Land	Buildings	Plant and equipment	Fixed installations and	Motor vehicles	Ground improvements	Mining operations	Development of mines	Assets by right of use	Other assets	Total
Reconciliation of changes in properties, plant and equipment												
Properties, plant and equipment at the beginning of the period. Opening Balance 1/1/2018	7,004,522	167,086	2,490,529	5,660,185	17,842	743,542	2,247,481	2,607,039	3,495,230	-	842,056	25,275,512
Changes in property, plant and equipment												
Increases other than those from business, property, plant and equipment combinations	3,582,688	-	138	21,028	376	1,383	484	375,575	1,125	-	38,478	4,021,275
Depreciation, property, plant and equipment	-	(1,011)	(167,547)	(657,866)	(3,669)	(113,872)	(218,323)	(859,955)	(80,153)	-	(70,299)	(2,172,695)
Impairment losses recognized in profit or loss for the period	(2,179)	-	(82,585)	(98,677)	-	(140)	(4,786)	-	-	-	(10,531)	(198,898)
Increases (decreases) in transfers and other changes, properties, plant and equipment												
Increases (decreases) by transfers from constructions in process, properties, plant and equipment	(1,281,365)	-	102,865	812,901	647	51,758	191,986	21,168	99,681	-	359	-
Increases (decreases) by other changes, properties, plant and equipment	(351,945)	(1,113)	11,228	38,322	(68)	2,879	135,714	342,497	(202,839)	-	7,536	(17,789)
Increase (decrease) by transfers and other changes, properties, plant and equipment	(1,633,310)	(1,113)	114,093	851,223	579	54,637	327,700	363,665	(103,158)	-	7,895	(17,789)
Dispositions and withdrawals of service, property, plant and equipment												
Retirements, property, plant and equipment	(143,069)	-	(235)	(7,100)	(199)	(1,541)	-	-	-	-	(263)	(152,407)
Dispositions and withdrawals of service, property, plant and equipment	(143,069)	-	(235)	(7,100)	(199)	(1,541)	-	-	-	-	(263)	(152,407)
Increase (decrease) in properties, plant and equipment	1,804,130	(2,124)	(136,136)	108,608	(2,913)	(59,533)	105,075	(120,715)	(182,186)	-	(34,720)	1,479,486
Properties, plant and equipment at the end of the period. Closing balance 12/31/2018	8,808,652	164,962	2,354,393	5,768,793	14,929	684,009	2,352,556	2,486,324	3,313,044	-	807,336	26,754,998

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

d) The Corporation has signed insurance policies to cover the possible risks to which the various property, plant and equipment items are subject, as well as the possible claims that may arise for the period of its activities. Such policies sufficiently cover the risks to which they are subject in Management's opinion.

e) Borrowing costs capitalized for the nine month periods ended September 30, 2019 and 2018 were ThUS$269,215 and ThUS$225,675, respectively. The annual capitalization average rate for the periods ended September 30, 2019 and 2018 was 4.19% and 4.39%, respectively.

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

Expenditure on exploration and drilling reservoirs	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$
Recognized in profit /(loss)	33,124	29,090
Cash outflows disbursed	31,626	47,607

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

Other assets, net	9/30/2019 ThUS$	12/31/2018 ThUS$
Leased assets (1)	-	93,334
Mining properties from the purchase of Anglo American Sur S.A.	402,000	402,000
Maintenances and other major repairs	260,422	235,091
Other assets – Calama Plan	58,685	72,225
Other	4,686	4,686
Total other assets, net	725,793	807,336

(1) As of January 1, 2019, the lease agreements under IAS 17 and IFRIC 4 become part of the lease agreements under IFRS 16 that are classified under the name of assets for right of use.

h) During the first quarter of 2018, US$103.6 million were reclassified from the line item Intangible assets other than goodwill, to Construction in Progress of Property, plant and equipment, corresponding to assets of the Continuous Mining project (see note 9 Intangible Assets other than goodwill) that could potentially be used in other operations and / or projects of the Corporation.

Subsequently, US$66.4 million (US$23 million after taxes) from the assets mentioned above were written off as of June 30, 2018.

i) 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.

j) 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.

k) According to the policy indicated in note 2 i), referring to property, plant and equipment and intangible assets, and as indicated in note 23, for the year ended December 31, 2018, the Corporation recorded an impairment in the value of the Ventanas assets for an amount of ThUS$198,898 before taxes. At September 30, 2019, the property, plant and equipment assets showed no indicators of impairment or reversals of impairments recognized in previous years, so that no adjustments were made to the value of the assets at that date. (see note 23).

l) As of September 30, 2019, the composition by asset class of assets for right of use is:

Assets by right of use	9/30/2019 ThUS$	1/1/2019 ThUS$
Buildings	19,652	24,069
Plant and equipment	305,469	283,750
Motor vehicles	14,928	140,960
Fixtures and fittings	97,892	12,028
others assets by right of use	6,233	6,939
Total Assets by right of use	444,174	467,746

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:

Associates	Taxpayer Numbers	Functional Currency	Equity Interest		Carrying Value		Net income (loss)		Net income (loss)	
			9/30/2019 %	12/31/2018 %	9/30/2019 ThUS$	12/31/2018 ThUS$	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Agua de la Falda S.A.	96.801.450-1	US$	42,26%	42,26%	4,940	4,953	(203)	(224)	(74)	(66)
Anglo American Sur S.A.	77.762.940-9	US$	29,5%	29,5%	2,854,719	2,835,412	19,308	84,825	8,866	23,688
Inca de Oro S.A.	73.063.022-5	US$	33,19%	33,19%	11,966	12,913	(55)	(42)	(55)	(42)
Kairos Mining S.A.	76.781.030-K	US$	40,00%	5,00%	55	-	-	-	-	-
Minera Purén SCM	76.028.880-2	US$	35,0%	35,0%	9,935	9,902	33	-	(15)	(1)
Planta Recuperadora de Metales SpA	76.255.054-7	US$	34,0%	34,0%	10,593	10,365	228	79	267	(18)
Sociedad Contractual Minera El Abra	96.701.340-4	US$	49,0%	49,0%	596,646	610,339	(13,368)	8,453	(3,170)	(584)
Sociedad GNL Mejillones S.A.	76.775.710-7	US$	0,0%	37,0%	-	84,409	5,920	5,318	811	1,709
TOTAL					3,488,854	3,568,293	11,863	98,409	6,630	24,686

a) Associates

Agua de la Falda S.A.

As of September 30, 2019, Codelco holds a 42.26% ownership interest in Agua de la Falda S.A., with the remaining 57.74% owned by Minera Meridian Limitada.
The corporate purpose of this company is to exploit deposits of gold and other minerals, in the third region of Chile.

Sociedad Contractual Minera El Abra

Sociedad Contractual Minera El Abra was incorporated in 1994. As of September 30, 2019, Codelco holds a 49% ownership interest, with the remaining 51% owned by Cyprus El Abra Corporation, a subsidiary of Freeport-McMoRan Copper & Gold Inc.

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

Sociedad Contractual Minera Purén

As of September 30, 2019, 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.

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.

As of December 31, 2018, 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 Corporation made, on August 6, 2019, the sale of its 37% stake in the company GNL Mejillones S.A. to the Ameris Capital AGF Investment fund, for an amount of US$193.5 million.

The sale of the LNG Mejillones stake generated a profit of US$103 million before tax (note 23) and a result after tax of US $ 36 million.

Inca de Oro S.A.

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

On February 15, 2011, the business association of Codelco and Minera PanAust IDO Ltda. in respect to the Inca de Oro deposit was approved. As a result Minera PanAust IDO Ltda holds 66% ownership interest and the remaining 34% is held by Codelco.

This transaction resulted in a gain after taxes of ThUS$33,668 recognized in the year ended December 31, 2011.

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

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

As of September 30, 2019, Codelco holds a 33.19% ownership interest in this company.

Planta Recuperadora de Metales SpA

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

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

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

As of September 30, 2019, 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 to commercial products and the selling and distribution of all classes of goods or inputs derived from such process.

Deutsche Giessdraht GmbH

On July 31, 2018 the share sale agreement was finalized representative of the shareholding held by CK in Deutsche Giessdraht GmbH maintained by Codelco Kupferhandel GmbH. (CK), which until before that date was the holder of a 40% stake in the capital of DG.

The acquiring company of the shares was the Aurubis Company AG, which was, until before the sale transaction, the majority shareholder of DG. The result after taxes of this transaction was Euro 17,157 Thousands (ThUS $ 20,095 in its equivalence to the exchange rate of the date of the transaction).

Anglo American Sur S.A.

As September 30, 2019, the controlling shareholder of Anglo American Sur S.A. is Inversiones Anglo American Sur S.A. holding a 50.06% ownership interest, while the non-controlling interest is held by Inversiones Mineras Becrux 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%.

On December 21, 2017, according to archive No. 12285 / 2017, by public deed, it was agreed between the shareholders to merge the Acrux SpA Mining Investment Company ("Absorbed Company") into the Investment Company Minera Becrux SpA ("Absorbing Company"), which took effect as of December 22, 2017, where the Absorbing Company acquires all the assets and liabilities of the Absorbed Company, which would be dissolved without the need for its liquidation. In addition, the Absorbing Company is responsible for the payment of all taxes owed or which may be owed by the Absorbed Company.

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.

Kairos S.A.

Until before November 26, 2012, the Corporation held a 40% stake in conjunction with Honeywell Chile S.A. who was the majority shareholder with 60% of the capital stock of Kairos Mining S.A.

On November 26, 2012, the Corporation sold part of its stake to Honeywell Chile SA, which implies that Codelco maintained a 5% interest as of December 31, 2012, while the remaining 95% was held Honeywell Chile S.A. The result of this pre-tax operation was ThUS$13.

On June 6, 2019, Codelco purchased 350 shares of Kairos Mining from Honeywell Chile S.A., increasing its participation from 5% to 40%.

As of September 30, 2019, the control of the company lies in Honeywell Chile S.A. which owns 60% of the shares and while Codelco owns the remaining 40%.

The purpose of the company is to provide automation and control services for industrial and mining activities and to provide technology and software licenses.

The following tables provide details of asset and liabilities of the associates as of September 30, 2019 and December 31, 2018, and their profit (loss) for the nine-month and three-month periods ended September 30, 2019 and 2018:

Assets and Liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Current Assets	1,540,221	1,805,003
Non-current Assets	5,202,700	5,637,321
Current Liabilities	617,361	1,008,086
Non-current Liabilities	1,546,780	1,699,529

Net Income	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Revenue	2,106,920	2,354,368	621,364	748,895
Cost of sales	(2,034,084)	(2,001,791)	(569,191)	(652,733)
Profit for the period	72,836	352,577	52,173	96,162

Movements of Investment in Associates	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$
Opening balances	3,568,293	3,665,601
Contributions	240	-
Dividends	-	(123,900)
Result of the period	11,863	98,409
Sales	(90,329)	-
Other comprehensive income	(325)	(810)
Other	(888)	40
Final balance	3,488,854	3,639,340

The following tables provide details of asset and liabilities of the principal associates as of September 30, 2019 and December 31, 2018, and their profit (loss) for the nine-month and three-month periods ended September 30, 2019 and 2018.

Anglo American Sur S.A.

Assets and liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Current Assets	957,604	1,164,724
Non-current Assets	4,007,496	4,104,271
Current Liabilities	504,800	890,874
Non-current Liabilities	1,208,724	1,226,503

Net Income	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Revenue	1,733,940	1,829,124	525,502	596,398
Cost of sales	(1,633,982)	(1,507,693)	(484,130)	(503,617)
Profit for the period	99,958	321,431	41,372	92,781

Sociedad Contractual Minera El Abra

Assets and liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Current Assets	536,567	576,167
Non-current Assets	1,057,811	1,013,165
Current Liabilities	104,427	73,458
Non-current Liabilities	272,306	270,283

Net Income	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Revenue	351,930	439,636	131,845	123,343
Cost of sales	(379,211)	(422,385)	(138,314)	(124,535)
Profit (loss) for the period	(27,281)	17,251	(6,469)	(1,192)

b) Additional information on unrealized profits (losses)

Codelco enters into transactions for the purchase and sale of copper with Sociedad Contractual Minera El Abra. As of September 30, 2019 and December 31, 2018, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.

The Corporation has recognized unrealized profits for the purchase of rights to use the LNG terminal from the El Abra Mining Contract Company for ThUS$3,920 as of September 30, 2019, (as of December 31, 2018: ThUS$3,920).

c) Investments in associates acquired

On August 24, 2012, Codelco recognized the acquisition of ownership interest in Anglo American Sur S.A. which resulted in the initial recognition of the cost of the investment for ThUS$6,490,000 that corresponded to the proportionate share (29.5%) of the net fair value of the identifiable assets and liabilities acquired.

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2016, the parent company of Anglo American Sur S.A. reviewed the discounted cash flow model of its cash generating units (CGU), determining an impairment loss for the *El Soldado*

CGU of US$200 million due to the uncertainty related to obtaining the required approval of its operational plan from the National Mining and Geology Service ("SERNAGEOMIN" in its Spanish acronym), which raised questions about the generation of future economic benefits to support the value of the assets related to such CGU.

Consequently, and with the purpose of making the corresponding adjustments to the recognition its investment in the associate, the Corporation estimated its recoverable amount by considering the fair value of the identified net assets of the associate *El Soldado*. The recoverable amount as estimated was less than the carrying amount of the identified assets of the associate, therefore, the Corporation recognized an impairment loss of ThUS$78,811 over the identified assets related to El Soldado operations, which was included within the line item "Share of profit or loss of associates and joint ventures accounted for using the equity method" in the statement of comprehensive income for the year ended December 31, 2016.

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

As of December 31, 2017, Codelco made a corresponding adjustment to the identified assets at the acquisition date of the investment associated with El Soldado operations by recognizing a reversal of an impairment loss of ThUS$67,277, which is presented in the line item "Share of profit or loss of associates and joint ventures accounted for using the equity method."

As of September 30, 2019 and 2018, there are no indicators of impairment or potencial reversal conditions , therefore, there have been no adjustments recognized to the carrying amounts of the assets.

e) Share of profit or loss for the year

The share in profit or loss of the associate Anglo American Sur S.A. recognized for the nine-month periods ended September 30, 2019 was income of ThUS$29,488 (income of ThUS$94,822 for the periods ended September 30, 2018). 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 an expense of ThUS$10.180 for the nine-month periods ended September 30, 2019 (an expense of ThUS$9,997 for the nine-month periods ended September 30, 2018) recognized within line item "Share of profit or loss of associates and joint ventures accounted using the equity method" in the consolidated statement of comprehensive income.

9. Intangible assets other than goodwill

As of September 30, 2019 and December 31, 2018, the intangible assets other than goodwill are described as follows:

a) This item is composed of the following:

Intangible assets composition	9/30/2019 ThUS$	12/31/2018 ThUS$
Intangible assets with finite useful lives, net	38,408	40,421
Intangible assets with indefinite useful lives	7,958	7,958
Total	46,366	48,379

b) Carrying amount and accumulated amortization:

	9/30/2019		
intangible assets	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,958	-	7,958
Software	2,679	(1,591)	1,088
Other intangible assets	37,310	(18)	37,292
Total	47,975	(1,609)	46,366

	12/31/2018		
intangible assets	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,958	-	7,958
Software	2,803	(1,351)	1,452
Other intangible assets	38,950	(9)	38,941
Total	49,739	(1,360)	48,379

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

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development and innovation	Other	Total
Reconciliation of changes in intangible assets other than goodwill						
Intangible assets other than goodwill. Opening balance (1/1/2019)	28	7,958	1,452	-	38,941	48,379
Changes in intangible assets other than goodwill						
Increases other than those arising from business combinations, intangible assets other than goodwill	-	-	74	-	7	81
Amortization, intangible assets other than goodwill	-	-	(418)	-	(1,656)	(2,074)
Increases (decreases) in transfers and other changes, intangible assets other than goodwill						
Increases (decreases) in transfers and other changes, intangible assets other than goodwill	-	-	-	-	-	-
Increases (decreases) due to other changes, intangible assets other than goodwill	-	-	(20)	-	-	(20)
Increase (decrease) in transfers and other changes, intangible assets other than goodwill	-	-	(20)	-	-	(20)
Provisions and withdrawals of service, intangible assets other than goodwill						
Service retirements / retirements, intangible assets other than goodwill	-	-	-	-	-	-
Provisions and withdrawals of service, intangible assets other than goodwill	-	-	-	-	-	-
Increase (decrease) in intangible assets other than goodwill	-	-	(364)	-	(1,649)	(2,013)
Intangible assets other than goodwill. Final Balance 9/30/2019	28	7,958	1,088	-	37,292	46,366

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development and innovation	Other	Total
Reconciliation of changes in intangible assets other than goodwill						
Intangible assets other than goodwill. Opening balance (1/1/2018)	28	7,959	1,693	175,710	33,727	219,117
Changes in intangible assets other than goodwill						
Increases other than those arising from business combinations, intangible assets other than goodwill	-	-	586	704	9,261	10,551
Amortization, intangible assets other than goodwill	-	-	(503)	-	(352)	(855)
Increases (decreases) in transfers and other changes, intangible assets other than goodwill						
Increases (decreases) in transfers and other changes, intangible assets other than goodwill	-	-	-	(103,638)	-	(103,638)
Increases (decreases) due to other changes, intangible assets other than goodwill	-	(1)	(149)	-	(7)	(157)
Increase (decrease) in transfers and other changes, intangible assets other than goodwill	-	(1)	(149)	(103,638)	(7)	(103,795)
Provisions and withdrawals of service, intangible assets other than goodwill						
Service retirements / retirements, intangible assets other than goodwill	-	-	(175)	(72,776)	(3,688)	(76,639)
Provisions and withdrawals of service, intangible assets other than goodwill	-	-	(175)	(72,776)	(3,688)	(76,639)
Increase (decrease) in intangible assets other than goodwill	-	(1)	(241)	(175,710)	5,214	(170,738)
Intangible assets other than goodwill. Final Balance 12/31/2018	28	7,958	1,452	-	38,941	48,379

d) Additional Information

As of January 1, 2018, the balance of ThUS$175,710 corresponded mainly to the internally generated technological development project: Continuous Mining.

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

This project began in 2005, when the first conceptual tests were made, and in 2007 and 2008 it was applied at the pilot level and from 2009 the basic and detailed engineering and the construction phase for industrial validation at the West sector of third panel of Andina Division were performed, which was expected to be carried out through 2018. It was expected that its subsequent implementation would be at Chuquicamata Underground and of the new mining projects of Codelco. During the 2018 period, project studies were carried out and Management has decided not to continue with it.

In view of the discontinuance of the project during the first quarter of 2018, a write-off of US$71.7 million before tax (US$25 million after taxes) associated with basic engineering, construction and equipment was recognized in profit or loss. In addition, US$103.6 million were reclassified to Property, plant and equipment in relation to those assets that might potentially be used in other operations and / or projects of the Corporation. As a result of a subsequent review, an additional write-off for US$66.4 million (see note 8 Property, plant and equipment) of assets was recognized. Consequently, the total write-offs as of December 31, 2018, related to this project is US$138.1 million (US$48 million after taxes).

As of September 30, 2019 and 2018, there are no fully amortized intangible assets that are still in use.

For the nine-month periods ended September 30, 2019 and 2018, research and technological development and innovation expenditures recognized in assets were ThUS$2,215 and ThUS$2,955 (accrual), respectively. On the other hand, research recognized in expense was ThUS$3,025 and ThUS$6,278 (cash) for the nine -month periods ended September 30, 2019 and 2018 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	9/30/2019 ThUS$	12/31/2018 ThUS$
Current assets	467,419	621,753
Non Current Assets	3,614,023	3,605,801
Current Liabilities	264,318	305,030
Non Current Liabilities	1,105,554	1,122,471

Profit (loss)	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Ordinary Income	857,593	1,620,134	254,066	498,358
Ordinary Expenses	(879,208)	(1,568,334)	(265,756)	(470,047)
Profit (loss) of period	(21,615)	51,800	(11,690)	28,312

11. Other non-current non-financial assets

Other non-current non-financial assets as of September 30, 2019 and December 31, 2018, are as follows:

Other non-current non-financial assets	9/30/2019 ThUS$	12/31/2018 ThUS$
Advance payment (Law No.13196) (1)	3,518	4,433
Other	2,152	2,384
Total	5,670	6,817

(1) Corresponds to the record of the commitment related to Law No. 13196 to the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

12. Current and non-current financial assets

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

	9/30/2019				
Classification in the statement of financial position	At fair value though profit and loss	Amortized Cost	Derivatives for hedging		Total financial assets
			Hedging derivatives	Cross currency swap	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	432	2,966,810	-	-	2,967,242
Trade and other current receivables	539,077	1,337,126	-	-	1,876,203
Non – current receivables	-	109,553	-	-	109,553
Current receivables from related parties	-	6,558	-	-	6,558
Non – current receivables from related parties	-	18,263	-	-	18,263
Other current financial assets	-	2,149	11,828	-	13,977
Other non - current financial assets	-	9,973	841	116,055	126,869
TOTAL	539,509	4,450,432	12,669	116,055	5,118,665

	12/31/2018				
Classification in the statement of financial position	At fair value though profit and loss	Amortized Cost	Derivatives for hedging		Total financial assets
			Hedging derivatives	Cross currency swap	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	1,698	1,227,427	-	-	1,229,125
Trade and other current receivables	789,710	1,422,499	-	-	2,212,209
Non – current receivables	-	84,731	-	-	84,731
Current receivables from related parties	-	92,365	-	-	92,365
Non – current receivables from related parties	-	20,530	-	-	20,530
Other current financial assets	-	187,870	43,539	-	231,409
Other non - current financial assets	-	23,089	14,962	107,700	145,751
TOTAL	791,408	3,058,511	58,501	107,700	4,016,120

- Fair value through profit or loss: As of September 30, 2019, this category mainly includes receivables from provisional invoicing sales. Section II.2.r.

- Amortized cost: It corresponds to financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. These assets 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.

- Derivatives for Hedging: Corresponds to the balance for changes in the fair value of derivative contracts to cover existing transactions (cash flow hedges) and that affect the profit or loss when transactions are settled or when, to the extent required by accounting standards, a compensation effect is charged (credited) to the income statement. The detail of derivative hedging transactions is included in the Note 30.

  As of September 30, 2019 and December 31, 2018, there were no reclassifications between the different categories of financial instruments, under the accounting standards at the respective dates.

13. Other financial liabilities

Current and non-current interest-bearing borrowings consists of loans from financial institutions, bond issuance 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:

	9/30/2019					
	Current			Non-current		
Items	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial institutions	871,161	-	871,161	2,370,178	-	2,370,178
Bonds issued	124,044	-	124,044	14,087,979	-	14,087,979
Lease	127,388	-	127,388	318,663	-	318,663
Hedging derivatives	-	5,068	5,068	-	159,684	159,684
Other financial liabilities	433	-	433	60,435	-	60,435
Total	1,123,026	5,068	1,128,094	16,837,255	159,684	16,996,939

Items	12/31/2018					
	Current			Non-current		
	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial institutions	404,871	-	404,871	2,107,078	-	2,107,078
Bonds issued	435,429	-	435,429	12,310,307	-	12,310,307
Lease	21,510	-	21,510	86,329	-	86,329
Hedging derivatives	-	10,096	10,096	-	106,824	106,824
Other financial liabilities	371	-	371	63,972	-	63,972
Total	862,181	10,096	872,277	14,567,686	106,824	14,674,510

- 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 year maturity from the date of disbursement, and an annual rate Libor + 2.5%. This loan has no underlying guarantees 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” (no underlying guarantee) 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. Thus, Mitsui (through its subsidiary) held an option to acquire from Gacrux an additional 15.25% of the shares of Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US$998 million. These funds were fully allocated to a portion of Gacrux's debt under the Credit Agreement.

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

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

On May 26, 2017, Codelco signed a credit agreement with Oriente Copper Netherlands BV renegotiating the semi-annual payment. The terms established an annual interest rate of Libor +2.5% with a 5 year maturity to be payable in one installment at maturity with semi-annual interest payment.

The credit agreements obtained in 2016 and 2017, mentioned above, were paid on May 23, 2018.

As of September 30, 2019, the outstanding balance of the credit agreements is ThUS$619,847.

- *Bond issued:*

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

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

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

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

On November 4, 2010, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS$1,000,000. These bonds are payable in a single installment on November 4, 2020, at an annual interest rate of 3.75% and semi-annual interest payments. On August 3, 2017 and February 6, 2019, principal was paid for an amount of ThUS$414,763 and ThUS$183,051 respectively.

On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS$1,150,000. These bonds are payable in a single installment on November 4, 2021, at an annual interest rate of 3.875% and semi-annual interest payments. On August 3, 2017 and February 6, 2019, principal was paid for an amount of ThUS$665,226 and ThUS$247,814 respectively.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS$2,000,000. These bonds are payable in two installments (i) the first tranche on July 17, 2022 in the amount of US$1,250,000 at a 3% annual interest rate. On August 22, 2017, and February 6, 2019, principal was paid in the amounts of ThUS$412,514 and ThUS$314,219, respectively, and (ii) the other tranche matures on July 17, 2042 and is in the amount of ThUS$750,000 at an annual interest rate of 4.25%.

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On August 13, 2013, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$750,000, payable in a single installment on August 13, 2023, at an annual interest rate of 4.5% and semi-annual interest payments. On August 22, 2017, February 12 and February 26, 2019, principal in the amounts of ThUS$162,502, ThUS$228,674 and ThUS$270 respectively, was paid.

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

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

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

On September 16, 2015, the Corporation issued and placed bonds in the U.S. market, under Rule 144-A and Regulation S, for a nominal amount of ThUS$2,000,000, payable in a single installment on September 16, 2025, at an annual interest rate of 4.5% and semi-annual interest payments. On August 22, 2017 and February 12, 2019, principal was paid for an amount of ThUS$378,655 and ThUS$552,754 respectively.

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

On July 25, 2017, the Corporation made an offer in New York to buy its bonds issued in dollars with maturities between 2019 and 2025, repurchasing USD 2,367 million.

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

These operations allowed optimizing the debt maturity profile of Codelco. As a result of these transactions, 86% of the funds from the new issue (US$2,367 million) were used to refinance old debt. The average interest rate of refinanced funds decreased from 4.36% to 4.02%.

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

On May 18, 2018, Codelco issued a bond for US$600 million with 30 year maturity in the market of Formosa, Taiwan. The bond issued is denominated in US dollars, had a yield of 4.85% and a prepayment option at the issue value that can be exercised from the fifth year onwards at its par value.

On January 28, 2019, the Corporation in New York made an offer to purchase its bonds issued in dollars with maturities between 2020 and 2025, repurchasing USD 1,527 millions.

Subsequently, on February 5, 2019, the Corporation issued and placed bonds in the North American market, under Rule 144-A and Regulation S, for a total nominal amount of ThUS$1,300,000, which maturity will be 5 February 2049 with a coupon of 4.375% per annum and interest payments on a semi-annual basis.

The effect recognized in results associated with this refinancing was a charge of US$10 million after taxes.

On July 22, 2019, the Corporation made a bond issue and placement, Regulation S, for a nominal amount of AUD $ 70,000,000, whose maturity will be in a single installment on July 22, 2039, with a coupon of 3.58% annual and interest payment annually.

On August 23, 2019, the Corporation made a bond issue and placement, Regulation S, for a nominal amount of US$130,000,000, whose maturity will be in a single installment on August 23, 2029, with a coupon of 2.869% annual and interest payment semiannually.

On September 30, 2019, the Corporation made an issue and placement of bonds in the North American market, under rule 144-A and Regulation S, for a total nominal amount of ThUS$2,000,000 whose maturity will be, on the one hand, on September 30, 2029 corresponding to an amount of ThUS$1,100,000 with a 3% annual coupon. The other portion contemplates a maturity for January 30, 2050, corresponding to an amount of ThUS$900,000 with a coupon of 3.70% per year.

Along with this placement, Codelco launched a purchase offer for an aggregate amount of up to US$639 million for bonds with maturities 2020, 2021, 2022 and 2023, to be carried out in three stages of settlement dates October 2, 8 and 22. (Note 35).

As of September 30, 2019 and December 31, 2018, the Corporation is not required to comply with any financial covenants 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: Leasing operations are generated by contracts, mainly for buildings and machinery.

As of September 30, 2019, the details of loans from financial institutions and bond obligations are as follows:

9/30/2019														
Taxpayer ID Number	Country	Loans with financial entities	Institution	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of Interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
97.018.000-1	Chile	Bilateral Credit	Scotiabank Chile	12/20/2019	Floating	US$	300,000,000	Maturity	Semi-annual	3.02%	3.19%	302,495	-
97.018.000-1	Chile	Bilateral Credit	Scotiabank Chile	3/6/2020	Floating	US$	100,000,000	Maturity	Semi-annual	2.34%	2.34%	100,156	-
97.018.000-1	Chile	Bilateral Credit	Scotiabank Chile	3/13/2020	Floating	US$	65,000,000	Maturity	Semi-annual	2.40%	2.40%	65,074	-
97.036.000-K	Chile	Bilateral Credit	Santander Chile	4/27/2020	Floating	US$	100,000,000	Maturity	Semi-annual	2.95%	2.95%	101,465	-
97.006.000-6.	Chile	Bilateral Credit	Banco Crédito e Inversiones	5/29/2020	Floating	US$	50,000,000	Maturity	Semi-annual	2.77%	2.77%	50,448	-
97.004.000-5	Chile	Bilateral Credit	Banco de Chile	5/29/2020	Floating	US$	120,000,000	Maturity	Semi-annual	3.03%	3.03%	120,444	-
97.023.000-9	Chile	Bilateral Credit	Banco Itaú	5/29/2020	Floating	US$	30,000,000	Maturity	Semi-annual	3.01%	3.01%	30,292	-
Foreign	USA	Bilateral Credit	MUFG Bank Ltd.	9/30/2021	Floating	US$	250,000,000	Maturity	Semi-annual	2.96%	3.05%	1,520	249,683
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Semi-annual	3.23%	3.42%	4,039	299,180
Foreign	Cayman Island	Bilateral Credit	Scotiabank & Trust (Cayman) Ltd	4/13/2022	Floating	US$	300,000,000	Maturity	Quarterly	2.95%	3.17%	1,811	298,690
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	3.02%	3.22%	33,039	63,805
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2022	Floating	US$	300,000,000	Maturity	Quarterly	2.83%	2.94%	1,604	299,542
Foreign	USA	Bilateral Credit	Export Dev Canada	10/25/2028	Floating	US$	300,000,000	Maturity	Quarterly	3.40%	3.52%	1,898	298,385
Foreign	USA	Bilateral Credit	Export Dev Canada	7/25/2029	Floating	US$	300,000,000	Maturity	Semi-annual	3.42%	3.62%	1,786	296,136
Foreign	Holland	Bilateral Credit	Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US$	874,959,000	Semi-annual	Semi-annual	3.25%	5.42%	55,090	564,757
TOTAL												871,161	2,370,178

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	11-04-2020	Fixed	US$	1.000.000.000	At Maturity	Semi-annual	3,75%	3,94%	6.242	401.364
144-A REG.S	Luxembourg	11-04-2021	Fixed	US$	1.150.000.000	At Maturity	Semi-annual	3,88%	4,04%	3.800	236.170
144-A REG.S	Luxembourg	07-17-2022	Fixed	US$	1.250.000.000	At Maturity	Semi-annual	3,00%	3,17%	3.199	520.931
144-A REG.S	Luxembourg	08-13-2023	Fixed	US$	750.000.000	At Maturity	Semi-annual	4,50%	4,75%	2.105	355.438
144-A REG.S	Luxembourg	07-09-2024	Fixed	EUR	600.000.000	At Maturity	Annual	2,25%	2,48%	3.336	647.532
BCODE-B	Chile	04-01-2025	Fixed	U.F.	6.900.000	At Maturity	Semi-annual	4,00%	3,24%	-	275.848
144-A REG.S	Luxembourg	09-16-2025	Fixed	US$	2.000.000.000	At Maturity	Semi-annual	4,50%	4,75%	1.850	1.054.721
BCODE-C	Chile	08-24-2026	Fixed	U.F.	10.000.000	At Maturity	Semi-annual	2,50%	2,48%	944	402.757
144-A REG.S	Luxembourg	08-01-2027	Fixed	US$	1.500.000.000	At Maturity	Semi-annual	3,63%	4,20%	9.013	1.442.319
REG.S	-	08-23-2029	Fixed	US$	130.000.000	At Maturity	Semi-annual	2,87%	2,98%	395	128.759
144-A REG.S	Luxembourg	09-30-2029	Fixed	US$	1.100.000.000	At Maturity	Semi-annual	3,00%	3,14%	90	1.087.216
144-A REG.S	Luxembourg	09-21-2035	Fixed	US$	500.000.000	At Maturity	Semi-annual	5,63%	5,78%	695	492.036
144-A REG.S	Luxembourg	10-24-2036	Fixed	US$	500.000.000	At Maturity	Semi-annual	6,15%	6,22%	13.370	496.515
REG.S	Luxembourg	07-22-2039	Fixed	AUD	70.000.000	At Maturity	Annual	3,58%	3,58%	330	46.781
144-A REG.S	Luxembourg	07-17-2042	Fixed	US$	750.000.000	At Maturity	Semi-annual	4,25%	4,41%	6.496	733.343
144-A REG.S	Luxembourg	10-18-2043	Fixed	US$	950.000.000	At Maturity	Semi-annual	5,63%	5,76%	24.091	933.491
144-A REG.S	Luxembourg	11-04-2044	Fixed	US$	980.000.000	At Maturity	Semi-annual	4,88%	5,01%	19.344	961.328
144-A REG.S	Luxembourg	08-01-2047	Fixed	US$	1.250.000.000	At Maturity	Semi-annual	4,50%	4,73%	9.324	1.205.730
REG.S	Taiwan	05-18-2048	Fixed	US$	600.000.000	At Maturity	Semi-annual	4,85%	4,91%	10.675	594.464
144-A REG.S	Luxembourg	02-05-2049	Fixed	US$	1.300.000.000	At Maturity	Semi-annual	4,38%	4,97%	8.655	1.181.696
144-A REG.S	Luxembourg	01-30-2050	Fixed	US$	900.000.000	At Maturity	Semi-annual	3,70%	3,76%	90	889.540
TOTAL										124.044	14.087.979

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

As of December 31, 2018, the details of loans from financial institutions and bond obligations are as follows:

12/31/2018													
Taxpayer ID Number	Country	Loans with financial entities	Institution	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of Interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
97.018.000-1	Chile	Bilateral Credit	Scotiabank Chile	12/20/2019	Floating	US$	300,000,000	Maturity	Semi-annual	3,60%	3,74%	300,059	-
Foreign	USA	Bilateral Credit	MUFG Bank Ltd	9/30/2021	Floating	US$	250,000,000	Maturity	Semi-annual	3.27%	3.37%	3,768	249,579
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Semi-annual	3.44%	3.62%	1,604	298,875
Foreign	Cayman Island	Bilateral Credit	Scotiabank & Trust (Cayman) Ltd	4/13/2022	Floating	US$	300,000,000	Maturity	Quarterly	3.09%	3.30%	1,980	298,401
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2022	Floating	US$	300,000,000	Maturity	Semi-annual	3.38%	3.48%	1,915	299,432
Foreign	USA	Bilateral Credit	Export Dev Canada	10/25/2028	Floating	US$	300,000,000	Maturity	Semi-annual	3.96%	4.09%	2,212	298,250
Foreign	Japan	Bilateral Credit	MUFG Bank Ltd	5/24/2029	Floating	US$	96,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	3.44%	3.84%	12,016	-
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	3.34%	3.54%	32,363	79,674
Foreign	Holland	Bilateral Credit	Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US$	874,959,000	Semi-annual	Semi-annual	3.25%	5.42%	48,490	582,867
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro				1.25%	1.25%	408	-
			Other institutions									56	-
TOTAL												404,871	2,107,078

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	At Maturity	Semi-annual	7,50%	7,78%	276,061	-
144-A REG.S	Luxembourg	4/11/2020	Fixed	US$	1,000,000,000	At Maturity	Semi-annual	3,75%	3,97%	3,456	582,989
144-A REG.S	Luxembourg	4/11/2021	Fixed	US$	1,150,000,000	At Maturity	Semi-annual	3,88%	4,06%	2,958	482,430
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	At Maturity	Semi-annual	3,00%	3,17%	11,538	832,748
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	At Maturity	Semi-annual	4,50%	4,75%	10,058	581,548
144-A REG.S	Luxembourg	9/07/2024	Fixed	EUR	600,000,000	At Maturity	Annual	2,25%	2,48%	7,404	678,446
BCODE-B	Chile	1/4/2025	Fixed	U.F.	6,900,000	At Maturity	Semi-annual	4,00%	3,24%	2,737	285,436
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	At Maturity	Semi-annual	4,50%	4,77%	21,364	1,596,926
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	At Maturity	Semi-annual	2,50%	2,48%	3,455	416,715
144-A REG.S	Luxembourg	1/8/2027	Fixed	US$	1,500,000,000	At Maturity	Semi-annual	3,63%	4,20%	22,607	1,437,938
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	At Maturity	Semi-annual	5,63%	5,78%	7,925	491,814
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	At Maturity	Semi-annual	6,15%	6,22%	5,998	496,430
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	At Maturity	Semi-annual	4,25%	4,41%	14,638	733,027
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	At Maturity	Semi-annual	5,63%	5,76%	10,864	933,256
144-A REG.S	Luxembourg	4/11/2044	Fixed	US$	980,000,000	At Maturity	Semi-annual	4,88%	5,01%	7,522	961,050
144-A REG.S	Luxembourg	1/8/2047	Fixed	US$	1,250,000,000	At Maturity	Semi-annual	4,50%	4,73%	23,387	1,205,156
REG.S	Taiwan	5/18/2048	Fixed	US$	600,000,000	At Maturity	Semi-annual	4,85%	4,91%	3,457	594,398
TOTAL										435,429	12,310,307

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 follows:

9/30/2019					Current			Non-current			
Debtor's Name	Currency	Effective interest rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
Scotiabank Chile	US$	3.19%	3.02%	Semi-annual	304,610	-	304,610	-	-	-	-
Scotiabank Chile	US$	2.34%	2.34%	Semi-annual	-	101,182	101,182	-	-	-	-
Scotiabank Chile	US$	2.40%	2.40%	Semi-annual	-	65,790	65,790	-	-	-	-
Santander Chile	US$	2.95%	2.95%	Semi-annual	1,473	101,473	102,946	-	-	-	-
Banco Crédito e Inversiones	US$	2.77%	2.77%	Semi-annual	693	50,693	51,386	-	-	-	-
Banco de Chile	US$	3.03%	3.03%	Semi-annual	1,819	121,819	123,638	-	-	-	-
Banco Itaú	US$	3.01%	3.01%	Semi-annual	451	30,451	30,902	-	-	-	-
MUFG Bank Ltd.	US$	3.05%	2.96%	Semi-annual	-	7,536	7,536	261,212	-	-	261,212
Export Dev Canada	US$	3.42%	3.23%	Semi-annual	4,982	4,901	9,883	314,784	-	-	314,784
Scotiabank & Trust (Cayman) Ltd	US$	3.17%	2.95%	Quarterly	4,702	6,744	11,446	315,702	-	-	315,702
Japan Bank International Cooperation	US$	3.22%	3.02%	Semi-annual	17,490	17,222	34,712	66,454	-	-	66,454
Export Dev Canada	US$	2.94%	2.83%	Quarterly	-	8,634	8,634	17,291	300,000	-	317,291
Export Dev Canada	US$	3.52%	3.40%	Quarterly	-	10,370	10,370	20,683	20,711	346,607	388,000
Export Dev Canada	US$	3.62%	3.42%	Semi-annual	-	5,187	5,187	20,804	20,833	351,897	393,534
BONO 144-A REG.S 2020	US$	3.94%	3.75%	Semi-annual	7,541	7,541	15,082	409,727	-	-	409,727
BONO 144-A REG.S 2021	US$	4.04%	3.88%	Semi-annual	4,591	4,591	9,182	250,733	-	-	250,733
BONO 144-A REG.S 2022	US$	3.17%	3.00%	Semi-annual	-	15,698	15,698	554,663	-	-	554,663
BONO 144-A REG.S 2023	US$	4.75%	4.50%	Semi-annual	-	16,135	16,135	32,270	374,689	-	406,959
BONO 144-A REG.S 2025	US$	4.75%	4.50%	Semi-annual	-	48,087	48,087	96,174	96,174	1,116,688	1,309,036
BONO 144-A REG.S 2027	US$	4.20%	3.63%	Semi-annual	-	54,375	54,375	108,750	108,750	1,663,125	1,880,625
REG.S 2029	US$	2.98%	2.87%	Semi-annual	-	3,730	3,730	7,459	7,459	148,649	163,567
BONO 144-A REG.S 2029	US$	3.14%	3.00%	Semi-annual	-	33,000	33,000	49,500	66,000	1,281,500	1,397,000
BONO 144-A REG.S 2035	US$	5.78%	5.63%	Semi-annual	-	28,125	28,125	56,250	42,188	823,438	921,876
BONO 144-A REG.S 2036	US$	6.22%	6.15%	Semi-annual	15,375	15,375	30,750	61,500	61,500	884,375	1,007,375
BONO 144-A REG.S 2042	US$	4.41%	4.25%	Semi-annual	-	31,875	31,875	63,750	63,750	1,323,750	1,451,250
BONO 144-A REG.S 2043	US$	5.76%	5.63%	Semi-annual	26,719	26,719	53,438	106,875	106,875	1,992,031	2,205,781
BONO 144-A REG.S 2044	US$	5.01%	4.88%	Semi-annual	23,888	23,888	47,776	95,550	95,550	1,959,388	2,150,488
BONO 144-A REG.S 2047	US$	4.73%	4.50%	Semi-annual	-	56,250	56,250	112,500	112,500	2,543,750	2,768,750
REG.S 2048	US$	4.91%	4.85%	Semi-annual	14,550	14,550	29,100	58,200	58,200	1,298,400	1,414,800
BONO 144-A REG.S 2049	US$	4.97%	4.38%	Semi-annual	-	56,875	56,875	113,750	113,750	2,693,438	2,920,938
BONO 144-A REG.S 2050	US$	3.76%	3.70%	Semi-annual	-	33,300	33,300	66,600	66,600	2,048,850	2,182,050
Oriente Copper Netherlands B.V.	US$	5.42%	3.25%	Semi-annual	36,147	35,788	71,935	139,656	133,925	504,728	778,309
				Total ThUS$	465,031	1,037,904	1,502,935	3,400,837	1,849,454	20,980,614	26,230,904
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	-	276,000	276,000	414,000	552,000	7,176,000	8,142,000
BONO BCODE-C 2026	U.F.	2.48%	2.50%	Semi-annual	-	248,457	248,457	496,913	496,913	10,496,913	11,490,740
				Total U.F.	-	524,457	524,457	910,913	1,048,913	17,672,913	19,632,740
				Subtotal ThUS$	-	20,202	20,202	35,088	40,404	680,761	756,253
BONO 144-A REG.S 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,000	600,000,000	654,000,000
				Subtotal ThUS$	-	14,717	14,717	29,434	29,434	654,096	712,965
REG.S 2039	AUD	3.66%	3.58%	Annual	-	2,506,000	2,506,000	5,012,000	5,012,000	107,590,000	117,614,000
				Subtotal ThUS$	-	2,732	2,732	5,464	5,464	117,290	128,217
				Total ThUS$	465,031	1,075,555	1,540,586	3,470,823	1,924,756	22,432,761	27,828,339

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

12/31/2018					Current			Non-current			
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	More than 5 years	Non-current total
Scotiabank Chile	US$	3,74%	3,60%	Semi-annual	-	310,893	310,893	-	-	-	-
Bank of Tokyo Mitsubishi Ltd.	US$	3,37%	3,27%	Semi-annual	4,176	4,108	8,284	270,701	-	-	270,701
Export Dev Canada	US$	3,62%	3,44%	Semi-annual	-	10,395	10,395	320,934	-	-	320,934
Scotiabank & Trust (Cayman) Ltd	US$	3,30%	3,09%	Quarterly	2,340	7,099	9,439	18,801	304,578	-	323,379
Export Dev Canada	US$	3,48%	3,38%	Semi-annual	-	10,279	10,279	20,586	310,251	-	330,837
Export Dev Canada	US$	4,09%	3,96%	Semi-annual	-	12,053	12,053	24,139	24,106	360,330	408,575
MUFG Bank Ltd	US$	3,84%	3,44%	Semi-annual	-	12,205	12,205	-	-	-	-
Japan Bank International Cooperation	US$	3,54%	3,34%	Semi-annual	-	35,496	35,496	67,793	16,268	-	84,061
BONO 144-A REG.S 2019	US$	7,78%	7,50%	Semi-annual	276,852	-	276,852	-	-	-	-
BONO 144-A REG.S 2020	US$	3,97%	3,75%	Semi-annual	-	21,946	21,946	607,183	-	-	607,183
BONO 144-A REG.S 2021	US$	4,06%	3,88%	Semi-annual	-	18,785	18,785	522,344	-	-	522,344
BONO 144-A REG.S 2022	US$	3,17%	3,00%	Semi-annual	12,562	12,562	25,124	50,249	862,611	-	912,860
BONO 144-A REG.S 2023	US$	4,75%	4,50%	Semi-annual	13,219	13,219	26,438	52,875	640,373		693,248
BONO 144-A REG.S 2025	US$	4,77%	4,50%	Semi-annual	36,480	36,480	72,960	145,922	145,922	1,767,277	2,059,121
BONO 144-A REG.S 2027	US$	4,20%	3,63%	Semi-annual	27,188	27,188	54,376	108,750	108,750	1,717,500	1,935,000
BONO 144-A REG.S 2035	US$	5,78%	5,63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	837,500	950,000
BONO 144-A REG.S 2036	US$	6,22%	6,15%	Semi-annual	-	30,750	30,750	61,500	61,500	899,750	1,022,750
BONO 144-A REG.S 2042	US$	4,41%	4,25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,355,625	1,483,125
BONO 144-A REG.S 2043	US$	5,76%	5,63%	Semi-annual	-	53,438	53,438	106,875	106,875	2,018,750	2,232,500
BONO 144-A REG.S 2044	US$	5,01%	4,88%	Semi-annual	-	47,775	47,775	95,550	95,550	1,983,275	2,174,375
BONO 144-A REG.S 2047	US$	4,73%	4,50%	Semi-annual	28,125	28,125	56,250	112,500	112,500	2,600,000	2,825,000
REG.S. 2048	US$	4,91%	4,85%	Semi-annual	-	29,100	29,100	58,200	58,200	1,312,950	1,429,350
Oriente Copper Netherlands B.V.	US$	5,42%	3,25%	Semi-annual	-	72,705	72,705	141,137	135,320	537,640	814,097
				Total ThUS$	430,943	824,602	1,255,545	2,906,039	3,102,804	15,390,597	21,399,440
BONO BCODE-B 2025	U.F.	3,24%	4,00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	7,314,000	8,418,000
BONO BCODE-C 2026	U.F.	2,48%	2,50%	Semi-annual	124,228	124,228	248,457	496,913	496,913	10,745,370	11,739,197
				Total U.F.	262,228	262,228	524,457	1,048,913	1,048,913	18,059,370	20,157,197
				Subtotal ThUS$	10,404	10,404	20,808	41,617	41,617	716,526	799,760
BONO 144-A REG. S 2024	EUR	2,48%	2,25%	Annual		13,500,000	13,500,000	27,000,000	27,000,000	613,500,000	667,500,000
				Total EUR		13,500,000	13,500,000	27,000,000	27,000,000	613,500,000	667,500,000
				Subtotal ThUS$		15,443	15,443	30,885	30,885	701,783	763,553
				Total ThUS$	441,347	850,449	1,291,796	2,978,541	3,175,306	16,808,906	22,962,753

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:

Leases	9/30/2019			12/31/2018		
	Gross ThUS$	Interest ThUS$	Present Value ThUS$	Gross ThUS$	Interest ThUS$	Present Value ThUS$
Less than 90 days	41,292	(4,861)	36,431	6,902	(1,735)	5,167
Between 90 days and 1 year	104,284	(13,327)	90,957	21,529	(5,186)	16,343
Between 1 and 2 years	108,460	(13,199)	95,261	23,385	(5,943)	17,442
Between 2 and 3 years	88,080	(10,891)	77,189	20,079	(4,807)	15,272
Between 3 and 4 years	62,453	(7,330)	55,123	13,628	(3,699)	9,929
Between 4 and 5 years	34,411	(5,149)	29,262	19,946	(2,812)	17,134
More than 5 years	68,110	(6,282)	61,828	35,126	(8,574)	26,552
Total	507,090	(61,039)	446,051	140,595	(32,756)	107,839

The expense related to short-term leases, low-value assets and variable leases not included in the measurement or amortization of lease liabilities for the nine-month periods ended September 30, 2019 is presented in the following table:

Lease expense	1/1/2019 9/30/2019 ThUS$
Short-term leases	68,120
Low value leases	58,625
Variable lease payments not included in the initial measurement or remeasurement of liabilities (excluding, where application, changes in indices or rates)	949,584
TOTAL	1,076,329

The operating lease payments recognized in the statement of comprehensive income for the nine-month periods ended September 30, 2018 totaled ThUS$162.380.

The table below details changes in CODELCO's liabilities classified as financing activities in the statement of cash flow, including both cash and non-cash changes for the nine months ended September 30, 2019 and December 31, 2018:

					Changes that do not represent cash flow					
Liabilities for	Initial Balance at 1/1/2019	Flows of cash			Financial Cost (1)	Exchange	Adjustment	Effective Interest accretion/amortiza	Other	Final Balance at 9/30/2019
		From	Used	Total						
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans with financial institutions	2,511,949	765,000	(110,374)	654,626	74,764	-	-	-	-	3,241,339
Bond Obligations	12,745,736	3,479,309	(2,375,261)	1,104,048	439,462	(53,929)	-	(23,294)	-	14,212,023
Obligations for coverage	116,132	-	(20,435)	(20,435)	15,720	34,304	23,424	-	(4,409)	164,736
Paid Dividens	-	-	-	-	-	-	-	-	-	
Financial assets for hedge derivatives	(107,700)	-	-	-	-	19,588	(27,943)	-	-	(116,055)
Leases	107,839	-	(110,677)	(110,677)	25,028	13,361	-	-	410,500	446,051
Capital contribution	-	400,000	-	400,000	-	-	-	-	-	
Other	64,343	-	(70,360)	(70,360)	52,229	-	-	-	14,656	60,868
Total liabilities from financing activities	15,438,299	4,644,309	(2,687,107)	1,957,202	607,203	13,324	(4,519)	(23,294)	420,747	18,008,962

					Changes that do not represent cash flow					
Liabilities for	Initial Balance at 1/1/2018 ThUS$	Flows of cash			Financial Cost (1) ThUS$	Exchange ThUS$	Adjustment ThUS$	Effective Interest accretion/amortiza ThUS$	Other ThUS$	Final Balance at 12/31/2018 ThUS$
		From ThUS$	Used ThUS$	Total ThUS$						
Loans with financial institutions	2,460,384	300,000	(333,027)	(33,027)	84,592	-	-	-	-	2,511,949
Bond Obligations	12,249,406	600,000	(541,341)	58,659	543,874	(101,299)	-	(4,904)	-	12,745,736
Obligations for coverage	83,896	-	(18,930)	(18,930)	20,070	35,884	(4,788)	-	-	116,132
Paid Dividens	-	-	(602,461)	(602,461)	-	-	-	-	-	-
Financial assets for hedge derivatives	(137,544)	-	-	-	-	66,177	(36,333)	-	-	(107,700)
Leases	102,711		(27,130)	(27,130)	2,774	2,645	-	-	26,839	107,839
Capital contribution	-	600,000	-	600,000	-	-	-	-	-	-
Other	69,813	-	(99,200)	(99,200)	82,886	-	-	-	10,844	64,343
Total liabilities from financing activities	14,828,666	1,500,000	(1,622,089)	(122,089)	734,196	3,407	(41,121)	(4,904)	37,683	15,438,299

(1) The finance costs consider the capitalization of interest, which for the nine-month ended September 30, 2019 and 2018, amounts to ThUS$269,215 and ThUS$225,675 respectively.

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 with respect thereto.

Regarding financial liabilities, the following table shows a comparison as of September 30, 2019 between the carrying amount and the fair value of financial liabilities other than those whose carrying amount is a reasonable approximation of fair value.

Comparison value book vs fair value as of September 30, 2019	Accounting treatment for valuation	Carrying amount ThUS$	Fair value ThUS$
Financial liabilities:			
Bond Obligations	Amortized cost	14,212,023	15,874,966

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 are significant unobservable inputs for the asset or liability.

The following table presents financial assets and liabilities measured at fair value as of September 30, 2019:

Financial instruments measured at fair value	9/30/2019			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets				
Provisional price sales contracts	-	539,077	-	539,077
Cross Currency Swap	-	116,055	-	116,055
Mutual fund units	432	-	-	432
Metal futures contracts	12,669	-	-	12,669
Financial Liabilities				
Metal futures contracts	3	13	-	16
Cross Currency Swap	-	164,736		164,736

There were no transfers between the different levels during the nine-month periods ended September 30, 2019.

16. Trade and other payables

The detail of trade and other current payables as of September 30, 2019 and December 31, 2018, is as follows:

Items	Current	
	9/30/2019 ThUS$	12/31/2018 ThUS$
Trade payables	1,059,427	1,317,623
Payables to employees	20,707	21,561
Withholdings	191,300	72,681
Withholding taxes	38,974	60,621
Other payables	78,306	74,098
Total	1,388,714	1,546,584

17. Other provisions

The detail of other current and non-current provisions as of September 30, 2019 and December 31, 2018, is as follows:

Other Provisions	Current		Non-current	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
	ThUS$	ThUS$	ThUS$	ThUS$
Sales-related provisions (1)	1,070	2,692	-	-
Operating (2)	251,723	233,277	-	-
Law No. 13196	779,314	93,309	-	-
Other provisions	92,839	51,771	29,015	20,153
Onerous Contract (3)	195	3,200	130	4,534
Decommissioning and restoration (4)	-	-	1,511,221	1,506,162
Legal proceedings	-	-	39,350	69,334
Total	1,125,141	384,249	1,579,716	1,600,183

(1) Corresponds to a sales-related accruals, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
(2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
(3) Corresponds to a provision recognized for an onerous contract with Copper Partners Investment Company Ltd, See Note 30 b).
(4) Corresponds to the provision for future decommissioning and site restoration costs primarily related to tailing dams, closures of mine operations and other mining assets. The amount of the provision is the present value of future expected cash flows discounted at a pre-tax rate of 2.03% for the obligations in Chilean currency and 2.78% for the obligations in U.S. dollar. Both, discount rates reflect the corresponding assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been made. The discount period varies between 9 and 54 years.

The Corporation determines and recognized this liability in accordance with the accounting policy described in Note 2, letter p) on Significant Accounting Policies.

Changes in Other provisions, were as follows:

Changes	1/1/2019 9/30/2019			
	Other Provisions, non-current	Decommissioning and restoration	Contingencies	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	24,687	1,506,162	69,334	1,600,183
Financial expenses	-	27,469	-	27,469
Payment of liabilities	(363)	-	(19,683)	(20,046)
Foreign currency translation	3,668	(20,083)	(910)	(17,325)
Provision increase	(4,403)	-	-	(4,403)
Other increases (decreases)	5,556	(2,327)	(9,391)	(6,162)
Closing Balance	29,145	1,511,221	39,350	1,579,716

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/retirees regardless of the reason for employee's departure. The provision for medical care plans recognizes the contractual obligation that the Corporation has with its retirees/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 nine-month periods ended September 30, 2019, 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	9/30/2019		12/31/2018	
	Retirement plan	Health plan	Retirement plan	Health plan
Annual Discount Rate	4.49%	4.93%	4.49%	4.93%
Voluntary Annual Turnover Rate for Retirement (Men)	4.00%	4.00%	4.00%	4.00%
Voluntary Annual Turnover Rate for Retirement (Women)	3.70%	3.70%	3.70%	3.70%
Salary Increase (real annual average)	4.03%	-	4.03%	-
Future Rate of Long-Term Inflation	3.00%	3.00%	3.00%	3.00%
Inflation Health Care	-	5.05%	-	5.05%
Mortality tables used for projections	CB14-RV14	CB14-RV14	CB14-RV14	CB14-RV14
Average duration of future cash flows (years)	7.50	17.14	7.50	16.94
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 employee 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 CMF, which are considered an appropriate representation of the Chilean market given the lack of comparable statistical series to develop independent studies. The period over which the obligation is being amortized corresponds to the estimate of the period over which the cash flows will occur.

b. The detail of current and non-current provisions for employment benefits as of September 30, 2019 and December 31, 2018, is as follows:

Accrual for employee benefits	Current		Non-current	
	9/30/2019	12/31/2018	9/30/2019	12/31/2018
	ThUS$	ThUS$	ThUS$	ThUS$
Employees' collective bargaining agreements	145,801	204,040	-	-
Employee termination benefit	22,395	27,247	742,566	802,260
Bonus	42,982	60,616	-	-
Vacation	143,687	183,628	-	-
Medical care programs (1)	488	460	466,559	496,323
Retirement plans (2)	19,681	17,620	8,266	8,355
Other	9,862	16,423	8,630	8,582
Total	384,896	510,034	1,226,021	1,315,520

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

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

Movements	1/1/2019 9/30/2019		1/1/2018 12/31/2018	
	Retirement plan	Health plan	Retirement plan	Health plan
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance	829,507	496,783	882,090	523,649
Service cost	38,469	16,952	72,821	9,962
Financial cost	11,634	6,967	15,966	11,520
Paid contributions	(80,676)	(33,992)	(57,166)	(39,779)
Actuarial (gains)/losses	5,826	4,406	16,576	30,200
Transfer from other benefits	-	-	3,335	-
Subtotal	804,760	491,116	933,622	535,552
(Gains) Losses on foreign exchange rate	(39,799)	(24,069)	(104,115)	(38,769)
Final Total	764,961	467,047	829,507	496,783

The technical revaluation (actuarial gain/loss as defined under IAS 19) of the liability for compensation benefits for years of service has been made, for the nine-month period ended September 30, 2019. Such was charged to equity, which consists of an actuarial loss of ThUS$5,826, corresponding primarily to a change in financial assumptions.

For the obligation generated by health benefit plans, an actuarial loss of ThUS$4,406 has been determined, consisting of an adjustment for experience loss.

The balance of the defined benefit liability as of September 30, 2019, comprises a short term portion of ThUS$22,395 and ThUS$488 for the termination indemnities plan and the medical care plan, respectively. The expected amount of the defined benefit liability projected at September 30, 2020, consists of ThUS$884,471 for the termination indemnities plan and ThUS$449,533 for the medical care plan. The expected monthly average future disbursements related to defined benefit plans are of ThUS$1,866 for termination indemnities and of ThUS$41 for medical care.

The following table sets forth the sensitivity analysis of the value of the each line item for a change in estimates, respectively, from the medium (used in the estimate recorded) to the low and from the medium to the high; the second to the last column represents the change between the low and medium and the last column represents the change between the medium and the high:

Severance Benefits for Years of Service	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	3.490%	4.490%	5.490%	5.51%	-4.82%
Financial effect on the real increase in income	3.530%	4.030%	4.530%	-2.23%	2.36%
Demographic effect of job rotations	3.470%	3.970%	4.470%	0.80%	-0.67%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	-0.07%	0.07%
Health Benefits and Other	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	3.926%	4.926%	5.926%	15.33%	-12.00%
Financial effect on health inflation	4.550%	5.050%	5.550%	-5.92%	6.58%
Demographic effect, planned retirement age	58 / 57	60 / 59	62 / 61	3.88%	-3.79%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	10.15%	-7.05%

c. Retirement benefits and conflict termination bonus

The Corporation under its operational optimization programs seeks to reduce costs and increase labor productivity, and 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 as the Corporation can no longer withdraw the offer of those benefits.

As of September 30, 2019 and December 31, 2018, the termination benefits current balance was ThUS$19,681 and ThUS$17,620, respectively, while the non-current balance was ThUS$8,266 and ThUS$8,355, respectively. The non-current portion is associated with the provision related to the term of the collective bargaining process that Codelco’s management negotiated during the month of December 2012 with the employee unions of the Chuquicamata Division. The non-current amounts recognized have been discounted using a discount rate equivalent to that used for calculating employee benefits provisions and whose outstanding balances are part of the balances as of September 30, 2019 and December 31, 2018.

d. Employee benefits expenses

The employee benefit expenses recognized for the nine-month and three-month periods ended September 30, 2019 and 2018, are as follows:

Expense by Nature of Employee Benefits	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Benefits - Short term	1,182,374	1,315,805	389,726	445,978
Benefits - Post employment	16,952	2,416	7,969	339
Benefits - Termination	55,107	34,981	32,173	17,063
Benefits by years of service	38,469	52,975	11,047	20,576
Total	1,292,902	1,406,177	440,915	483,956

19. Equity

The Corporation's total equity as of September 30, 2019 is ThUS$11,570,069 (ThUS$11,343,869 as of December 31, 2018 and ThUS$10,797,707 as of September 30, 2018).

In accordance with article 6 of Decree Law 1350 of 1976, it is established that, before March 30 of each year, the Board must approve the Corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediately preceding year and aiming to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by decree from the Ministries of Mining and Treasury.

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

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

On October 24, 2014, the President of the Republic of Chile signed Law No. 20790. 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 were to 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. 20790, 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. 20989 on extraordinary capitalization was enacted. The Law authorizes the transferring of funds from application of the Copper Reserved Law to the Public Treasury, allowing an extraordinary capitalization to Codelco of up to US$950 million for year 2017 aiming to reduce Codelco's indebtedness in an amount equivalent to the difference between the funds transferred as required by the Reserved Law No. 13196 and cash flow surpluses obtained by the Corporation.

On March 13, 2017, through Decree No. 322 an extraordinary capital contribution was authorized under Article 2 of Law No. 20989, for a total amount of US$475 million. The capital contribution was made effective on April 13, 2017.

By Exempt Decree of Treasury No. 1698, dated November 17, 2017, in accordance with the provisions of Article 1 of Law No. 20790, it was decided to make an extraordinary contribution of capital for an amount of US$520 million, which were recorded on December 22, 2017.

On October 16, 2018, the Ministry of Finance issued Exempt Decree 311 in which it has an extraordinary capital contribution for Codelco pursuant to Law No. 20,790 of US $ 1,000 million, which will be made in a first part for US $ 600 million and in a second part for US $ 400 million, and that will be transferred in installments that will not be timed later than December 31, 2018 and February 28, 2019 respectively.

On December 26, 2018 the Corporation received the first part of the contribution to capital for US $ 600 million.

On February 26, 2019 the Corporation received the second part of the contribution to capital for US $ 400 million.

As of 2019, the Corporation has established that dividend payments will not be made as long as there are prepayments of dividends paid in excess.

As of September 30, 2019, the Corporation has not paid dividends, due to the fact that in 2018 there were advances of dividends paid in excess as follows:

	ThUS$
Dividends payable as of December 31, 2017 an paid in the 2018	295,842
Advance dividends as of December 31, 2018	155,719
Advance dividends paid in excess of December 31, 2018	150,900
Total dividends paid as of December 31, 2018	602,461

As of September 30, 2018, the dividends paid amounted to ThUS$602,461, as follows:

	ThUS$
Dividends payable as of December 31, 2017 an paid in the 2018	295,842
Advance dividends as of September 30, 2018	189,604
Advance dividends paid in excess as of September 30, 2018	117,015
Total dividends paid as of September 30, 2018	602,461

The consolidated statement of changes in equity discloses the changes in the Corporation's equity.

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

Reclassification adjustments from other comprehensive income to profit or loss resulted in a gain of ThUS$3,058 and a loss of ThUS$4,597 for the nine-month periods ended September 30, 2019 and 2018, respectively.

a) Other reserves

The detail of other reserves as of September 30, 2019 and December 31, 2018, is as follows:

Other Reserves	9/30/2019 ThUS$	12/31/2018 ThUS$
Reserve on exchange differences on translation	(8,853)	(6,863)
Reserve of cash flow hedges	33,356	47,792
Capitalization fund and reserves	4,962,393	4,962,393
Reserve of remeasurement of defined benefit plans	(278,013)	(274,480)
Other reserves	625,576	625,317
Total other reserves	5,334,459	5,354,159

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:

Societies	Non-controlling participation		Net equity		Gain (loss)			
	9/30/2019 %	12/31/2018 %	9/30/2019 ThUS$	12/31/2018 ThUS$	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Inversiones Gacrux SpA	32,20%	32,20%	921,051	969,203	7,552	28,688	3,236	8,090
Others	-	-	1	1	(21)	2	(44)	(7)
Total			921,052	969,204	7,531	28,690	3,192	8,083

For the nine-month period ended September 30, 2019, Inversiones Gacrux SpA did not distribute any dividends to non-controlling interests.

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

Assets and liabilities	9/30/2019 ThUS$	12/31/2018 ThUS$
Current Assets	231,677	361,568
Non-current assets	2,859,972	2,839,764
Current liabilities	134,641	176,742
Non-current liabilities	575,398	593,078

Results	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Revenues	509,325	622,188	138,649	178,207
Expenses	(503,523)	(554,706)	(134,347)	(159,900)
Profit of the period	5,802	67,482	4,302	18,307

Cash flow	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$
Net cash flow from operating activities	85,789	183,958
Net cash flow from (using) investing activities	44,015	(82,830)
Net cash flow from (using) financing activities	(92,266)	(153,663)

20. Revenue

Revenues for the nine-month and three-month periods ended September 30, 2019 and 2018, are as follows:

Item	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Revenue from sales of own copper	7,259,288	8,392,315	2,380,076	2,606,399
Revenue from sales of third-party copper	723,580	1,443,780	236,561	423,056
Revenue from sales of molybdenum	456,927	507,167	139,462	159,892
Revenue from sales of other products	359,357	410,491	129,680	146,383
Gain (loss) in futures market	9,032	17,758	5,656	9,317
Total	8,808,184	10,771,511	2,891,435	3,345,047

The Corporation's revenue is recognized at a point in time.

The breakdown of revenue is presented in explanatory note No.25 Operating Segments.

21. Expenses by nature

Expenses by nature for the nine-month and three-month periods ended September 30, 2019 and 2018, are as follows:

Item	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Short-term benefits to employees	1,182,374	1,315,805	389,726	445,978
Depreciation	916,046	881,108	335,354	291,499
Amortization	667,315	712,787	242,287	258,969
Total	2,765,735	2,909,700	967,367	996,446

22. Impairment of Assets

As of September 30, 2019, there are no indicators of impairment in the Corporation.

As of December 31, 2018, the Corporation made a calculation of the recoverable amount of its cash generating unit Ventanas Division, for the purpose of checking the existence of a deterioration in the value of the assets associated with said division, the carrying amount of which amounted to US$323 million.

The aforementioned calculation of the recoverable amount determined a value of US$124 million, which compared with the amount in books, implied an acknowledgment of an impairment loss of assets for ThUS$198,898 (before tax), which was recorded in the Other item expenses by function, in the comprehensive income statement for the year 2018.

The recoverable amount determined for the calculation of the impairment loss corresponds to value in use using a 7.2% annual discount rate before taxes. The main variables used to determine the recoverable amount of this asset correspond to the price of acid, cost of treatment and refining, exchange rates and discount rates.

The aforementioned loss due to impairment is mainly generated by the fall in the costs of treatment and refining.

As of September 30, 2019 and December 31, 2018 there are no signs of additional deterioration or reversals of impairment

23. Other income and expenses by function

Other income and expenses by function for the nine-month and three-month periods ended September 30, 2019 and 2018, are as follows:

a) Other income by function

Item	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Penalties to suppliers	13,318	13,341	4,209	2,833
Delegated Administration	3,672	4,117	1,125	1,330
Miscellaneous sales (net)	30,664	16,612	4,633	1,570
customer recovery	7,866	-	(41)	-
Reversal of provisions	810	-	810	-
Gain on sale of shares of related companies (Note 8)	103,151	18,279	103,151	18,279
Other income	47,500	42,689	2,381	5,515
Total	206,981	95,038	116,268	29,527

b) Other expenses by function

Item	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Law No. 13196	(686,715)	(851,383)	(230,018)	(253,053)
Research expenses	(57,354)	(64,320)	(18,307)	(7,827)
Bonus for the end of collective bargaining	(109,845)	(191,009)	931	(123,068)
Expenses plan	(55,107)	(34,981)	(32,173)	(17,063)
Write-off of investment projects	(3,905)	(139,487)	-	(1,289)
Write-off of property, plant & equipment	(24,618)	(4,114)	(376)	(1,952)
Medical care plan	(16,952)	(2,416)	(7,969)	(339)
Write-off inventories	(7,178)	(2,715)	(6,420)	(1,930)
customer bad debt	(1,307)	-	-	-
Contingency expenses	(7,105)	(43,295)	(1,384)	(12,383)
Fixed indirect costs, low production level	(312,234)	(44,055)	(30,341)	(29,278)
Other	(45,813)	(42,359)	(16,750)	(7,543)
Total	(1,328,133)	(1,420,134)	(342,807)	(455,725)

24. Finance costs

The detail of finance costs for the nine-month and three-month periods ended September 30, 2019 and 2018, is as follows:

Item	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Bond interest	(229,041)	(202,342)	(88,329)	(65,403)
Bank loan interest	(38,304)	(54,500)	7,813	(18,313)
Unwinding of discount on severance indemnity provision	(9,940)	(12,798)	(2,922)	(4,008)
Unwinding of discount on other non-current provisions	(33,482)	(34,384)	(11,023)	(11,117)
Other	(49,337)	(45,630)	(5,504)	(13,204)
Total	(360,104)	(349,654)	(99,965)	(112,045)

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 Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively.
The information on each Division and their corresponding mining deposits is as follows:

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

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

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

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

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

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

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

a) Allocation of Head Office revenue and expenses

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

The main items are assigned based on the 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 way 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 of 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 is 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. 13196

- 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 benefit (expense)

- Corporate income tax under D.L. 2398 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. 2398 of each Division.

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.

Additionally, the reallocation of the profit and loss assumed by Ventanas Division, associated with the corporate mineral processing contract between Codelco and Enami, in which a distribution is applied based on the revenue of each division is included as a transaction between segments.

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.

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

From 1/1/2019 9/30/2019											
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Revenue from sales of own copper	2,396,592	1,185,920	161,600	675,587	1,667,944	47,771	469,570	654,302	7,259,286	2	7,259,288
Revenue from sales of third-party copper	1,004	-	-	-	-	14,552	-	-	15,556	708,024	723,580
Revenue from sales of molybdenum	225,382	4,986	16,108	56,475	147,733	-	-	-	450,684	6,243	456,927
Revenue from sales of other products	92,499	-	18,155	1,219	82,810	141,487	3,520	15,553	355,243	4,114	359,357
Revenue from futures market	5,792	2,947	366	(62)	(92)	(687)	677	91	9,032	-	9,032
Revenue between segments	11,078	-	7,324	1,904	1,330	78,032	-	-	99,668	(99,668)	-
Revenue	2,732,347	1,193,853	203,553	735,123	1,899,725	281,155	473,767	669,946	8,189,469	618,715	8,808,184
Cost of sales of own copper	(2,115,967)	(877,709)	(188,496)	(708,175)	(1,097,380)	(42,124)	(509,108)	(535,749)	(6,074,708)	1,271	(6,073,437)
Cost of sales of copper third-party copper	(1,060)	-	-	-	-	(14,908)	-	-	(15,968)	(701,204)	(717,172)
Cost of sales of molybdenum	(62,182)	(10,805)	(6,672)	(19,580)	(34,492)	-	-	-	(133,731)	(18,898)	(152,629)
Cost of sales of other products	(91,025)	-	(9,888)	(468)	(50,877)	(147,252)	(3,393)	(6,597)	(309,500)	(3,545)	(313,045)
Cost of sales between segments	(35,884)	18,179	(12,128)	(869)	3,926	(73,313)	(1,315)	1,736	(99,668)	99,668	-
Cost of sales	(2,306,118)	(870,335)	(217,184)	(729,092)	(1,178,823)	(277,597)	(513,816)	(540,610)	(6,633,575)	(622,708)	(7,256,283)
Gross profit	426,229	323,518	(13,631)	6,031	720,902	3,558	(40,049)	129,336	1,555,894	(3,993)	1,551,901
Other income, by function	11,105	3,926	9,389	18,763	9,482	981	1,539	2,370	57,555	149,426	206,981
Impairment loss determined in accordance with IFRS 9	-	-	-	-	-	-	-	-	-	1,176	1,176
Distribution costs	(4,898)	(211)	(597)	(73)	(725)	(718)	(90)	(954)	(8,266)	(4,381)	(12,647)
Administrative expenses	(35,792)	(22,413)	(10,138)	(12,247)	(39,103)	(6,019)	(20,703)	(19,676)	(166,091)	(136,934)	(303,025)
Other expenses, by function	(372,751)	(12,236)	(75,467)	(10,617)	(80,909)	(2,371)	(10,026)	(13,075)	(577,452)	(63,966)	(641,418)
Law No. 13.196	(232,929)	(107,473)	(14,235)	(68,814)	(159,083)	(15,392)	(53,335)	(35,454)	(686,715)	-	(686,715)
Other gains (losses)	-	-	-	-	-	-	-	-	-	17,038	17,038
Finance income	(1,237)	(81)	45	159	841	171	17	(366)	(451)	22,955	22,504
Finance costs	(44,985)	(36,861)	(11,698)	(47,975)	(129,654)	(7,723)	(11,794)	(36,266)	(326,956)	(33,148)	(360,104)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	212	-	(371)	(728)	(1,577)	-	-	-	(2,464)	14,327	11,863
Exchange differences	38,142	5,980	2,700	12,818	41,195	3,890	4,707	8,588	118,020	(3,074)	114,946
Income (loss) before taxes	(216,904)	154,149	(114,003)	(102,683)	361,369	(23,623)	(129,734)	34,503	(36,926)	(40,574)	(77,500)
Income tax expenses	137,721	(109,876)	78,495	69,230	(265,032)	16,200	91,082	(25,462)	(7,641)	(12,858)	(20,499)
Income (loss)	(79,183)	44,273	(35,508)	(33,453)	96,337	(7,423)	(38,652)	9,041	(44,567)	(53,432)	(97,999)

From 1/1/2018 9/30/2018											
Segments	Chuquicamata ThUS$	R. Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Total Segments ThUS$	Subsidiaries and Head Office, net ThUS$	Total Consolidated ThUS$
Revenue from sales of own copper	2,210,444	1,617,491	247,660	839,676	2,110,873	9,090	486,388	876,922	8,398,544	(6,229)	8,392,315
Revenue from sales of third-party copper	102	-	-	-	-	15,037	-	23,123	38,262	1,405,518	1,443,780
Revenue from sales of molybdenum	287,067	15,261	16,252	66,483	122,259	-	-	-	507,322	(155)	507,167
Revenue from sales of other products	116,166	-	32,699	3,009	73,067	137,556	-	46,801	409,298	1,193	410,491
Revenue from futures market	6,185	6,502	565	(77)	687	205	1,204	2,487	17,758	-	17,758
Revenue between segments	102,681	-	59,257	820	44	79,445	-	-	242,247	(242,247)	-
Revenue	2,722,645	1,639,254	356,433	909,911	2,306,930	241,333	487,592	949,333	9,613,431	1,158,080	10,771,511
Cost of sales of own copper	(2,139,993)	(1,043,566)	(267,183)	(691,635)	(1,213,880)	(3,040)	(403,073)	(665,316)	(6,427,686)	1,525	(6,426,161)
Cost of sales of copper third-party copper	(106)	-	-	-	-	(16,526)	-	(23,124)	(39,756)	(1,388,735)	(1,428,491)
Cost of sales of molybdenum	(60,986)	(12,673)	(8,058)	(19,086)	(40,001)	-	-	-	(140,804)	(14,291)	(155,095)
Cost of sales of other products	(108,368)	-	(18,290)	(478)	(54,990)	(153,141)	-	(11,114)	(346,381)	(1,032)	(347,413)
Cost of sales between segments	(158,503)	38,476	(59,079)	4,632	12,188	(88,933)	(849)	9,821	(242,247)	242,247	-
Cost of sales	(2,467,956)	(1,017,763)	(352,610)	(706,567)	(1,296,683)	(261,640)	(403,922)	(689,733)	(7,196,874)	(1,160,286)	(8,357,160)
Gross profit	254,689	621,491	3,823	203,344	1,010,247	(20,307)	83,670	259,600	2,416,557	(2,206)	2,414,351
Other income, by function	9,715	1,263	4,496	6,923	12,504	1,531	2,859	737	40,028	55,010	95,038
Impairment loss determined in accordance with IFRS 9	-	-	-	-	-	-	-	-	-	(805)	(805)
Distribution costs	(2,352)	(397)	(878)	(745)	(806)	(287)	(100)	(761)	(6,326)	(7,962)	(14,288)
Administrative expenses	(53,522)	(22,643)	(13,692)	(15,727)	(53,372)	(7,069)	(17,841)	(22,837)	(206,703)	(140,460)	(347,163)
Other expenses, by function	(48,053)	(27,737)	(52,338)	(88,897)	(138,037)	(8,912)	(5,590)	(26,558)	(396,122)	(172,629)	(568,751)
Law No. 13.196	(242,610)	(158,783)	(23,568)	(91,730)	(201,044)	(10,388)	(48,274)	(74,986)	(851,383)	-	(851,383)
Other gains (losses)	-	-	-	-	-	-	-	-	-	13,643	13,643
Finance income	144	216	10	65	1,937	38	12	109	2,531	34,908	37,439
Finance costs	(50,600)	(34,663)	(9,995)	(45,312)	(117,429)	(6,501)	(13,336)	(34,966)	(312,802)	(36,852)	(349,654)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	281	-	(52)	(543)	181	-	-	-	(133)	98,542	98,409
Exchange differences	48,256	9,166	9,536	20,407	11,205	8,133	928	5,961	113,592	(29,953)	83,639
Income (loss) before taxes	(84,052)	387,913	(82,658)	(12,215)	525,386	(43,762)	2,328	106,299	799,239	(188,764)	610,475
Income tax expenses	56,092	(259,982)	56,839	5,449	(356,956)	33,759	(1,325)	(72,811)	(538,935)	146,754	(392,181)
Income (loss)	(27,960)	127,931	(25,819)	(6,766)	168,430	(10,003)	1,003	33,488	260,304	(42,010)	218,294

The assets and liabilities related to each operating segment, including the Corporation's head office as of September 30, 2019 and December 31, 2018, are detailed in the following tables:

9/30/2019										
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current assets	1,044,168	616,733	354,516	169,954	751,001	69,750	240,339	315,089	3,439,467	7,001,017
Non-current assets	8,890,321	2,039,336	906,777	4,667,332	7,075,887	218,201	1,153,805	3,232,906	5,036,090	33,220,655
Current liabilities	644,715	198,031	150,238	198,811	453,627	81,905	103,010	140,917	2,284,955	4,256,209
Non-current liabilities	860,490	216,223	193,120	468,275	930,887	93,256	135,104	90,138	21,407,901	24,395,394

12/31/2018										
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current assets	1,278,051	715,681	278,481	247,676	696,341	89,148	239,493	291,782	1,991,553	5,828,206
Non-current assets	7,863,667	1,941,213	727,675	4,519,739	6,547,657	155,316	1,136,948	3,278,883	5,091,501	31,262,599
Current liabilities	729,319	192,735	115,908	218,550	441,255	61,363	111,615	117,624	1,551,043	3,539,412
Non-current liabilities	855,735	205,997	196,608	472,713	910,005	53,084	116,005	81,958	19,315,419	22,207,524

The revenue segregated per geographical areas are the following:

Revenue per geographical areas	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Total revenue from domestic customers	1,048,456	889,452	290,863	302,658
Total revenue from foreign customers	7,759,728	9,882,059	2,600,572	3,042,389
Total	8,808,184	10,771,511	2,891,435	3,345,047

Revenue per geographical areas	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
China	1,596,852	3,052,342	692,515	901,209
Rest of Asia	1,187,325	1,524,010	338,644	480,647
Europe	2,763,921	2,614,971	798,165	1,909,938
America	2,705,086	2,756,726	921,772	774,238
Other	555,000	823,462	140,339	(720,985)
Total	8,808,184	10,771,511	2,891,435	3,345,047

During the periods January - September 2019 and 2018, there is no income from ordinary activities from transactions with a single client, representing 10 percent or more of the income of ordinary activities of the Corporation.

26. Foreign exchange differences

The detail of foreign exchange differences for the nine-month and three-month periods ended September 30, 2019 and 2018, is as follows:

Gain (loss) from foreign exchange differences recognized in income	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$	7/1/2019 9/30/2019 ThUS$	7/1/2018 9/30/2018 ThUS$
Gain from foreign exchange differences	158,392	240,095	123,003	52,853
Loss from foreign exchange differences	(43,446)	(156,456)	52,125	(64,859)
Total exchange difference, net	114,946	83,639	175,128	(12,006)

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	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$
VAT Refund	1,229,424	1,130,154
Other	207,512	137,707
Total	1,436,936	1,267,861

Other payments from operating activities	1/1/2019 9/30/2019 ThUS$	1/1/2018 9/30/2018 ThUS$
Finance hedge and sales	(10,360)	(18,864)
VAT and other similar taxes paid	(966,395)	(920,334)
Total	(976,755)	(939,198)

During the nine-month periods ended September 30, 2019, as indicated in the equity note, capital contributions were received for a total of ThUS$400,000, which are presented in other cash inflows (outflows) corresponding to the net cash flows from (used in) activities of financing. During the period January - September 2018, no capital contributions were received.

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 (Swap).

  Taking into consideration the financial assets and liabilities as of September 30, 2019 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$34 million in net income, respectively. This result is obtained by identifying the main items (including assets and financial liabilities) denominated in foreign currencies in order to measure the impact on profit or loss that a variation of +/- 10 Chilean pesos would have in terms of US$, with respect to the closing exchange rate at the end of the reporting period.

  As of September 30, 2019 and December 31, 2018 the balance time deposits denominated in Chilean pesos amounts to ThUS$105,251 and ThUS$270,021, respectively.

- Interest rate risk:

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

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

  It is estimated that, on the basis of net debt balance as of September 30, 2019, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$16 million change in finance costs, before tax. This estimation is made by identifying the liabilities assigned variable interest, accrued at the end of the financial statements, which may vary with a change of one percentage point in variable interest rates.

Total fixed and variable interest rate obligations maintained by Codelco as of September 30, 2019 correspond to amounts of ThUS$14,509,945 and ThUS$2,943,417, 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. 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 statement 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 an assets futures market. (See Note 2.r) "Income from Activities Ordinary Procedures from Contracts with Customers "of section II" Significant Accounting Polices").

  For the nine-month periods ended September 30, 2019, if the future price of copper fluctuates by + / - 5% (with the other variables constant), the result would vary in a profit of US $ 77 million and a loss of US $ 32 million respectively before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of September 30, 2019 (MTMF 187). 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 for this period.

  In order to protect cash flow and adjust, 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.

  As of September 30, 2019, a variation of U.S. ¢ 1 in the price per pound of copper, considering derivatives contracted by the Corporation, involves a change in income or payments for existing contracts (exposures) of US$3,362 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 with respect to the exposure related these instruments if there is an increase of U.S. $0.01 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 headroom 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 9/30/2019	Less than one year ThUS$	Between one and five years ThUS$	More than five years ThUS$
Loans from financial institutions	871,161	1,210,900	1,159,278
Bonds	124,044	2,161,435	11,926,544
Finance leases	127,388	256,835	61,828
Derivatives	5,068	-	159,684
Other financial liabilities	433	60,435	-
Total	1,128,094	3,689,605	13,307,334

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 uncollectiability 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 under the charge of the Vice Presidency of Marketing.

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

The maximum exposure to credit risk as of September 30, 2019 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.

In the customer items, the provisions, which are not significant, are included based on the review of the outstanding balances and characteristics of the clients, destined to cover eventual insolvencies.

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

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

As of September 30, 2019 and 2018, 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 nine-month periods ended September 30, 2019 and 2018, no guarantees have been executed to ensure the collection of third party debt.

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

29. Derivatives contracts

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

a. Hedges

The Corporation has taken measures to protect itself from exchange rate and interest rate variations, whose positive fair value, net of taxes, amounts to ThUS$28,928.

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

September 30, 2019

Hedged item	Bank	Type of derivative contract	Maturity	Currency	Amount ThUS$	Financial obligation: hedging instrument ThUS$	Fair value of hedging instruments ThUS$	Asset ThUS$	Liability ThUS$
Bond UF Mat. 2025	Credit Suisse (EE.UU)	Swap	4/1/2025	US$	265,768	208,519	88,336	349,935	(261,599)
Bond EUR Mat. 2024	Santander (Chile)	Swap	7/9/2024	US$	327,048	409,650	(80,718)	375,439	(456,157)
Bond EUR Mat. 2024	Deustche Bank (Inglaterra)	Swap	7/9/2024	US$	327,048	409,680	(80,360)	375,438	(455,798)
Bond UF Mat. 2026	Santander (Chile)	Swap	8/24/2026	US$	385,171	406,212	27,719	487,988	(460,269)
Bond AUD Mat. 2039	Santander (Chile)	Swap	8/22/2039	US$	47,256	49,266	(3,362)	45,904	(49,266)
Total					1,352,291	1,483,327	(48,385)	1,634,704	(1,683,089)

December 31, 2018

Hedged item	Bank	Type of derivative contract	Maturity	Currency	Amount ThUS$	Financial obligation: hedging instrument ThUS$	Fair value of hedging instruments ThUS$	Asset ThUS$	Liability ThUS$
Bond UF Mat. 2025	Credit Suisse (USA)	Swap	4/1/2025	US$	273,765	208,519	84,365	334,180	(249,815)
Bond EUR Mat. 2024	Santander (Chile)	Swap	7/9/2024	US$	343,170	409,650	(53,592)	388,339	(441,931)
Bond EUR Mat. 2024	Deutsche Bank (England)	Swap	7/9/2024	US$	343,170	409,680	(53,170)	388,339	(441,509)
Bond UF Mat. 2026	Santander (Chile)	Swap	8/24/2026	US$	396,761	406,212	23,335	458,627	(435,292)
Total					1,356,866	1,434,061	938	1,569,485	(1,568,547)

As of September 30, 2019, the Corporation maintains cash deposit guarantee balances at ThUS$4,770.

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

The notional amounts are detailed below:

September 30, 2019	Notional amount of contracts with final maturity							
	Currency	Less than 90 days ThUS$	More than 90 days ThUS$	Current Total ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Non-current Total ThUS$
Currency derivatives	ThUS$	0	59,215	59,215	112,382	118,429	1,557,494	1,788,305

b. Cash flows hedging contracts and commercial policy adjustment

The Corporation enters into metals hedging activities. Such results increase or decrease the total sales revenue based on the market prices of the metals. As of September 30, 2019, these operations generated a gain of ThUS$10,297.

b.1. Commercial flexibility operations of copper contracts

The purpose of these contracts is to adjust the price of shipments to the price defined in the Corporation's related policy, defined in accordance with the London Metal Exchange (LME). As of September 30, 2019, the Corporation performed derivative market transactions of copper that represent 330,700 metric tons of fine copper. These hedging operations are performed as part of the Corporation's commercial policy.

The current contracts as of September 30, 2019, present a positive fair value of ThUS$12,652 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 as of periods ended September 30, 2019 resulted in a net positive effect on net income of ThUS$11,322, which is comprised of the amounts received for sales contracts for ThUS$10,057 and the amounts paid for purchases contracts for ThUS$1,265.

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

As of September 30, 2019, the Corporation does not maintain derivative contracts for the sale of gold and silver.

The operations completed between January 1 and September 30, 2019, generated a negative effect on results of ThUS$1,025, corresponding to values per physical sales contracts for a negative amount of ThUS$1,025.

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

The Corporation does not possess cash flow hedges backed by future production as of September 30, 2019.

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

September 30, 2019			Maturity date				
ThUS$	2019	2020	2021	2022	2023	Upcoming	Total
Flex Com Cobre (Asset)	4,967	7,777	199	-	-	-	12,943
Flex Com Cobre (Liability)	(106)	(180)	(5)	-	-	-	(291)
Flex Com Gold/Silver	-	-	-	-	-	-	-
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	4,861	7,597	194	-	-	-	12,652

December 31, 2018			Maturity date				
ThUS$	2019	2019	2020	2021	2022	Upcoming	Total
Flex Com Cobre (Asset)	43,539	13,969	993	-	-	-	58,501
Flex Com Cobre (Liability)	(56)	(62)	-	-	-	-	(118)
Flex Com Gold/Silver	(671)	-	-	-	-	-	(671)
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	42,812	13,907	993	-	-	-	57,712

September 30, 2019			Maturity date				
All figures in thousands of metric tons ounces	2019	2020	2021	2022	2023	Upcoming	Total
Copper Futures [MT]	70.05	223.95	36.70	-	-	-	330.70
Gold/Silver Futures [ThOZ]	-	-	-	-	-	-	-
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

December 31, 2018			Maturity date				
All figures in thousands of metric tons ounces	2018	2019	2020	2021	2022	Upcoming	Total
Copper Futures [MT]	300.10	110.45	10.30	-	-	-	420.85
Gold/Silver Futures [ThOZ]	349.57	-	-	-	-	-	349.57
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 where 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 proceedings: There is a tax proceeding for liquidation No.141 of tax year 2015 and Exempt Resolution No. 89 of 2016 issued by the Internal Revenue Service (SII), for which the Corporation presented the corresponding appeals, which were received and resolved in favor of the Tax and Customs Courts, a resolution that was appealed by the SII.

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

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

- At the date of issuance of these financial statements, the Codelco faces various lawsuits and legal actions against it for a total of approximately US$252 million corresponding to 345 cases. According to the estimate made by the legal advisors of the Corporation, 239 cases, which represent 69.28% of the universe, have associated probable loss results amounting to ThUS$39,350. There are also 56 cases, representing 67.23% for an amount of ThUS$3,365, for which it is more likely than not, that the ruling will not be against the Corporation.

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

For litigation with a probable unfavorable outcome for the Corporation, the necessary provisions has been recognized as "provisions for legal proceedings."

b) Other Commitments

i. 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 CupiC for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid for 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 December 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 restructuring for the Supply Contract, which implies the removal of its 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, which establishes the reduction of half of the outstanding tonnage to deliver to this 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 IAS 37, which negatively impacts on earnings before tax of Codelco in ThUS$22,184 (negative net tax effect of ThUS$6,599 as of April 7, 2016).

ii. 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.

On December 22, 2017 according to archive No. 12326 / 2017, it was established that, Gacrux, the Creditor and the Guarantee Agent, the latter representing the Guaranteed Parties, modified , by virtue of the Merger (see Note 2d), the Contract of Pledge and the Modified Pledge Agreement as to the pledge on transferable securities and the commercial pledge, as well as the restrictions and prohibitions established in the Pledge Contract and in the Modified Pledge Contract, making it subject to , by virtue of the Merger, to two thousand thirteen million two hundred and forty-five thousand four hundred and seventy-three shares pledge issued by Becrux, owned by Gacrux, hereinafter the "Pledged Becrux Shares."

iii. Law 19.993 dated December 17, 2004, authorized the purchase of the Refinery and Smelter Las Ventanas assets from ENAMI, establishing 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 or another form agreed upon by the parties.

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

The Corporation has complied with these conditions as of September 30, 2019 and December 31, 2018.

v. 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 unconsumed energy 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 supplying these Divisions is comprised by two contracts:

- Contract No.1 for 176 MW, current until December 2029
- Contract No.2 for 334 MW, current until December 2044. 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.

Both of these contracts comply with 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 reimburse at market price the energy not consumed by Codelco.

These contracts have maturity dates in 2029 and 2044.

vi. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A. (associate until January 2011), which matured in August 2017.

For the electric power supply of the Chuquicamata's work center, there are three contracts:

- Engie for a 15-year term from January 2010, that is maturing in December 2024, for 200 MW capacity, and another contract for a 200 MW capacity which was signed in January 2018 and will be effective as of January 2025 with maturity in December 2035.
- CTA effective from 2012 for 80 MW capacity, maturity in 2032.

vii. On August 26, 2011, Codelco signed two energy supply contracts with AESGener. The first one for the Minister Hales division for a 99 MW capacity and the second contract for the Radomiro Tomic work center, for a maximum capacity of 145 MW. Both contracts will mature in 2028.

viii. On November 11, 2011, Law No. 20551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Supreme Decree No. 41 of the Minister of Mining, which approves the Regulations of this Law, was published in the Diario Oficial.

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

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

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

The Corporation considers that the accounting liability recorded 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 p) of Main Accounting Policies.

As of September 30, 2019, the Corporation has agreed guarantees for an annual amount of U.F. 28,128,740 to comply with the aforementioned Law No. 20.551. The following table details the main given guarantees:

Transmitter	Mine site	Amount	Currency	Date	Maturity date	Emission rate %	ThUS$
Banco Estado	Radomiro Tomic	2,691,723	UF	11-30-2018	11-11-2019	0.08	103,677
Banco Estado	Ministro Hales	911,821	UF	11-29-2018	11-14-2019	0.08	35,121
Banco de Chile	Ministro Hales	541,257	UF	12-6-2018	11-14-2019	0.10	20,848
Banco de Chile	Chuquicamata	2,300,000	UF	12-5-2018	11-27-2019	0.10	88,589
Banco Bci	Chuquicamata	4,600,000	UF	11-30-2018	11-27-2019	0.15	177,179
Banco Itau	Chuquicamata	915,319	UF	12-27-2018	11-27-2019	0.16	35,255
Banco de Chile	Teniente	2,632,299	UF	12-5-2018	12-2-2019	0.10	101,388
Banco Santander	Teniente	5,000,000	UF	12-20-2018	12-2-2019	0.15	192,585
Banco Estado	Gabriela Mistral	1,513,907	UF	11-29-2018	12-15-2019	0.08	58,311
Banco Itau	Salvador	2,700,000	UF	8-8-2018	2-18-2020	0.10	103,996
Banco Santander	Salvador	611,647	UF	2-6-2019	2-18-2020	0.15	23,559
Banco Estado	Andina	3,310,724	UF	4-22-2019	5-3-2020	0.07	127,519
Banco Estado	Ventana	400,043	UF	9-16-2019	9-18-2020	0.10	15,408
Total		28,128,740					1,083,435

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

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

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

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

On June 11, 2019, Codelco and Anglo American Sur S.A. signed an agreement that ensures and optimizes the operation of their respective copper mines, Andina and Los Bronces, respectively. This agreement is similar to others that the same parties have signed during the last 40 years and that favor the independent, safe and sustainable operation of these neighboring mines.

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	9/30/2019			12/31/2018
		Currency	Maturity	ThUS$	ThUS$
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
Ministry of national goods	Project of exploitation	CLP	8/28/2019	8	-
General Directorate of Maritime Territory and Merchant Marine	Maritime concession	CLP	3/1/2020	1,449	-
General Directorate of Maritime Territory and Merchant Marine	Maritime concession	CLP	6/30/2020	2	-
General Directorate of Maritime Territory and Merchant Marine	Maritime concession	CLP	7/15/2020	237	-
Minestry of Public Works	Building project	UF	12/31/2019	22,778	-
Minestry of Public Works	Building project	UF	10/1/2019	526	566
Viability management	Building project	UF	3/1/2020	1	-
Viability management	Building project	UF	3/1/2020	1	-
Viability management	Building project	UF	3/1/2020	1	-
Viability management	Building project	UF	3/1/2020	1	-
Viability management	Building project	UF	4/22/2020	4	-
Viability management	Building project	UF	11/15/2019	1	-
Viability management	Building project	UF	4/8/2024	4	-
Viability management	Building project	UF	3/10/2020	2	-
Viability management	Building project	UF	3/10/2020	2	-
Viability management	Building project	UF	3/10/2020	4	-
Ministry of national goods	Project of exploitation	UF	6/19/2020	8	-
Ministry of national goods	Project of exploitation	UF	6/19/2020	8	-
Ministry of national goods	Project of exploitation	UF	6/19/2020	8	-
Oriente Copper Netherlands B.V.	Pledge on shares	US$	11/1/2032	877,813	877,813
Sernageomin	Environmental	UF	3/18/2019	-	17,920
Sernageomin	Environmental	UF	5/9/2019	-	137,355
Sernageomin	Environmental	UF	5/12/2019	-	39,150
Sernageomin	Environmental	UF	5/12/2019	-	38,215
Sernageomin	Environmental	UF	5/25/2019	-	192,789
Sernageomin	Environmental	UF	5/25/2019	-	103,290
Sernageomin	Environmental	UF	5/25/2019	-	96,395
Sernageomin	Environmental	UF	6/1/2019	-	110,322
Sernageomin	Environmental	UF	6/1/2019	-	273,875
Sernageomin	Environmental	UF	6/13/2019	-	73,210
Sernageomin	Environmental	UF	6/13/2019	-	11,980
Sernageomin	Environmental	UF	11/11/2019	103,677	-
Sernageomin	Environmental	UF	11/14/2019	35,121	-
Sernageomin	Environmental	UF	11/14/2019	20,848	-
Sernageomin	Environmental	UF	11/27/2019	88,589	-
Sernageomin	Environmental	UF	11/27/2019	177,179	-
Sernageomin	Environmental	UF	11/27/2019	35,255	-
Sernageomin	Environmental	UF	12/2/2019	101,388	-
Sernageomin	Environmental	UF	12/2/2019	192,585	-
Sernageomin	Environmental	UF	12/15/2019	58,311	-
Sernageomin	Environmental	UF	2/18/2020	103,996	-
Sernageomin	Environmental	UF	2/18/2020	23,559	-
Sernageomin	Environmental	UF	5/3/2020	127,519	-
Sernageomin	Environmental	UF	9/18/2020	15,408	
Total				1,986,461	1,972,879

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	9/30/2019 ThUS$	12/31/2018 ThUS$
Andina	418	3,891
Chuquicamata	801	2,445
Casa Matriz	891,979	803,719
Salvador	592	1,311
El Teniente	843	4,137
Ventanas	69	105
Total	894,702	815,608

32. Balances in foreign currency

a) Assets by Type of Currency

Category	9/30/2019 ThUS$	12/31/2018 ThUS$
Liquid assets	2,981,219	1,460,534
US Dollars	2,830,661	1,383,897
Euros	48,511	25,482
Other currencies	4,622	4,547
Non-indexed Ch$	94,535	46,129
U.F.	2,890	479
Cash and cash equivalents	2,967,242	1,229,125
US Dollars	2,816,817	1,152,715
Euros	48,511	25,482
Other currencies	4,622	4,547
Non-indexed Ch$	94,506	46,109
U.F.	2,786	272
Other current financial assets	13,977	231,409
US Dollars	13,844	231,182
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	29	20
U.F.	104	207
Short and long term receivables	2,010,577	2,409,835
US Dollars	1,312,005	1,789,757
Euros	115,889	62,857
Other currencies	308	320
Non-indexed Ch$	562,451	482,180
U.F.	19,924	74,721
Trade and other receivables	1,876,203	2,212,209
US Dollars	1,287,184	1,676,862
Euros	115,889	62,580
Other currencies	308	320
Non-indexed Ch$	453,937	398,966
U.F.	18,885	73,481

Category	9/30/2019 ThUS$	12/31/2018 ThUS$
Rights receivables, non-current	109,553	84,731
US Dollars	-	-
Euros	-	277
Other currencies	-	-
Non-indexed Ch$	108,514	83,214
U.F.	1,039	1,240
Due from related companies, current	6,558	92,365
US Dollars	6,558	92,365
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Due from related companies, non-current	18,263	20,530
US Dollars	18,263	20,530
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Rest of assets	35,229,876	33,220,436
US Dollars	34,203,809	32,171,442
Euros	184	705
Other currencies	768	279
Non-indexed Ch$	373,825	377,119
U.F.	651,290	670,891
Total assets	40,221,672	37,090,805
US Dollars	38,346,475	35,345,096
Euros	164,584	89,044
Other currencies	5,698	5,146
Non-indexed Ch$	1,030,811	905,428
U.F.	674,104	746,091

b) Liability by type of currency:

Current liability by currency	9/30/2019		12/31/2018	
	Up to 90 days	90 days to 1 year	Up to 90 days	90 days to 1 year
	ThUS$	ThUS$	ThUS$	ThUS$
Current liabilities	3,911,942	344,267	3,049,854	489,558
US Dollars	2,822,379	251,177	1,824,181	452,648
Euros	78,005	3,336	107,341	408
Other currencies	9,332	403	9,826	-
Non-indexed Ch$	987,163	78,745	1,088,536	31,419
U.F.	15,063	10,606	19,970	5,083
Other current financial liabilities	804,732	323,362	412,451	459,826
US Dollars	776,234	251,176	396,148	452,635
Euros	-	3,336	7,404	408
Other currencies	-	403	34	-
Non-indexed Ch$	24,393	58,051	879	1,700
U.F.	4,105	10,396	7,986	5,083
Bank loans	701,021	170,140	5,739	399,132
US Dollars	701,021	170,140	5,683	398,724
Euros	-	-	-	408
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	-	-	56	-
Obligations	66,847	57,197	401,174	34,255
US Dollars	66,847	52,587	387,578	34,255
Euros	-	3,336	7,404	-
Other currencies	-	330	-	-
Non-indexed Ch$	-	-	-	-
U.F.	-	944	6,192	-
Finance lease	36,431	90,957	5,167	16,343
US Dollars	8,317	23,381	2,887	9,560
Euros	-	-	-	-
Other currencies	-	73	-	-
Non-indexed Ch$	24,009	58,051	542	1,700
U.F.	4,105	9,452	1,738	5,083
Others	433	5,068	371	10,096
US Dollars	49	5,068	-	10,096
Euros	-	-	-	-
Other currencies	-	-	34	-
Non-indexed Ch$	384	-	337	-
U.F.	-	-	-	-
Other current liabilities	3,107,210	20,905	2,637,403	29,732
US Dollars	2,046,145	1	1,428,033	13
Euros	78,005	-	99,937	-
Other currencies	9,332	-	9,792	-
Non-indexed Ch$	962,770	20,694	1,087,657	29,719
U.F.	10,958	210	11,984	-

Non-current liability by currency	9/30/2019				12/31/2018			
	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	7,632,653	1,212,704	4,260,060	11,289,977	6,804,312	2,260,258	5,142,419	8,000,535
US Dollars	7,115,098	386,841	3,959,350	10,196,350	6,396,888	2,114,245	4,160,204	6,918,087
Euros	-	647,532	(658,866)	-	14	-	(7,832)	-
Other currencies	806	-	-	46,781	1	-	-	-
Non-indexed Ch$	475,638	157,988	255,221	470,001	390,088	141,392	277,356	505,603
U.F.	41,111	20,343	704,355	576,845	17,321	4,621	712,691	576,845
Other non-current financial liabilities	2,602,250	1,087,355	3,991,678	9,315,656	1,710,559	2,118,866	4,847,087	5,997,998
US Dollars	2,484,062	386,841	3,933,925	9,268,875	1,702,164	2,114,245	4,142,228	5,997,998
Euros	-	647,532	(658,866)	-	-	-	(7,832)	-
Other currencies	804	-	-	46,781	-	-	-	-
Non-indexed Ch$	87,481	32,639	12,264	-	219	-	-	-
U.F.	29,903	20,343	704,355	-	8,176	4,621	712,691	-
Bank loans	1,210,900	-	594,521	564,757	548,454	677,507	298,250	582,867
US Dollars	1,210,900	-	594,521	564,757	548,454	677,507	298,250	582,867
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
Obligations	1,158,465	1,002,970	3,175,645	8,750,899	1,065,419	1,414,296	4,415,461	5,415,131
US Dollars	1,158,465	355,438	2,497,040	8,704,118	1,065,419	1,414,296	3,034,864	5,415,131
Euros	-	647,532	-	-	-	-	678,446	-
Other currencies	-	-	-	46,781	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	678,605	-	-	-	702,151	-
Finance Lease	172,450	84,385	61,828	-	32,714	27,063	26,552	-
US Dollars	54,265	31,403	25,824	-	24,322	22,442	16,012	-
Euros	-	-	-	-	-	-	-	-
Other currencies	804	-	-	-	-	-	-	-
Non-indexed Ch$	87,478	32,639	12,264	-	216	-	-	-
U.F.	29,903	20,343	23,740	-	8,176	4,621	10,540	-
Others	60,435	-	159,684	-	63,972	-	106,824	-
US Dollars	60,432	-	816,540	-	63,969	-	793,102	-
Euros	-	-	(658,866)	-	-	-	(686,278)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	3	-	-	-	3	-	-	-
U.F.	-	-	2,010	-	-	-	-	-
Other liabilities non-current	5,030,403	125,349	268,382	1,974,321	5,093,753	141,392	295,332	2,002,537
US Dollars	4,631,036	-	25,425	927,475	4,694,724	-	17,976	920,089
Euros	-	-	-	-	14	-	-	-
Other currencies	2	-	-	-	1	-	-	-
Non-indexed Ch$	388,157	125,349	242,957	470,001	389,869	141,392	277,356	505,603
U.F.	11,208	-	-	576,845	9,145	-	-	576,845

33. Sanctions

As of September 30, 2019 and December 31, 2018, neither Codelco Chile nor its Directors and Managers have been sanctioned by the CMF or any other administrative authorities.

34. Environmental Expenditures

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

Pursuant to the Letter of Values approved in 2010, Codelco is governed by a series of internal policies and regulations that frame its commitment to the environment, among which is the Corporate Sustainable Development Policy (2016).

The environmental management systems of the divisions, structure their efforts in order to comply with the commitments assumed by the corporation's environmental policies, incorporating elements of planning, operating, verifying and reviewing activities. As of September 30, 2019, Codelco is implementing a strategic change process in all divisions to manage the aspects and risks associated with environmental matters, under a Corporate management system issued by Head Office, seeking to obtain the ISO 14001: 2015 certification.

In accordance with Supreme Decree D.S. No. 28, the Corporation is carrying out is environmental, maintenance and operating plans for its smelting plants.

To comply with the Circular No. 1901 of 2008 of the CMF, the details of the Corporation's main expenditures related to the environment during the nine-month periods ended September 30, 2019 and 2018, respectively, and the projected future expenses are stated below.

Entity	Proyect name	Disbursements 9/30/2019				9/30/2018	Future committed	
		Proyect Status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	Chuquicamata							
Codelco Chile	Talambre dam capacity extension, 8th stage	In Progress	58,947	Asset	P, P & E	39,396	65,157	2020
Codelco Chile	Emergency restoration system dust control crushing plant 2/3	Finished	-	Asset	P, P & E	6,114	-	-
Codelco Chile	Replacement of circulation pot 1A and 2A	In Progress	8,306	Asset	P, P & E	221	6,728	2019
Codelco Chile	Construction installation surplus management	In Progress	706	Asset	P, P & E	116	-	-
Codelco Chile	Replacement of water treatment plant	In Progress	4,792	Asset	P, P & E	3,294	2,221	-
Codelco Chile	Replacement gas management system	In Progress	8,157	Asset	P, P & E	146	1,767	2019
Codelco Chile	Acid plant tranformation 3-4 DC/DA	In Progress	157,740	Asset	P, P & E	34,672	29,143	2020
Codelco Chile	Enablement refining gas treatment system	In Progress	41,519	Asset	P, P & E	737	17,253	2020
Codelco Chile	Dryer replacement n ° 5 fuco	In Progress	31,909	Asset	P, P & E	1,961	4,994	2019
Codelco Chile	Management feeding and transport powders	Finished	-	Asset	P, P & E	257	-	-
Codelco Chile	Construction Relle Res Dom-Asim Montec	In Progress	238	Asset	P, P & E	123	8,594	2020
Codelco Chile	Construction IX stage Talambre tranque	In Progress	8,167	Asset	P, P & E	485	2,675	2019
Codelco Chile	Construction 8 Seg Montecristo	In Progress	5,565	Asset	P, P & E	34	7,441	2020
Codelco Chile	Acid plants	In Progress	30,692	Expenditure	Adm. Expense	20,566	-	2019
Codelco Chile	Solid waste	In Progress	769	Expenditure	Adm. Expense	1,139	2,307	2019
Codelco Chile	Tailings	In Progress	16,987	Expenditure	Adm. Expense	14,734	-	2019
Codelco Chile	Water treatment plant	In Progress	18,030	Expenditure	Adm. Expense	10,175	-	2019
Codelco Chile	Environmental monitoring	In Progress	780	Expenditure	Adm. Expense	1,659	2,341	2019
Codelco Chile	Normalization drainage system drill hole	In Progress	778	Asset	P, P & E	-	-	2020
	Total Chuquicamata		394,082			135,830	150,621	
	Salvador							
Codelco Chile	Improved integration of the gas process	In Progress	69,547	Asset	P, P & E	16,581	44,465	2020
Codelco Chile	Concentrator filter plant construction	Finished	-	Asset	P, P & E	51	-	-
Codelco Chile	Water capture improvement	Finished	-	Asset	P, P & E	147	-	-
Codelco Chile	Tailings	In Progress	2,318	Expenditure	Adm. Expense	1,185	726	2019
Codelco Chile	Acid plants	In Progress	35,804	Expenditure	Adm. Expense	22,728	1,435	2019
Codelco Chile	Solid waste	In Progress	1,124	Expenditure	Adm. Expense	718	112	2019
Codelco Chile	Water treatment plant	In Progress	589	Expenditure	Adm. Expense	484	584	2019
Codelco Chile	Overhaul thickeners tailings sal-proy	In Progress	2,978	Asset	P, P & E	201	598	2019
Codelco Chile	Dangerous substances warehouse	In Progress	301	Asset	P, P & E	-	-	2019
Codelco Chile	Bell replacement	In Progress	19,241	Asset	P, P & E	-	4,869	2019
Codelco Chile	Ditch hazardous waste	In Progress	785	Asset	P, P & E	-	-	2019
Codelco Chile	DRPA Emergency	In Progress	3,819	Asset	P, P & E	-	28,180	2020
	Total Salvador		136,506			42,094	80,969	
	Andina							
Codelco Chile	Drain water treatment	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Water Normative Phase 2	Finished	-	Asset	P, P & E	421	-	-
Codelco Chile	Construction site emergency plan	In Progress	3,420	Asset	P, P & E	2,952	251	2019
Codelco Chile	Construction site emergency plan	Finished	-	Asset	P, P & E	1,026	-	-
Codelco Chile	Improved water internal tip E2	In Progress	256	Asset	P, P & E	112	-	-
Codelco Chile	Construction early alert plan	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Implementation in RCA compliance wells (Hydraulic Barrier)	Finished	-	Asset	P, P & E	322	-	-
Codelco Chile	Catchment water drainage hill black	In Progress	306	Asset	P, P & E	958	-	2019
Codelco Chile	Construction canal outline DL east	In Progress	4,234	Asset	P, P & E	1,305	13,951	2021
Codelco Chile	Standard fuel supply system	Finished	-	Asset	P, P & E	65	-	-
Codelco Chile	Construction site emergency plan	In Progress	3,860	Asset	P, P & E	144	3,865	2020
Codelco Chile	Oo Sbr Level 640 Msnm Tranq	Finished	-	Asset	P, P & E	9,469	-	-
Codelco Chile	Expansion dam	In Progress	36,314	Asset	P, P & E	-	73,016	2020
Codelco Chile	Construction Structure and instruments	In Progress	245	Asset	P, P & E	-	2,972	2020
Codelco Chile	Water injection system	In Progress	685	Asset	P, P & E	-	2,681	2020
Codelco Chile	construction of pits containment of spills	In Progress	119	Asset	P, P & E	-	793	2020
Codelco Chile	Valve and works rating	In Progress	618	Asset	P, P & E	-	4,037	2020
Codelco Chile	Collection tower construction No. 5	In Progress	188	Asset	P, P & E		196	2019
Codelco Chile	Solid waste	In Progress	2,023	Expenditure	Adm. Expense	2,092	-	2019
Codelco Chile	Water treatment plant	In Progress	2,833	Expenditure	Adm. Expense	2,877	-	2019
Codelco Chile	Trailing	In Progress	47,339	Expenditure	Adm. Expense	39,802	-	2019
Codelco Chile	Acid drainage	In Progress	20,290	Expenditure	Adm. Expense	22,300	-	2019
Codelco Chile	Environmental monitoring	In Progress	623	Expenditure	Adm. Expense	365	-	2019
Codelco Chile	Sustainability and external matters management	In Progress	2,049	Expenditure	Adm. Expense	1,913	-	2019
	Total Andina		125,402			86,123	101,762	
Subtotal			655,990			264,048	333,352	

Entity	Proyect name	Disbursements 9/30/2019				9/30/2018	Future committed	
			Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	El Teniente							
Codelco Chile	Construction of 7th phase of Carén	In Progress	43,920	Asset	P, P & E	3,585	239,076	2022
Codelco Chile	Construction of 6th phase of Carén	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Construction of slag treatment plant	In Progress	76,833	Asset	P, P & E	10,859	98,654	2020
Codelco Chile	Construction of slag treatment plant	Finished	-	Asset	P, P & E	5,615	-	-
Codelco Chile	Smelting emissions network	In Progress	25,064	Asset	P, P & E	8,534	2,770	2019
Codelco Chile	Smoke capacity reduction	Finished	-	Asset	P, P & E	2,070	-	-
Codelco Chile	Smoke capacity reduction	In Progress	9,761	Asset	P, P & E	1,706	1,885	2019
Codelco Chile	Construction of slag treatment plant	In Progress	576	Asset	P, P & E	837	1,611	2020
Codelco Chile	Acid plants	In Progress	60,964	Expenditure	Adm. Expense	47,554	-	2019
Codelco Chile	Solid waste	In Progress	2,260	Expenditure	Adm. Expense	3,022	-	2019
Codelco Chile	Water treatment plant	In Progress	10,000	Expenditure	Adm. Expense	12,862	-	2019
Codelco Chile	Tailings	In Progress	46,767	Expenditure	Adm. Expense	45,488	-	2019
	Total El Teniente		276,145			142,131	343,996	
	Gabriela Mistral							
Codelco Chile	Installation of the rubble dump folder phase VI	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Installation of the rubble dump folder phase VII	Finished	-	Asset	P, P & E	-	-	-
Codelco Chile	Replacement three tracked tractors	Finished	-	Asset	P, P & E	187	-	-
Codelco Chile	Environmental monitoring	In Progress	45	Expenditure	Adm. Expense	29	-	2019
Codelco Chile	Solid waste	In Progress	1,395	Expenditure	Adm. Expense	1,387	1,642	2019
Codelco Chile	Environmental consultancy	In Progress	99	Expenditure	Adm. Expense	78	2,021	2019
Codelco Chile	Water treatment plant	In Progress	-	Expenditure	Adm. Expense	-	-	2019
Codelco Chile	Garbage dump extension	In Progress	17,966	Asset	P, P & E	-	7,218	2019
Codelco Chile	Improved dust collection system	In Progress	389	Asset	P, P & E	-	-	2019
	Total Gabriela Mistral		19,894			1,681	10,881	
	Ventanas							
Codelco Chile	Construction new warehouse of concentrate	Finished	-	Asset	P, P & E	688	-	-
Codelco Chile	Acid plants	In Progress	18,143	Expenditure	Adm. Expense	20,497	-	2019
Codelco Chile	Solid waste	In Progress	1,321	Expenditure	Adm. Expense	1,557	-	2019
Codelco Chile	Environmental monitoring	In Progress	1,097	Expenditure	Adm. Expense	1,119	-	2019
Codelco Chile	Water treatment plant	In Progress	4,205	Expenditure	Adm. Expense	3,958	-	2019
Codelco Chile	Distribution system replacement	In Progress	268	Asset	P, P & E	-	560	2019
Codelco Chile	Main chimney implementation	In Progress	236	Asset	P, P & E	-	714	2020
	Total Ventanas		25,270			27,819	1,274	
	Radomiro Tomic							
Codelco Chile	Solid waste	In Progress	1,395	Expenditure	Adm. Expense	846	-	2019
Codelco Chile	Environmental monitoring	In Progress	144	Expenditure	Adm. Expense	661	291	2019
Codelco Chile	Water treatment plant	In Progress	-	Expenditure	Adm. Expense	453	489	2019
	Total Radomiro Tomic		1,539			1,960	780	
	Ministro Hales							
Codelco Chile	Solid waste	In Progress	1,433	Expenditure	Adm. Expense	2,540	753	2019
Codelco Chile	Environmental monitoring	In Progress	349	Expenditure	Adm. Expense	510	108	2019
Codelco Chile	Water treatment plant	In Progress	106	Expenditure	Adm. Expense	959	290	2019
Codelco Chile	Pit drainage wells mine	In Progress	900	Asset	P, P & E	-	1,992	2020
Codelco Chile	Implementation monitoring acuifero pit	In Progress	140	Asset	P, P & E	-	3,410	2020
	Total Ministro Hales		2,928			4,009	6,553	
	Ecometales Limited							
Codelco Chile	Smelting powders leaching plant	In Progress	547	Expenditure	Adm. Expense	452	270	2019
Codelco Chile	Smelting powders leaching plant	In Progress	7	Expenditure	Adm. Expense	6	4	2019
	Total Ecometales Limited		554			458	274	
Subtotal			326,330			178,057	363,758	
Total			982,320			442,105	697,110	

35. Subsequent events

- On October 8, 2019, it was reported as essential fact that Mr. Nicolai Bakovic Hudig, Legal Counsel of Codelco, will cease to provide services to the Corporation as of December 1, 2019.

- On October 22, 2019, the debt refinancing process ended, under the parameters of the framework of the placement of bonds announced on September 23 for US$2,000 million.

  This refinancing was related to the bonds with maturity 2020, 2021, 2022 and 2023, for an aggregate amount of US$639 million. This operation was carried out in three stages, with settlement dates October 2, 8 and 22 respectively, in which a prepaid amount of US$151,8 million was made and its effect on Codelco's results was US$1,8 million after taxes.

- On October 28, 2019, it was reported as an essential fact that Mr. Ignacio Briones has submitted his resignation from the position of Director of Codelco, in accordance with the provisions of article 8 letter b) of Decree Law 1.350.

  In accordance with the provisions of the same Decree Law 1.350 in its article 8 the appointment of the new member of the Board of Directors is in the hands of the President of the Republic.

- On November 20, 2019, details of the placement of bonds abroad made on September 23, 2019, in accordance with the provisions of Circular No. 1,072, regarding the financing operation were reported to the CMF , thus complementing notes PE 171/2019 and PE172 / 2019 dated September 23 and 24, 2019, respectively.

The administration of the Corporation is not aware of other significant events of a financial nature or of any other nature that could affect these financial statements, which occurred between October 1, 2019 and the date of issuance of these interim unaudited consolidated financial statements up to the November 28, 2019.

Octavio Araneda Osès
Chief Executive Officer

Alejandro Rivera Stambuk
Chief Financial Officer

Javier Tapia Avila
Accounting and Finance Control Manager

Cristóbal Parrao Cartagena
Accounting Director (I)

CODELCO – CHILE

Consolidated Financial Statements as of and for the years ended December 31, 2018 and 2017

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

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CONSOLIDATED FINANCIAL STATEMENTS

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of financial position of Corporación Nacional del Cobre de Chile and its subsidiaries (the "Company") at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Information

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). 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 performed our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit includes 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 preparation and fair presentation of the entity's 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 assessing the appropriateness of the accounting policies used and the reasonableness of the significant estimates made by the Company's Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other-matter – Translation

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

Deloitte

March 28, 2019
Santiago, Chile

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018 and 2017
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2018	12/31/2017
Assets			
Current Assets			
Cash and cash equivalents	1	1,229,125	1,448,835
Other current financial assets	13	231,409	1,327
Other current non-financial assets		6,805	25,638
Trade and other current receivables	2	2,212,209	2,815,352
Accounts receivable from related parties, current	3	92,365	64,344
Inventories	4	2,042,648	1,829,698
Current tax assets	6	13,645	21,623
Total current assets other than assets or groups of assets for disposition classified as held for sale or held as distributable to owners		5,828,206	6,206,817
Non-current assets or groups of assets for disposition classified as held for sale	7	-	4,236
Total current assets		5,828,206	6,211,053
Non-current assets			
Other non-current financial assets	13	145,751	149,526
Other non-current non-financial assets	12	6,817	11,575
Non-current receivables	2	84,731	91,442
Accounts receivable from related parties, non-current	3	20,530	25,830
Non-current inventories	4	457,070	428,447
Investments accounted for using equity method	9	3,568,293	3,665,601
Intangible assets other than goodwill	10	48,379	219,117
Property, plant and equipment	8	26,754,998	25,275,512
Investment property		981	981
Non-current tax assets	6	143,606	233,772
Deferred tax assets	5	31,443	43,285
Total non-current assets		31,262,599	30,145,088
Total Assets		37,090,805	36,356,141

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2018 and 2017
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	12/31/2018	12/31/2017
Liabilities and Equity			
Liabilities			
Current liabilities			
Other current financial liabilities	14	872,277	324,388
Trade and other current payables	17	1,546,584	1,915,768
Accounts payable to related parties, current	3	150,916	123,791
Other current provisions	18	384,249	324,631
Current tax liabilities	6	10,777	58,690
Current provisions for employee benefits	19	510,034	516,681
Other current non-financial liabilities		64,575	51,507
Total current liabilities		3,539,412	3,315,456
Non-current liabilities			
Other non-current financial liabilities	14	14,674,510	14,648,004
Non-current payables		26,613	44,983
Other non-current provisions	18	1,600,183	1,711,802
Deferred tax liabilities	5	4,586,168	4,314,237
Non-current provisions for employee benefits	19	1,315,520	1,392,659
Other non-current non-financial liabilities		4,530	3,662
Total non-current liabilities		22,207,524	22,115,347
Total liabilities		25,746,936	25,430,803
Equity			
Issued capital	20	5,219,423	4,619,423
Accumulated deficit		(198,917)	(36,672)
Other reserves	20	5,354,159	5,335,092
Equity attributable to owners of the parent		10,374,665	9,917,843
Non-controlling interests	20	969,204	1,007,495
Total equity		11,343,869	10,925,338
Total liabilities and equity		37,090,805	36,356,141

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

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2018 and 2017

(In thousands of US dollars - ThUS$)

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes N°	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Revenue	21	14,308,758	14,641,555
Cost of sales		(11,194,341)	(10,380,403)
Gross profit		3,114,417	4,261,152
Other Income, by function	24.a	124,826	154,332
Impairment gain and reversal of impairment loss determined in accordance with IFRS 9		158	-
Distribution costs		(18,262)	(10,403)
Administrative expenses		(465,328)	(428,140)
Other expenses	24.b	(2,115,314)	(1,557,473)
Other gains		21,395	32,605
Income from operating activities		661,892	2,452,073
Finance income		51,329	29,836
Finance costs	25	(463,448)	(644,610)
Share of profit of associates and joint ventures accounted for using equity method	9	119,114	185,428
Foreign exchange difference	27	178,143	(206,058)
Income for the years before tax		547,030	1,816,669
Expense - income Taxes	5	(357,283)	(1,193,067)
Net income for the years		189,747	623,602
Net income attributable to owners of parent		155,719	569,175
Net income attributable to non-controlling interests	20.b	34,028	54,427
Net income for the years		189,747	623,602

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

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

CONTINUED

For the years ended December 31, 2018 and 2017

(In thousands of US dollars - ThUS$)

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes N°	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Net income for the years		189,747	623,602
Components of other comprehensive income that will not be reclassified to profit or loss, before tax:			
(Losses) gains on remeasurement of defined benefit plans, before tax		(48,626)	25,106
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method that will not be reclassified to profit or loss before tax		(1,617)	123
Other comprehensive (loss) income that will not be reclassified to profit or loss before tax		(50,243)	25,229
Components of other comprehensive income that will be reclassified to profit or loss, before tax:			
(Losses) gains on exchange difference on translation, before tax		(848)	4,592
Gains (losses) on cash flow hedges, before tax		104,160	(2,874)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, before tax		554	(604)
Other comprehensive income that will be reclassified to profit or loss before tax		103,866	1,114
Other comprehensive income, before tax		53,623	26,343
Net income tax effect of components of other comprehensive income which will not be reclassified to profit or loss:			
Income tax effect relating measurement of defined benefit plans in other comprehensive income	5	33,148	(16,937)
Net income (loss) tax of components of other comprehensive income which will be reclassified to profit or loss:			
Income tax effect relating to cash flow hedges of other comprehensive income	5	(67,704)	1,868
Total other comprehensive income		19,067	11,274
Total Comprehensive Income		208,814	13,142
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent		174,786	580,449
Comprehensive income attributable to non-controlling interests	20.b	34,028	54,427
Total comprehensive Income		208,814	634,876

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

CORPORACION NACIONAL DEL COBRE DE CHILE

CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD

For the years ended December 31, 2018 and 2017

(In thousands of US dollars - ThUS$)

(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

	Notes	1/1/2018 12/31/2018	1/1/2017 12/31/2017
Cash flows provided by operating activities:			
Receipts from sales of goods and rendering of services		15,428,893	14,521,538
Other cash receipts from operating activities	28	1,733,555	1,657,104
Payments to suppliers for goods and services		(8,870,763)	(7,822,093)
Payments to and on behalf of employees		(1,920,204)	(1,614,446)
Other cash payments from operating activities	28	(2,555,184)	(2,223,368)
Dividends received		188,749	227,843
Income taxes paid		(67,326)	(31,224)
Cash flows provided by operating activities		3,937,720	4,715,354
Cash flows used in investing activities:			
Other payments to acquire equity or debt instruments of other entities		(338)	-
Other charges for the sale of interests in joint ventures and associates	7	21,842	-
Purchase of property, plant and equipment		(3,893,851)	(3,411,496)
Interest received		47,259	15,290
Other outflows of cash		(127,570)	(49,897)
Cash flows used in investing activities		(3,952,658)	(3,446,103)
Cash flows used in financing activities:			
Total proceeds from borrowings		900,000	3,050,000
Repayment of borrowings		(259,011)	(3,375,216)
Payments of finance lease liabilities classified as financing activities		(27,130)	(25,565)
Dividends paid		(602,461)	(273,332)
Interest paid		(634,289)	(582,471)
Other cash inflow		500,802	790,149
Cash flows used in financing activities		(122,089)	(416,435)
(Decrease) Increase in cash and cash equivalents before effect of exchange rate		(137,027)	852,816
Effect of exchange rate changes on cash and cash equivalents		(82,683)	19,293
(Decrease) increase in cash and cash equivalents		(219,710)	872,109
Cash and cash equivalents at beginning of years	1	1,448,835	576,726
Cash and cash equivalents at end of years	1	1,229,125	1,448,835

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

CORPORACION NACIONAL DEL COBRE DE CHILE
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(In thousands of US dollars - ThUS$)
(Translation into English of the consolidated financial statements originally issued in Spanish – see Note I.2)

December 31, 2018	Issued capital	Reserve on exchange differences on translation	Reserve of cash flow hedges	Reserve of remeasurement of defined benefit plans Note 19	Other miscellaneous reserves	Total other reserves Note 20	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interests Note 20	Total Equity
Initial balance as of 1/1/2018	4,619,423	(6,015)	11,336	(259,002)	5,588,773	5,335,092	(36,672)	9,917,843	1,007,495	10,925,338
Increase (decrease) through changes in accounting policies							2,282	2,282	-	2,282
Initial balance restated	4,619,423	(6,015)	11,336	(259,002)	5,588,773	5,335,092	(34,390)	9,920,125	1,007,495	10,927,620
Changes in equity:										
Net income							155,719	155,719	34,028	189,747
Other comprehensive income (loss)		(848)	36,456	(15,478)	(1,063)	19,067		19,067	-	19,067
Comprehensive income								174,786	34,028	208,814
Dividends							(306,619)	(306,619)		(306,619)
Capital increases	600,000	-	-	-	-	-	-	600,000	-	600,000
Increase (decrease) through transfers and other changes	-	-	-	-	-	-	(13,627)	(13,627)	(72,319)	(85,946)
Total changes in equity	600,000	(848)	36,456	(15,478)	(1,063)	19,067	(164,527)	454,540	(38,291)	416,249
Final balance as of 12/31/2018	5,219,423	(6,863)	47,792	(274,480)	5,587,710	5,354,159	(198,917)	10,374,665	969,204	11,343,869

December 31, 2017	Issued capital	Reserve on exchange difference on translation	Reserve of cash flow hedges	Reserve of remeasurement of defined benefit plans Note 19	Other miscellaneous reserves	Total other reserves Note 20	Accumulated deficit	Equity attributable to owners of the parent	Non-controlling interests Note 20	Total Equity
Initial balance as of 1/1/2017	3,624,423	(10,607)	12,342	(267,171)	5,582,828	5,317,392	(30,072)	8,911,743	978,666	9,890,409
Changes in equity:										
Net income							569,175	569,175	54,427	623,602
Other comprehensive income (loss)		4,592	(1,006)	8,169	(481)	11,274		11,274	-	11,274
Comprehensive income								580,449	54,427	634,876
Dividends							(569,175)	(569,175)		(569,175)
Capital Increases	995,000	-	-	-	-	-	-	995,000	-	995,000
Increase (decrease) through transfers and other changes	-	-	-	-	6,426	6,426	(6,600)	(174)	(25,598)	(25,772)
Total changes in equity	995,000	4,592	(1,006)	8,169	5,945	17,700	(6,600)	1,006,100	28,829	1,034,929
Final balance as of 12/31/2017	4,619,423	(6,015)	11,336	(259,002)	5,588,773	5,335,092	(36,672)	9,917,843	1,007,495	10,925,338

The accompanying notes are 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, in Management´s opinion, 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.

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

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

Codelco-Chile is registered under Securities Registry No. 785 of the Chilean Commission for the Financial Market (the "CMF"), and is subject to its supervision. According to Article No. 10 of Law No. 20392 (related to 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.1349 of 1976, which created the Comisión Chilena del Cobre ("Chilean Copper Commission").

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

Codelco was incorporated through D.L. No. 1350 of 1976, which is the statutory decree applicable to the Corporation. In accordance with the statutory decree, Codelco is a government-owned mining, industrial and commercial company, which is a separate legal entity with its own equity, Codelco Chile currently carries out its mining business through its Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and Ventanas divisions. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date.

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

In accordance with letter e) of Article 10 of Law No. 20392, Codelco is governed by its organic standards set forth in Decree Law No. 1350 (D.L. No. 1350) 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. 1350 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.1350 which refers to Decree Law No. 824 on Income Tax of 1974 and Decree Law No. 2398 (Article 2) of 1978, as applicable. The Corporation's taxable income is also subject to a Specific Mining Tax in accordance with Law No. 20026 of 2005.

The Corporation is subject to Law No. 13196, 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. On January 27, 2017, Law No. 20989, article 3, establishes changes in the application of Law No. 13196 as of January 1, 2018, through which the Corporation will deposit annually, no later than December 15 of each year, the funds established in article 1 in that law.

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

The associates and joint ventures located in Chile and abroad, are detailed in the Explanatory Notes Section III of Note 9.

2. Basis of Presentation of the Consolidated Financial Statements

The Corporation's consolidated statements of financial position as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income for the years ended December 31, 2018 and 2017, changes in equity and of cash flows for the years ended December 31, 2018 and 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

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

Responsibility for the Information and Use of Estimates

The Board of Directors of the Corporation has been informed of the information included in these consolidated financial statements and expressly declared its responsibility for the consistent and reliable nature of the information included in such financial statements as of and for the year ended December 31, 2018, which financial statements fully comply with IFRS as issued by the IASB. These consolidated financial statements as of December 31, 2018 and for the year then ended were approved by the Board of Directors at a meeting held on March 28, 2019.

Accounting Principles

These consolidated financial statements reflect the financial position of Codelco and its subsidiaries as of December 31, 2018 and 2017, and the results of their operations for the years ended December 31, 2018 and 2017, changes in equity and cash flows for years ended December 31, 2018 and 2017, and their related notes, all prepared in accordance with IAS 1, *"Presentation of Financial Statements",* in consideration of the presentation instructions of the Commission for the Financial Markets, where not in conflict with IFRS.

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

II. SIGNIFICANT ACCOUNTING POLICIES

1. Significant Judgments and Key Estimates

In preparing these consolidated financial statements, the use of certain critical accounting estimates and assumptions that affect the amounts of assets and liabilities recognized as of the date of the financial statements and the amounts of revenue and expenses recognized during the reporting period is required. Such preparation 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 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' accounting and the accounting for financial derivative instruments.

   The Corporation estimates its reserves and mineral resources based on the information certified by the Competent Persons of the Corporation, who are defined and regulated according to Law No. 20235. 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 non-financial 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 indicator 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, where applicable. The recoverable amount of these CGUs is calculated as the present value of the expected future cash flows from such assets, considering a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of the assets is lower than their carrying amount, an impairment loss is recognized.

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

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

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

Impairment testing also is performed at the level of associates and joint arrangements.

d) Provisions for decommissioning and site restoration costs - The Corporation is obliged to incur decommissioning and site restoration costs when such site restoration or decommissioning is required due to a legal or constructive obligation. Costs are estimated on the basis of a formal closure plan and are reassessed annually or as of the date such obligations become known. The initial estimate of decommissioning and site restoration costs is recognized as property, plant and equipment in accordance with IAS 16, and simultaneously a liability in accordance with IAS 37, is recorded.

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

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

If the adjustment results in an addition to the cost of the asset, Codelco considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is considered such an indicator, Codelco tests the asset for impairment by estimating its recoverable amount, and accounts for any impairment loss in accordance with IAS 36.

The decommissioning costs are initially recorded 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 other comprehensive income or profit or loss (depending on the accounting standards applicable).

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 from contracts with customers” of Note 2 “Significant accounting policies” below.

g) Fair value of derivatives and other financial instruments - Management may use its judgment to choose an adequate and proper valuation method for financial instruments that are not quoted in an active market. In the case of derivative financial instruments, assumptions are based on observable market inputs, adjusted depending on factors specific to the instruments among others.

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 loss is not probable of occurring or where probable, may not be estimated reliably, no provisions are recognized.

i) Revenue recognition – Beginning on January 1, 2018, the Corporation has adopted IFRS 15, *Revenue from Contracts with Customers*, which provides new guidance on recognition of revenue. The

Corporation determines appropriate revenue recognition for its contracts with customers by analyzing the type, terms and conditions of each contract or agreement with a customer.

As part of the analysis, the management must make judgments about whether an agreement or contract is legally enforceable, and whether the agreement includes separate performance obligations. In addition, estimates are required in order to allocate the total price of the transaction to each performance obligation based on the stand-alone selling price of the promised goods or services underlying each performance obligation. (The Corporation applies the constraint on variable consideration as defined in IFRS 15, if applicable).

Although the abovementioned 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 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 consolidated financial statements of Corporación Nacional del Cobre de Chile include the following statements:

- Consolidated statements of financial position as of December 31, 2018 and 2017.
- Consolidated statements of comprehensive income for years ended December 31, 2018 and 2017.
- Consolidated statements of changes in equity for years ended December 31, 2018 and 2017.
- Consolidated statements of cash flows for years ended December 31, 2018 and 2017.

b) Basis of preparation - The consolidated financial statements of the Corporation as of December 31, 2018 and 2017, and for the years ended December 31, 2018 and 2017 have been prepared in accordance with the instructions from the Commission for the Financial Market which fully comply with IFRS as issued by the IASB.

The consolidated statement of financial position as of December 31, 2017, and the consolidated statement of income for the year ended December 31, 2017, the consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2017, which are included for comparative purposes, have been prepared in accordance with IFRS issued by the IASB, on a basis consistent with the criteria used for the same period ended December 31, 2018, except for the adoption of the new IFRS standards and interpretations adopted by the Corporation as of and for the years ended December 31, 2018, which are disclosed in note II.3.

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

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

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

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

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

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

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

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

The companies included in the consolidation are as follows:

Taxpayer ID Number	Company	Country	Currency	12/31/2018			12/31/2017
				% 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	100.00
Foreign	Ecometales Limited	Channel Islands	US$	-	100.00	100.00	100.00
Foreign	Exploraciones Mineras Andinas Ecuador EMSAEC S.A.	Ecuador	US$	-	100.00	100.00	100.00
Foreign	Cobrex Prospeccao Mineral	Brazil	BRL	-	51.00	51.00	51.00
78.860.780-6	Compañía Contractual Minera los Andes	Chile	US$	99.97	0.03	100.00	100.00
79.566.720-2	Isapre Chuquicamata Ltda.	Chile	CLP	98.30	1.70	100.00	100.00
81.767.200-0	Asociación Garantizadora de Pensiones	Chile	CLP	96.69	-	96.69	96.69
88.497.100-4	Clinica San Lorenzo Limitada	Chile	CLP	99.90	0.10	100.00	100.00
76.521.250-2	San Lorenzo Institución de Salud Previsional Ltda.	Chile	CLP	-	100.00	100.00	100.00
89.441.300-K	Isapre Río Blanco Ltda.	Chile	CLP	99.99	0.01	100.00	100.00
96.817.780-K	Ejecutora Hospital del Cobre Calama S.A.	Chile	US$	99.99	0.01	100.00	100.00
96.819.040-7	Complejo Portuario Mejillones S.A.	Chile	US$	99.99	0.01	100.00	100.00
76.024.442-2	Ecosea Farming S.A.	Chile	US$	-	-	-	98.98
96.991.180-9	Codelco Tec SpA	Chile	US$	99.91	0.09	100.00	100.00
99.569.520-0	Exploraciones Mineras Andinas S.A.	Chile	US$	99.90	0.10	100.00	100.00
99.573.600-4	Clinica Río Blanco S.A.	Chile	CLP	99.00	1.00	100.00	100.00
76.064.682-2	Centro de Especialidades Médicas Río Blanco Ltda.	Chile	CLP	99.00	1.00	100.00	100.00
77.773.260-9	Inversiones Copperfield Ltda.	Chile	US$	99.99	0.01	100.00	100.00
76.043.396-9	Innovaciones en Cobre S.A.	Chile	US$	0.05	99.95	100.00	100.00
76.148.338-2	Sociedad de Procesamiento de Molibdeno Ltda.	Chile	US$	99.95	0.05	100.00	100.00
76.173.357-5	Inversiones Gacrux SpA	Chile	US$	100.00	-	100.00	100.00
76.231.838-5	Inversiones Mineras Nueva Acrux SpA	Chile	US$	-	67.80	67.80	67.80
76.237.866-3	Inversiones Mineras Los Leones SpA	Chile	US$	100.00	-	100.00	100.00
76.173.783-K	Inversiones Mineras Becrux SpA	Chile	US$	-	67.80	67.80	67.80
76.124.156-7	Centro de Especialidades Médicas San Lorenzo Ltda.	Chile	US$	-	100.00	100.00	100.00
76.255.061-K	Central Eléctrica Luz Minera SpA	Chile	US$	100.00	-	100.00	100.00
70.905.700-6	Fusat	Chile	CLP	-	-	-	-
76.334.370-7	Instituto de Salud Previsional Fusat Ltda.	Chile	CLP	-	-	-	-
78.394.040-K	Centro de Servicios Médicos Porvenir Ltda,.	Chile	CLP	-	99.00	99.00	99.00
77.928.390-9	Inmobiliaria e Inversiones Rio Cipreces Ltda.	Chile	CLP	-	99.90	99.90	99.90
77.270.020-2	Prestaciones de Servicios de la Salud Intersalud Ltda.	Chile	CLP	-	99.00	99.00	99.00
76.754.301-8	Salar de Maricunga SpA	Chile	CLP	100.00	-	100.00	100.00

On December 21, 2017, according to decree No. 12285 / 2017, by public deed, it was agreed between the shareholders to merge the Acrux SpA Mining Investment Company ("Absorbed Company") with the Investment Company Minera Becrux SpA ("Absorbing Company"), which took effect as of December 22, 2017, where the Absorbing Company acquired all the assets and liabilities of the

Absorbed Company, (which will be dissolved without having to effect its liquidation) in addition to being responsible for the payment of all taxes owed or which may be owed by the Absorbed Company.

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

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

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

  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.

  The value of the participation of non-controlling shareholders in equity, net income and comprehensive income of subsidiaries are presented, respectively, in the headings "Non-controlling interests" of the consolidated statement of financial position; "Net income attributable to non-controlling interests"; and “Comprehensive income attributable to non-controlling interests.”

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

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

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

- Acquisitions and Disposals - The results of businesses acquired are incorporated in the consolidated financial statements from the date when 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. 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 (and, where applicable, the associated cumulative translation adjustment).
  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, associate or joint venture, any excess of the cost of the investment (consideration transferred) plus the amount of the non-controlling interest in the acquiree plus the fair value of any previously held equity interest in the acquiree, where applicable, over Codelco's share of the net fair value of the identifiable assets and acquired liabilities is recognized as goodwill. Any excess of Codelco´s share of the net fair value of the identifiable assets and acquired liabilities over the consideration transferred, 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 are accounted for using the equity method.

e) Foreign currency transactions and conversion to reporting currency - 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, foreign currency transactions denominated in foreign currencies are converted at the rates prevailing at that date. Exchange differences on such transactions are recognized in profit or loss in the period in which they arise and are included in line item "Foreign exchange differences" in the consolidated statement of comprehensive income.

At the end of each reporting period, assets and liabilities denominated in Unidades de Fomento (UF or inflation index-linked units of account) are translated into U.S. dollars at the closing exchange rates at that date (12/31/2018: US$39.68; 12/31/2017: US$43.59). The expenses and revenues in Chilean pesos have been expressed in dollars at the observed exchange rate, corresponding to the date of the accounting recording of each operation.

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 for purposes of consolidation:

- 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.
- Non-monetary assets and liabilities as well as equity are translated at historic exchange rates.
- All resulting exchange differences are recognized in other comprehensive income and accumulated in equity under the heading "Reserve on exchange differences on translation".

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

Relation	Closing exchange ratios	
	12/31/2018	12/31/2017
USD /CLP	0.00144	0.00163
USD /GBP	1.27000	1.35355
USD /BRL	0.25848	0.30198
USD /EURO	1.14390	1.20236

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 as well as when it is the intention of the Corporation to settle a transaction net.

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

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

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

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

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

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

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

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

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

Additionally, depreciation method and estimated useful lives of assets, especially plants, facilities and infrastructure may be revised at the end of each year or during the year 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.

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

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

Notwithstanding the above, those reserves and resources acquired as part of acquisition of entities accounted for as business combinations, are recognized at their fair value.

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. Indefinitely-lived intangible assets are tested for impairment at least annually, and whenever there is an indication that these assets may be impaired. Definitely-lived intangible assets are tested for impairment when an indicator of impairment has been identified. 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: The expenditures for the development of Technology and Innovation Projects are recognized as intangible assets at their cost and are considered to have indefinite useful lives.

Development expenses for technology and innovation projects are recognized as intangible assets at cost, if and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will available for use or sale;
- The intention to complete the intangible asset is to use or sell it;
- The ability to use or sell the intangible asset;
- That the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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 lives are reviewed to determine whether there is an indication that those assets have suffered an impairment loss. If any such indicator exists, the Corporation estimates the asset's recoverable amount to determine the extent of the impairment loss which is then recorded.

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 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 evaluation 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 defining of new areas or deposit areas in exploitation and of mining operations (PP&E) are recognized in property, plant and equipment and are amortized through profit or loss over the period during 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 annually 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. 2398, as well as, the specific tax on mining referred to in Law 20026 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. 1350, 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 differences 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 tax rates on remittances of dividends paid out by such companies to the Corporation.

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

- Finished products and products in process: These inventories are measured at their average production cost determined using the absorption costing method, including labor, depreciation of fixed assets, amortization of intangibles and indirect costs of each period. Inventories of products in process are classified in current and non-current, 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. 1350, 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 remuneration 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 last monthly taxable salary of the retirees covered by this agreement. This employee benefit has been classified as a defined benefit plan.

These plans continue to be unfunded as of December 31, 2018.

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

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

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

p) Provisions for decommissioning and site restoration costs - The Corporation is obliged to incur decommissioning and site restoration costs Such site restoration or decommissioning is required due to a legal or constructive obligation. Costs are estimated on the basis of a formal closure plan and cost estimates are annually reviewed.

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

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

Changes in the measurement of the decommissioning and site restoration provision that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, are added to, or deducted from, the cost of the related assets in the period when changes occurred. The amount deducted from the cost of the related assets cannot 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 such an indicator exists, the Corporation tests the asset for impairment by estimating its recoverable amount, and recognizes an impairment loss, if any.

The effects of the updating of the liability, due to the effect of the discount rate and / or passage of time, is recorded as a financial expense.

q) Leases - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Corporation. All other leases are classified as operating leases. Operating lease costs are recognized as an expense on a straight-line basis over the lease term.

Assets held under finance leases are initially recognized as assets at the inception of the lease at either their fair value or the 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 return 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 from Contracts with Customers - Revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services.

- Sale of mineral goods and / or by-products

Contracts with customers for the sale of mineral goods and / or by-products include the performance obligation for the delivery of the physical goods and the associated transportation service, at the place agreed with the customers. The Corporation recognizes revenue from the sale of goods at the time control of the asset is transferred to the customer, according to the shipment or dispatch of the products, in accordance with the agreed conditions, such revenue being subject to variations related to the content and / or sale price at the date of its liquidation. Notwithstanding the foregoing, there are some contracts where control is transferred substantially to the client based on the receipt of the product instead of the buyer's corresponding destination, making the revenue recognition at the time of said transfer. When services of transport of goods are provided, the Corporation recognizes revenue when the service obligation is satisfied.

Sales that have discounts associated with volume subject to compliance with goals are recognized net, estimating the probability that the volume target will be reached.

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.

In terms of hedge accounting established by IFRS 9, the Corporation has opted to continue applying the hedge accounting requirements of the IAS 39 instead of the requirements of the new standard. Therefore, the generated no effects both at the level of account balances or at the level of disclosures.

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. 16624, modified by Article 15 of Decree Law No.

1349 of 1976, on the determination of sales prices for the internal market which does not differ from IFRS 15.

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 those which are fair value hedges contracts are recognized as revenues.

- Rendering of services

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the item "Cash flow hedge reserve." The gain or loss relating to the ineffective portion is immediately recognized in profit or loss, and included in the “Finance cost” or “Finance income” line items. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the effect for the fluctuation in 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 accumulated in other comprehensive income are subsequently reclassified from equity to profit or loss in the same period or periods during which the hedged item affects profit or loss. Upon discontinuation of hedge accounting and depending on the circumstances, the cumulative gain or loss on the hedging instrument remains in equity until the hedged transaction occurs or, if the hedged transaction is not expected to occur, the amount accumulated in other comprehensive income is reclassified to profit or loss.

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

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

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

- *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. When the sales agreements are fulfilled and the derivative contracts are settled, the results from sales and derivative transactions are offset in profit or loss in revenue.

  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 the host contract is not a financial instrument and the characteristics and risks of the embedded derivative are not closely related to the host contract, the derivative is required to be recognized separately.

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 reports to the Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively. Income and expenses of the Head Office are allocated to the defined operating segments.

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

v) Current and non-current financial assets - The Corporation determines the classification of its financial assets at the time of initial recognition. The classification depends on the business model in which the investments are managed and the contractual characteristics of their cash flows.

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

- *Fair value through profit or loss*:

  Initial recognition: This category includes those financial assets not qualifying under the categories of Fair Value through Other Comprehensive Income or Amortized Cost. These instruments are initially recognized at fair value.

  Subsequent recognition: Their subsequent recognition is at fair value, recording in the consolidated statement of comprehensive income, in the line "Other gains (losses)" any changes in fair value.

- *Amortized cost*:

  Initial recognition: This category includes those instruments with respect to which the objective of the business model of the Corporation is to hold the financial instrument to collect contractual cash flows and such cash flows consist of solely payments of principal and interest. This category includes Trade and other current receivables, and the loans included in other non-current financial assets.

  Subsequent recognition: These instruments are subsequently measured at amortized cost using the effective interest method. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any impairment allowance.

  Codelco did not irrevocably choose to designate any of its investment assets at fair value with effect on other comprehensive income.

  Interest income is recognized in profit or loss and is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the "Foreign exchange difference" line item.

- *At fair value through other comprehensive income:*

  Initial measurement: Financial assets that meet the criteria "Solely payments of principal and interest" (SPPI) are classified in this category and must be maintained within a business model both to collect the cash flows and to sell the financial assets. These instruments are initially recognized at fair value.

  Subsequent recognition: Their subsequent valuation is at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in income. Other net gains and losses are recognized in other comprehensive income.

On derecognition, the gains and losses accumulated in other comprehensive income are reclassified to income.

w) Financial liabilities - Financial liabilities are initially recognized at fair value net of transaction costs. Subsequent to their initial recognition, the valuation of the financial liabilities will depend on their classification, within which the following categories are distinguished:

Financial liabilities at fair value through profit or loss: This category includes financial liabilities defined as held for trading.

The Corporation includes is this category certain hedge contracts and the equity and debt instruments sold in the short-term, which are classified as held for trading.

Changes in fair value associated with own credit risk are recorded in other comprehensive income.

Financial liabilities at amortized cost: This category includes all financial liabilities other than those measured at fair value through profit or loss.

The Corporation includes in this category bonds, obligations and other current payables.

These financial liabilities are measured using the effective interest rate method, recognizing interest expense based on the effective rate.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other current payables are financial liabilities that do not explicitly accrue interest and are recognized at their nominal value, which approximates their fair value.

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

x) Impairment of financial assets - The Corporation measures the loss allowance at an amount equal to lifetime expected credit losses for its trade receivables. For this, it uses the simplified approach as a requirement under IFRS 9.

The provision matrix is based on an entity’s historical credit loss experience over the expected life of the trade receivables and is adjusted for forward-looking estimates.

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

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

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

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

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

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

Bank overdrafts are classified as external resources in current liabilities.

z) Law No. 13196 – Law No. 13196 requires the payment of a 10% special export tax on receivables of the sales proceeds that Codelco receives and transfers to Chile from the export of copper and related by-products produced by Codelco. The Chilean Central Bank deducts 10% of the amounts that Codelco transferred to its Chilean bank account. The amount recognized for this concept is presented in the statement of income within line item other expenses.

On January 27, 2017, Law No. 20989, article 3, establishes changes in the application of Law No. 13196 as of January 1, 2018, through which the Corporation will deposit annually, no later than December 15 of each year, the funds established in article 1 in that law.

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 whose intention is to refinance, through credit agreements available unconditionally with long-term maturity, these could be classified as non-current liabilities.

ad) Non-current assets or groups of assets for disposition classified as held for sale: The Corporation classifies as non-current assets or groups of assets for disposal, classified as held for sale, properties, plants and equipment, investments in associates and groups subject to expropriation (group of assets that are going to be disposed of together with their directly related liabilities), for which, at the closing date of the financial statements, their sale has been committed to or steps have been initiated and it is estimated that it will be carried out within the twelve months following said date. These assets or groups subject to disposal are valued at book value or the estimated sale value minus the costs necessary for sale, whichever is less, and are no longer amortized from the moment they are classified as non-current assets held for sale. Non-current assets or groups of assets for disposal classified as held for sale and the components of the groups subject to disposal classified as held for sale are presented in the consolidated statement of financial position on a line for each of the following concepts: "Non-current assets or groups of assets for disposition classified as held for sale" and “Non-current liabilities or groups of liabilities for disposition classified as held for sale.”

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 Corporation's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards, interpretations and amendments, effective from January 1, 2018, which are:

a) IFRS 9, Financial Instruments:

Due to the transition alternatives indicated in IFRS 9, no balances have been adjusted for comparative periods corresponding to the year 2017.

The initial application date of IFRS 9 is January 1, 2018, and the difference between the recorded amounts in comparative periods and those recorded at the date of initial application were recorded in Accumulated Deficit as a gain of ThUS $ 2,282 (see detail below).

Classification of financial assets and liabilities

The adoption of IFRS 9 involved, first, reassessing the classification of financial assets and liabilities, based on the new definition included in this standard. In this sense, and in accordance with the business model in which Codelco manages its investments and the contractual characteristics of the cash flows of such, the classification of financial assets and liabilities under IFRS 9 and adopted by the Corporation (disclosed in notes 13 and 14 of section III of these Consolidated Financial Statements), resulted solely in a reclassification of the trade and accounts receivable subject to provisional pricing. Such receivables classification has been changed from amortized cost to fair value through profit and loss. Previously, the provisional pricing element was separated as an embedded derivative. Under IFRS 9, the receivable is classified at fair value through profit and loss considering the receivable as a hybrid contract.This reclassification under IFRS 9 did not result in any adjustments to accumulated deficit at January 1, 2018.

Impairment

Regarding the guidance in IFRS 9 related to the application of the expected credit loss model under the approach described in note 2 of the Significant Accounting Policies, letter x), the application resulted in the recognition of a loss allowance over the accounts receivable balances at the date of initial application as indicated below:

Effects of IFRS 9 on Trade and other current receivables as of January 1, 2018	ThUS$
Net trade and other current receivables balance as of January 1, 2018, under accounting criteria prior to IFRS 9	2,815,352
Transition adjustment to IFRS 9 - allowance for doubtful accounts	(2,239)
Net trade and other current receivables balance as of January 1, 2018, adjusted by IFRS 9	2,813,113

Financial Liabilities

Another topic of the adoption of IFRS 9 that had an effect on Codelco is related to the financial liabilities refinanced during July 2017, which resulted in the continuation of the deferral and subsequent amortization of certain financial costs relating to the original financing due to the non-substantial modification of contractual flows under IAS 39. Under IFRS 9, a modified gain/loss is required to be calculated with respect to such modification which for purposes of the first application of the new standard, resulted in the recognition of an adjustment to the balances of bond obligations at the date of transition as indicated below:

Effects of IFRS 9 on Other non-current financial liabilities as of January 1, 2018	ThUS$
Other non-current financial liabilities balance as of January 1, 2018, under accounting criteria prior to IFRS 9	14,648,004
Transition adjustment to IFRS 9	(9,846)
Other non-current financial liabilities balance as of January 1, 2018, adjusted for IFRS 9	14,638,158

Hedge accounting

In terms of hedge accounting established by IFRS 9, the Corporation has opted to continue applying the hedge accounting requirements of the IAS 39 instead of the requirements of the new standard. Therefore, the generated no effects both at the level of account balances or at the level of disclosures.

Finally, the net effect on initial application of IFRS 9 on Codelco's accumulated deficit, considering the amounts previously indicated, was as follows:

Effects of IFRS 9 on accumulated deficit as of January 1, 2018	ThUS$
Accumulated deficit balance as of January 1, 2018, under accounting criteria prior to IFRS 9	(36,672)
Transition adjustments to IFRS 9, net of deferred taxes	2,282
Accumulated deficit balance as of January 1, 2018, adjusted for IFRS 9.	(34,390)

b) IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes a new model for the recognition of income, which highlights the concept of the transfer to the client of the "control" of assets sold in place of the "risk" transfer concept referred to in IAS 18. Additionally, it requires more detail in disclosures and makes more in-depth reference to contracts with sale of multiple elements. The application of IFRS 15 has not materially affected the measurements of Codelco's revenue, and the disclosures required by this standard are set forth in notes 21 and 26 of section III of these Consolidated Financial Statements.

c) Amendments to IFRS 4, Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts":

It instructs on aspects related to insurance contracts that will be affected upon entry into application of IFRS 9 - Financial Instruments. The application of these amendments had no impact on the consolidated financial statements of the Corporation, however, it could affect the accounting for future transactions or agreements.

d) Amendments to IAS 40, Transfers of investment property:

These amendments clarify the requirements for the treatment of investment property transfers. The application of these amendments had no impact on the consolidated financial statements of the Corporation, however, it could affect the accounting for future transactions or agreements.

e) IFRIC 22 Foreign currency transactions and advance consideration:

This interpretation addresses the exchange rate to be used in foreign currency transactions, when the consideration is paid or received before recognizing related revenue, expenses or related assets. The application of this interpretation had no impact on the consolidated financial statements of the Corporation, however, it could affect the accounting for future transactions or agreements.

4. New accounting pronouncements

a) The following new IFRS, amendments and interpretations had been issued by the IASB, but their application is not yet mandatory:

New IFRS	Date of mandatory application	Summary
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, where such expedients have been adopted by an entity. Additional disclosure requirements are also included. Additionally, the Standard establishes new requirements of information to disclose related to the risk exposure on the part of lessors.
IFRS 17, Insurance Contracts	Annual periods beginning on or after January 1, 2021	Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretional participating features and supersedes IFRS 4 *Insurance contracts.*

Amendments to IFRS	Date of mandatory application	Summary
Amendment to IFRS 10 and IAS 28: Sale or Contribution of Assets	Date to be determined by IASB.	Recognizes the profits or losses of sales of assets between an investor and an associate or a joint venture, which are recognized for the total when the transaction involves assets which constitute a business and are recognized partially when the assets do not constitute a business.

Features of prepayment with negative compensation (amendments to IFRS 9)	Annual periods beginning on or after January 1, 2019.	It adds paragraphs on the designation of financial assets and liabilities, restatement of previous periods and disclosures for instruments repayable in advance and provides additional clarity as to the accounting effects should prepayment features result in negative compensation to the creditor.
Long-term investments in Associates and Joint Ventures (amendments to IAS 28)	Annual periods beginning on or after January 1, 2019.	It includes, within the scope of IFRS 9, other financial instruments in an associate or joint venture to which the equity method does not apply, including long-term investments.
Annual improvements for the 2015-2017 cycle (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)	Annual periods beginning on or after January 1, 2019.	Amendments to IFRS 3 and IFRS 11: Adds paragraphs on treatment for acquisitions in previously held shares in a joint operation. Amendments to IAS 12: Adds paragraphs on treatment of taxes related to dividends payable. Amendments to IAS 23: Modifies wording on application of weighted average rate.
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	Annual periods beginning on or after January 1, 2019.	It requires the use of actuarial assumptions to determine the cost of service of the current period and the net interest for the remainder of the reporting period prior to determining the effect of the application of "asset ceiling" after the amendment, curtailment or settlement of the plan when the entity remeasures its liability (asset) for defined benefits.

Definition of a Business (Amendments to IFRS 3)	Annual reporting period beginning on or after 1 January 2020	Clarifies that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs
Definition of Material (Amendments to IAS 1 and IAS 8)	Annual reporting periods beginning on or after 1 January 2020	Clarifies the definition of 'material' and aligns the definition used in the Conceptual Framework and the standards.
Modifications Conceptual Framework for the Report Revised Financial	Annual periods initiated on or after the 1st of January 2020	It incorporates some new concepts, provides updated definitions and recognition criteria for assets and liabilities. This modification accompanies a separate document, "Modifications to the References to Conceptual Framework in the Rules IFRS ", which establishes amendments to other IFRS in order to update the references to the new Conceptual Framework

New Interpretations	Date of mandatory application	Summary
IFRIC 23: Uncertainty over Income Tax Treatments	Annual periods beginning on or after January 1, 2019	It establishes how to determine a tax position when there is uncertainty about the treatment for the income tax.

The Administration does not expect significant impacts with respect to standards, amendments and interpretations indicated above.

With respect to IFRS 16, Management has evaluated the impact of its implementation on Codelco's Consolidated Financial Statements and has determined that the effects on the amounts of these financial statements will not be significant. The changes in the disclosures will be presented in accordance, both in term and in form, as established by IFRS 16.

III. EXPLANATORY NOTES

1. Cash and cash equivalents

The detail of cash and cash equivalents as of December 31, 2018 and 2017, is as follows:

Item	12/31/2018 ThUS$	12/31/2017 ThUS$
Cash on hand	25,033	3,300
Bank balances	59,030	124,275
Time deposits	1,131,049	1,306,476
Mutual Funds - Money Market	1,698	651
Repurchase agreements	12,315	14,133
Total cash and cash equivalents	1,229,125	1,448,835

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

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

- For those customers that have due balances with the Corporation the accrual is presented as a deduction from the line item trade and other current receivables.
- For those customers that do not have due balances with the Corporation the accrual is 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 December 31, 2018 and 2017, due balances included a negative ThUS$96,396 and positive ThUS$244,265, respectively for provisional pricing.

As of December 31, 2018, ThUS$5,025 for the provision for open invoices related to customers with no outstanding amounts to Codelco, is presented in Trade accounts payable. This balance plus the balance presented in trade and other receivables, totaling cumulative provisional pricing effect of MUS$101,421.

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	
	12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
Trade receivables (1)	1,542,420	2,178,788	820	1,887
Allowance for doubtful accounts (3)	(37,811)	(28,684)	-	-
Subtotal trade receivables, net	1,504,609	2,150,104	820	1,887
Other receivables (2)	712,446	674,425	83,911	89,555
Allowance for doubtful accounts (3)	(4,846)	(9,177)	-	-
Subtotal other receivables, net	707,600	665,248	83,911	89,555
Total	2,212,209	2,815,352	84,731	91,442

(1) Trade receivables correspond to the sales of copper and its by-products, those that in general are sold in cash or through banks.

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

- Corporation's employee short-term loans and mortgage loans, both monthly deducted from the employee's salaries. Mortgage loans granted to the Corporation's employees for ThUS$55,484 are secured with collateral.
- Reimbursement receivables from insurance companies.
- Settlements from the Chilean Central Bank under Law 13196.
- Advance payments to suppliers and contractors.
- Accounts receivable for tolling services (Ventanas Smelter).
- VAT credit and other refundable taxes of ThUS$201,274 and ThUS$147,589 as of December 31, 2018 and December 31, 2017, respectively.

(3) The Corporation recognizes an allowance for doubtful accounts based on its expected credit loss model.

The reconciliation of changes in the allowance for doubtful accounts in the year ended December 31, 2018 and 2017, is as follows:

Items	12/31/2018 ThUS$	12/31/2017 ThUS$
Opening balance	37.861	9.035
Initial adjustment NIIF 9	2.239	-
Initial balance adjusted	40.100	9.035
Net Increases	7.215	29.160
Write-offs/applications	(4.658)	(334)
Total movements	2.557	28.826
Closing balance	42.657	37.861

As of December 31, 2018 and 2017, the balance of past due but not impaired trade receivables, is as follows:

Maturity	12/31/2018 ThUS$	12/31/2017 ThUS$
Less than 90 days	3,473	15,145
Between 90 days and 1 year	4,789	1,615
More than 1 year	10,266	10,389
Total trade receivables past-due but not impaired	18,528	27,149

3. Balance and transactions with related parties

a) Transactions with related persons

In accordance with the Law on New Corporate Governance and IAS 24, the members of Codelco's Board are, in terms of transactions with related persons, subject to the provisions of Title XVI of Law on Corporations, which sets 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 policy over customary transactions (which was informed through a significant event notice to the CMF), that defines customary transactions as those carried out with its related parties in the normal course of business, which contributes to the social interest and are necessary to the normal development of Codelco's activities.

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

Accordingly, Codelco without the authorization required in CCP No. 18 and of the Board of Directors, when required by Law or by the Corporation by-laws, shall not enter into any contracts or agreements involving one or more Directors, its Chief Executive Officer, the members of Division's Managing Committees, Vice-presidents, Legal Counsel, General Auditor, Division 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	1/1/2018 12/31/2018 Amount ThUS$	1/1/2017 12/31/2017 Amount ThUS$
Administración de Sistemas y Servicios Herman Yerko Valenzuela Rojas E.I.R.L	76.349.138-2	Chile	Employee´s relative	Services	200	-
Anglo American Sur S.A.	77.762.940-9	Chile	Associate	Supplies	55	3
Arcadis Chile S.A.	89.371.200-3	Chile	Employee´s relative	Services	3,511	-
Arriendo de Maquinaria Marcelo Enrique Balocchi Viva	76.300.049-4	Chile	Employee´s relative	Services	-	95
Asociación Chilena de Seguridad	70.360.100-6	Chile	Member of Board of directors	Services	852	-
B.Bosch S.A.	84.716.400-K	Chile	Employee´s relative	Supplies	-	60
Centro de Capacitación y Recreación Radomiro Tomi	75.985.550-7	Chile	Other related	Services	847	177
Codelco Tec SpA	96.991.180-9	Chile	Subsidiary	Services	10,000	-
Consultor Jannet Troncoso Carvajal E.I.R.L.	76.174.237-K	Chile	Employee´s relative	Supplies	-	74
Distribuidora Cummins Chile S.A.	96.843.140-4	Chile	Employee´s relative	Supplies	-	302
Ecometales Limited agencia en Chile.	59.087.530-9	Chile	Subsidiary	Services	20,040	462
Exploraciones Mineras Andinas S.A.	99.569.520-0	Chile	Subsidiary	Services	358,130	-
Fundación de Salud El Teniente.	70.905.700-6	Chile	Subsidiary	Services	-	13
Fundación Orquesta Sinfónica Infantil de los Andes.	65.018.784-9	Chile	Founder member donor	Services	297	247
Fundación Sewell	65.493.830-K	Chile	Founder member donor	Services	-	421
Geotermica del Norte S.A.	96.971.330-6	Chile	Employee´s relative	Services	-	3,912
Glasstech S.A.	87.949.500-8	Chile	Employee´s relative	Supplies	3	-
Industrial Support Company Ltda	77.276.280-1	Chile	Employee´s relative	Services	-	218
Industrial y Comercial Artimatemb Ltda.	76.108.720-7	Chile	Employee´s relative	Services	28	40
Inoxa S.A.	99.513.620-1	Chile	Employee´s relative	Services	468	14
Institución de Salud Previsional Chuquicamata Ltda.	79.566.720-2	Chile	Subsidiary	Services	22	15,571
Institución de Salud Previsional Río Blanco Ltda.	89.441.300-K	Chile	Subsidiary	Services	47,028	-
Isapre Fusat Ltda,	76.334.370-7	Chile	Subsidiary	Services	-	126,800
Kaefer Buildteck SpA	76.105.206-3	Chile	Employee´s relative	Services	-	97
Kairos Mining S.A.	76.781.030-K	Chile	Other related	Services	13,700	-
Komatsu Chile S.A.	96.843.130-7	Chile	Employee´s relative	Services and Supplies	138,962	208,437
Linde Gas Chile S.A.	90.100.000-K	Chile	Employee´s relative	Supplies	91	-
Nueva Ancor Tecmin S.A.	76.411.929-0	Chile	Employee´s relative	Supplies	-	83
San Lorenzo Isapre Limitada	76.521.250-2	Chile	Subsidiary	Services	25,945	-
Servicios de Ingeniería IMA S.A.	76.523.610-K	Chile	Employee´s relative	Services	125	-
Sociedad Contractual Minera El Abra.	96.701.340-4	Chile	Associate	Supplies	-	134
Sociedad de Procesamiento de Moblibdeno Ltda,	76.148.338-2	Chile	Subsidiary	purchase of products	-	1
Sodimac S.A.	96.792.430-K	Chile	Employee´s relative	Supplies	-	2,132
Sonda S.A.	83.628.100-4	Chile	Employee´s relative	Services	-	1,446
Sourcing SpA	76.355.804-5	Chile	Employee´s relative	Services	-	1,259
Teléfonica Chile S.A.	90.635.000-9	Chile	Employee´s relative	Services	-	99
Transelec Norte S.A.	99.521.950-6	Chile	Member of Board of directors	Services	4,411	-
Züblin International GmbH Chile SpA	77.555.640-4	Chile	Employee´s relative	Services	-	117,637

b) Key Management of the Corporation

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

During the years ended December 31, 2018 and 2017, 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	1/1/2018 12/31/2018 Amount ThUS$	1/1/2017 12/31/2017 Amount ThUS$
Blas Tomic Errázuriz	5.390.891-8	Chile	Director	Directors´s fees	122	118
Dante Contreras Guajardo	9.976.475-9	Chile	Director	Directors´s fees	34	95
Gerardo Jofré Miranda	5.672.444-3	Chile	Director	Directors´s fees	-	38
Ghassan Dayoub Pseli	14.695.762-5	Chile	Director	Directors´s fees	97	71
Ghassan Dayoub Pseli	14.695.762-5	Chile	Director	Payroll	107	72
Hernán de Solminihac Tampier	6.263.304-2	Chile	Director	Directors´s fees	63	-
Ignacio Briones Rojas	12.232.813-9	Chile	Director	Directors´s fees	63	-
Isidoro Palma Penco	4.754.025-9	Chile	Director	Directors´s fees	97	95
Juan Benavides Feliú	5.633.221-9	Chile	Chairman of the Board	Directors´s fees	95	-
Juan Morales Jaramillo	5.078.923-3	Chile	Director	Directors´s fees	97	95
Laura Albornoz Pollmann	10.338.467-2	Chile	Director	Directors´s fees	34	95
Oscar Landerretche Moreno	8.366.611-0	Chile	Chairman of the Board	Directors´s fees	51	142
Paul Schiodtz Obilinovich	7.170.719-9	Chile	Director	Directors´s fees	97	64
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Directors´s fees	97	95
Raimundo Espinoza Concha	6.512.182-4	Chile	Director	Payroll	64	53

The Ministry of Finance through Supreme Decree No. 100, dated February 5, 2018, established the compensation for the Corporation's Directors. The compensation to Board of Director members, is as follows:

a. The Directors of Codelco will receive a fixed monthly compensation of Ch$3,931,757 (three million nine hundred and thirty one thousand, seven hundred and fifty seven 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$7,863,513 (seven million eight hundred and sixty three thousand, five hundred and thirteen Chilean pesos).

c. Each member of the Directors' Committee, whether the one referred to in Article 50 bis) of Law No. 18046 or another established by the Corporation by-laws, will receive a fixed additional monthly compensation of Ch$1,310,584 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$2,621,171 for meeting attendance.

d. The compensation established in DS No. 36 is effective for a period of two years, as from March 1, 2018, and will be updated on January 1, 2019, in accordance with the same provisions that govern the general salary adjustments of officials of the public sector.

   On the other hand, the short-term benefits of key management of the Corporation paid during the periods ended December 31, 2018 and 2017, were ThUS$12,382 and ThUS$10,899, 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 ended December 31, 2018 and 2017, severance indemnities were paid to key management of the Corporation for ThUS$1,084 and ThUS$471, respectively.

There were no payments to key management for other non-current benefits during the periods ended December 31, 2018 and 2017.

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

c) Transactions with companies in which Codelco has ownership interest

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

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

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

The detail of accounts receivable and payable between the Corporation and its related parties as of December 31, 2018 and 2017, is as follows:

Accounts receivable from related companies:

Taxpayer number	Name	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	88,497	63,596	-	-
76.063.022-5	Inca de Oro S.A.	Chile	Associate	US$	380	199	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	3,099	-	20,306	25,581
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	383	549	-	-
96.801.450-1	Agua de la Falda S.A.	Chile	Associate	US$	6	-	224	249
Totals					92,365	64,344	20,530	25,830

Accounts payable to related companies:

Taxpayer number	Name	Country	Nature of the relationship	Indexation currency	Current		Non-current	
					12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
77.762.940-9	Anglo American Sur S.A.	Chile	Associate	US$	125,913	92,315	-	-
96.701.340-4	Sociedad Contractual Minera El Abra	Chile	Associate	US$	22,940	25,370	-	-
Foreign	Deutsche Geissdraht GmbH	Germany	Associate	EURO	-	6,106	-	-
76.255.054-7	Planta Recuperadora de Metales SpA	Chile	Associate	US$	2,063	-	-	-
Totals					150,916	123,791	-	-

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 years ended December 31, 2018 and 2017:

Taxpayer number	Entity	Nature of the transaction	Country	Index. Currency	1/1/2018 12/31/2018		1/1/2017 12/31/2017	
					Amount ThUS$	Effects on net income (charges) / credits ThUS$	Amount ThUS$	Effects on net income (charges) / credits ThUS$
96.801.450-1	Agua de la Falda S.A.	Sales of services	Chile	CLP	4	4	5	5
96.801.450-1	Agua de la Falda S.A.	Capital contribution	Chile	CLP	338	-	-	-
77.762.940-9	Anglo American Sur S.A.	Dividends received	Chile	US$	182,903	-	187,346	-
77.762.940-9	Anglo American Sur S.A.	Dividends receivable	Chile	US$	84,372	-	59,003	-
77.762.940-9	Anglo American Sur S.A.	Sales of goods	Chile	US$	58,411	58,411	76,065	76,065
77.762.940-9	Anglo American Sur S.A.	Sales of services	Chile	CLP	8,162	8,162	6,598	6,598
77.762.940-9	Anglo American Sur S.A.	Purchase of products	Chile	US$	711,384	(711,384)	714,340	(714,340)
77.762.940-9	Anglo American Sur S.A.	Capital contribution	Chile	US$	-	-	-	-
Foreign	Deutsche Geissdraht GmbH	Dividends received	Germany	EURO	946	-	1,119	-
76.063.022-5	Inca de Oro S.A.	Sales of services	Chile	CLP	214	29	169	-
76.255.054-7	Planta Recuperadora de Metales SpA	Interest loans	Chile	US$	1,029	1,029	1,029	1,029
76.255.054-7	Planta Recuperadora de Metales SpA	Services	Chile	US$	23,443	(23,443)	26,065	(26,065)
76.255.054-7	Planta Recuperadora de Metales SpA	Sales of goods	Chile	US$	940	940	-	-
96.701.340-4	Soc. Contractual Minera El Abra	Dividends received	Chile	US$	4,900	-	39,200	-
96.701.340-4	Soc. Contractual Minera El Abra	Purchase of products	Chile	US$	293,173	(293,173)	245,954	(245,954)
96.701.340-4	Soc. Contractual Minera El Abra	Sales of goods	Chile	US$	24,796	24,796	9,516	9,516
96.701.340-4	Soc. Contractual Minera El Abra	Other sales	Chile	US$	1,493	1,493	1,493	1,493
96.701.340-4	Soc. Contractual Minera El Abra	Perceived commissions	Chile	US$	113	113	96	96
96.701.340-4	Soc. Contractual Minera El Abra	Other purchases	Chile	US$	-	-	992	(992)
76.028.880-2	Sociedad Contractual Minera Puren	Dividends received	Chile	US$	-	-	178	-

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.

4. Inventories

The detail of inventories as of December 31, 2018 and 2017, is as follows:

Items	Current		Non-current	
	12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
Finished products	446,344	348,083	-	-
Subtotal finished products, net	446,344	348,083	-	-
Products in process	1,137,605	1,105,590	457,070	428,447
Subtotal products in process, net	1,137,605	1,105,590	457,070	428,447
Material in warehouse and other	555,504	470,108	-	-
Obsolescence allowance adjustment	(96,805)	(94,083)	-	-
Subtotal material in warehouse and other, net	458,699	376,025	-	-
Total Inventories	2,042,648	1,829,698	457,070	428,447

The amount of inventories of finished goods transferred to cost of sales for the years ended December 31, 2018 and 2017 were ThUS$11,145,242 and ThUS$10,341,613, respectively.

For the years ended December, 2018 and 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	12/31/2018 ThUS$	12/31/2017 ThUS$
Opening Balance	(94,083)	(90,930)
Period provision	(2,722)	(3,153)
Closing Balance	(96,805)	(94,083)

For the years ended December 31, 2018 and 2017, the Corporation recognized write-offs of damaged inventories for ThUS$4,004 and ThUS$4,126 respectively.

The provision for the net realizable value of inventories was ThUS$31,889 for the year ended December 31, 2018 (ThUS$3,000 at December 31, 2017).

During the years ended December 31, 2018 and 2017, decreases in the provision for net realizable value were ThUS$28,890 and ThUS$3,744, respectively.

As of December 31, 2018 and 2017, there are no unrealized gains or losses recognized on the intercompany sales of inventories of finished products.

As of December 31, 2018 and 2017, there are no inventories pledged as security for liabilities.

5. Income taxes and deferred taxes

a) Composition of income tax expense

Items	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Current income tax	(92,270)	(72,897)
Effect of Deferred Taxes	(249,217)	(1,126,918)
Adjustments to current tax from the prior period	(19,956)	-
Other	4,160	6,748
Total tax expense	(357,283)	(1,193,067)

b) Deferred tax assets and liabilities:

The following table details deferred tax assets and liabilities:

Deferred tax assets	12/31/2018 ThUS$	12/31/2017 ThUS$
Provisions	1,429,060	1,264,736
Financial leasing	13,162	24,983
Customers advance	250,255	1,013,438
Other	4,603	23,690
Total deferred tax assets	1,697,080	2,326,847

Deferred tax liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Tax on mining activity	163,280	183,571
Property, plant and equipment variations	889,841	1,058,609
Post-employment benefit obligations	10,346	21,532
Accelerated depreciation for tax purposes	5,017,532	5,168,062
Fair value of mining properties acquired	108,518	108,518
Hedging derivatives – future contracts	12,282	5,635
Undistributed profits of subsidiaries	50,006	45,177
Other	-	6,695
Total deferred tax liabilities	6,251,805	6,597,799

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

Deferred taxes	12/31/2018 ThUS$	12/31/2017 ThUS$
Non-current assets	31,443	43,285
Non-current liabilities	4,586,168	4,314,237
Net	4,554,725	4,270,952

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

Deferred taxes on components of other comprehensive income	12/31/2018 ThUS$	12/31/2017 ThUS$
(Charge) credit cash flow hedge	(67,704)	1,868
Defined Benefit Plans	33,148	(16,937)
Total deferred taxes on components of other comprehensive income (loss)	(34,556)	(15,069)

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

Reconciliation of tax rate	12/31/2018						
	Taxable Base			At the Tax rate			
	25,0% ThUS$	40,0% ThUS$	5% ThUS$	25,0% ThUS$	40,0% ThUS$	5% ThUS$	Total ThUS$
Tax effect on the income (loss) before taxes	498.216	498.216	498.216	(124.554)	(199.286)	(24.911)	(348.751)
Tax effect on the income (loss) before taxes of subsidiaries	48.814	48.814	48.814	(12.204)	(19.526)	(2.441)	(34.171)
Tax effect consolidated profit (loss) before taxes	547.030	547.030	547.030	(136.758)	(218.812)	(27.352)	(382.922)
Permanent differences:							
First category income tax (25%)	(96.902)			24.226			24.226
Specific tax for state-owned entities Art. 2 D.L. 2398 (40%)		(114.392)			45.757		45.757
Specific tax on mining activities			868.189			(43.409)	(43.409)
Single Tax Art. 21 Inc. N°1							(3.856)
Others							2.921
TOTAL TAX EXPENSE				(112.532)	(173.055)	(70.761)	(357.283)

Reconciliation of tax rate	12/31/2017						
	Taxable Base			At the Tax rate			
	25,0% ThUS$	40,0% ThUS$	5% ThUS$	25,0% ThUS$	40,0% ThUS$	5% ThUS$	Total ThUS$
Tax effect on the income (loss) before taxes	1.786.885	1.786.885	1.786.885	(446.721)	(714.754)	(89.344)	(1.250.819)
Tax effect on the income (loss) before taxes of subsidiaries	29.784	29.784	29.784	(7.446)	(11.914)	(1.489)	(20.849)
Tax effect consolidated profit (loss) before taxes	1.816.669	1.816.669	1.816.669	(454.167)	(726.668)	(90.833)	(1.271.668)
Permanent differences:							
First category income tax (25%)	(228.408)			57.102			57.102
Specific tax for state-owned entities Art. 2 D.L. 2398 (40%)		(113.268)			45.307		45.307
Specific tax on mining activities			400.028			(20.001)	(20.001)
Tax effect of non-usable tax loss							(3.807)
TOTAL TAX EXPENSE				(397.065)	(681.361)	(110.834)	(1.193.067)

Pursuant to Article 2 of the Decree Law 2398, Codelco is subject to an additional tax rate of 40% on income before taxes and dividends received in accordance with the law.

Tax Reform in Chile

On September 29, 2014, Law No. 20780 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. 20469.

The Corporation, as a Taxpayer of first category, is liable to the single Tax of 40%, contained in the first paragraph of Article 21 of the Income Tax Law No. 824, in numbers i), ii) and iii) , the disbursements incurred in said numerals.

6. Current and non-current tax assets and liabilities

The current tax balance is presented net of monthly provisional payments as an asset or liability in Current Taxes, as the case may be, determined as indicated in section II. Main accounting policies, 2.l):

Current Tax Assets	12/31/2018 ThUS$	12/31/2017 ThUS$
Taxes to be recovered	13,645	21,623
Total Current Tax Assets	13,645	21,623

Current Tax Liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Provision Specific tax on mining activities	-	46,710
PPM Provision	6,910	4,418
Provision Tax	3,867	7,562
Total Current Tax Liabilities	10,777	58,690

Items	12/31/2018 ThUS$	12/31/2017 ThUS$
Non-Current Tax Assets	143,606	233,772
Total Non-Current Tax Assets	143,606	233,772

Non-current recoverable taxes correspond to advance tax payments made provisionally and which are probable of realization through utilization on future income tax returns. These non-current recoverable taxes are not expected to be utilized in the current period. The Corporation has tax loss carryforwards of ThUS$355,143.

7. Non-current assets or groups of assets for disposition classified as held for sale

As of December 31, 2017, the balance of Non-current assets or groups of assets for disposal, classified as held for sale, of the consolidated current assets, corresponds in its entirety to the shareholding held by the Corporation at that date of the company Deutsche Giessdraht GmbH. The affiliate Codelco Kupferhandel GmbH, has a 40% interest in the capital of the company Deutsche Giessdraht GmbH.

On July 31, 2018, the sale of the shares related to the ownership interest held by CK in Deutsche Giessdraht GmbH was completed. The acquirer entity was Aurubis AG, which was, the major shareholder of DG before the sale transaction. The gain after taxes for this transaction was Th€ 15,214 (ThUS$ 18,172) and is included in the item Other income.

As of December 31, 2018, there are no balances of non-current assets or disposal groups classified as held for sale.

8. Property, Plant and Equipment

a) The items of property, plant and equipment as of December 31, 2018 and 2017, are as follows:

Property, Plant and Equipment, gross	12/31/2018 ThUS$	12/31/2017 ThUS$
Construction in progress	8,808,652	7,004,522
Land	173,926	175,039
Buildings	5,403,295	5,375,235
Plant and equipment	15,894,046	15,150,823
Fixtures and fittings	58,807	58,839
Motor vehicles	2,062,920	2,018,740
Land improvements	5,619,800	5,296,402
Mining operations	7,214,915	6,785,364
Mine development	4,117,362	4,183,572
Other assets	1,380,354	1,346,712
Total Property, Plant and Equipment, gross	50,734,077	47,395,248

Property, Plant and Equipment, accumulated depreciation	12/31/2018 ThUS$	12/31/2017 ThUS$
Construction in progress	-	-
Land	8,964	7,953
Buildings	3,048,902	2,884,706
Plant and equipment	10,125,253	9,490,638
Fixtures and fittings	43,878	40,997
Motor vehicles	1,378,911	1,275,198
Land improvements	3,267,244	3,048,921
Mining operations	4,718,591	4,178,325
Mine development	804,318	688,342
Other assets	573,018	504,656
Total Property, Plant and Equipment, accumulated depreciation	23,969,079	22,119,736

Property, Plant and Equipment, net	12/31/2018 ThUS$	12/31/2017 ThUS$
Construction in progress	8,808,652	7,004,522
Land	164,962	167,086
Buildings	2,354,393	2,490,529
Plant and equipment	5,768,793	5,660,185
Fixtures and fittings	14,929	17,842
Motor vehicles	684,009	743,542
Land improvements	2,352,556	2,247,481
Mining operations	2,486,324	2,607,039
Mine development	3,313,044	3,495,230
Other assets	807,336	842,056
Total Property, Plant and Equipment, net	26,754,998	25,275,512

b) Movement of Property, plant and equipment:

Movements ThUS$	Construction in progress	Land	Buildings	Plant and equipment	Fixed installations and accessories	Motor vehicles	Ground improvements	Mining operations	Development of mines	Other assets	Total
Reconciliation of changes in properties, plant and equipment											
Properties, plant and equipment at the beginning of the period. Opening Balance 1/1/2018	7,004,522	167,086	2,490,529	5,660,185	17,842	743,542	2,247,481	2,607,039	3,495,230	842,056	25,275,512
Changes in property, plant and equipment											
Increases other than those from business, property, plant and equipment combinations	3,582,688	-	138	21,028	376	1,383	484	375,575	1,125	38,478	4,021,275
Depreciation, property, plant and equipment	-	(1,011)	(167,547)	(657,866)	(3,669)	(113,872)	(218,323)	(859,955)	(80,153)	(70,299)	(2,172,695)
Impairment losses recognized in profit or loss for the period	(2,179)	-	(82,585)	(98,677)	-	(140)	(4,786)	-	-	(10,531)	(198,898)
Increases (decreases) in transfers and other changes, properties, plant and equipment											
Increases (decreases) by transfers from constructions in process, properties, plant and equipment	(1,281,365)	-	102,865	812,901	647	51,758	191,986	21,168	99,681	359	-
Increases (decreases) by other changes, properties, plant and equipment	(351,945)	(1,113)	11,228	38,322	(68)	2,879	135,714	342,497	(202,839)	7,536	(17,789)
Increase (decrease) by transfers and other changes, properties, plant and equipment	(1,633,310)	(1,113)	114,093	851,223	579	54,637	327,700	363,665	(103,158)	7,895	(17,789)
Dispositions and withdrawals of service, property, plant and equipment											
Retirements, property, plant and equipment	(143,069)	-	(235)	(7,100)	(199)	(1,541)	-	-	-	(263)	(152,407)
Dispositions and withdrawals of service, property, plant and equipment	(143,069)	-	(235)	(7,100)	(199)	(1,541)	-	-	-	(263)	(152,407)
Increase (decrease) in properties, plant and equipment	1,804,130	(2,124)	(136,136)	108,608	(2,913)	(59,533)	105,075	(120,715)	(182,186)	(34,720)	1,479,486
Properties, plant and equipment at the end of the period. Closing balance 12/31/2018	8,808,652	164,962	2,354,393	5,768,793	14,929	684,009	2,352,556	2,486,324	3,313,044	807,336	26,754,998

Movements ThUS$	Construction in progress	Land	Buildings	Plant and equipment	Fixed installations and accessories	Motor vehicles	Ground improvements	Mining operations	Development of mines	Other assets	Total
Reconciliation of changes in properties, plant and equipment											
Properties, plant and equipment at the beginning of the year. Opening Balance 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	900,536	23,977,261
Changes in property, plant and equipment											
Increases other than those from business, property, plant and equipment combinations	3,061,027	2,814	2,763	54,952	54	3,207	20,081	335,786	2,984	27,524	3,511,192
Depreciation, property, plant and equipment	-	(1,129)	(161,592)	(632,410)	(3,465)	(117,366)	(225,571)	(807,000)	(82,627)	(65,649)	(2,096,809)
Impairment losses recognized in profit or loss for the year	-	-	-	-	-	-	-	-	-	-	-
Increases (decreases) in transfers and other changes, properties, plant and equipment											
Increases (decreases) by transfers from constructions in process, properties, plant and equipment	(1,406,450)	15,959	157,749	630,167	7,681	50,908	311,076	58,806	163,903	10,201	-
Increases (decreases) by other changes, properties, plant and equipment	(824,685)	5,027	86,813	220,085	441	3,014	52,861	481,238	3,264	(25,658)	2,400
Increase (decrease) by transfers and other changes, properties, plant and equipment	(2,231,135)	20,986	244,562	850,252	8,122	53,922	363,937	540,044	167,167	(15,457)	2,400
Dispositions and withdrawals of service, property, plant and equipment											
Retirements, property, plant and equipment	(91,841)	-	(2,387)	(15,267)	(19)	(3,288)	(832)	-	-	(4,898)	(118,532)
Dispositions and withdrawals of service, property, plant and equipment	(91,841)	-	(2,387)	(15,267)	(19)	(3,288)	(832)	-	-	(4,898)	(118,532)
Increase (decrease) in properties, plant and equipment	738,051	22,671	83,346	257,527	4,692	(63,525)	157,615	68,830	87,524	(58,480)	1,298,251
Properties, plant and equipment at the end of the year. Closing balance 12/31/2017	7,004,522	167,086	2,490,529	5,660,185	17,842	743,542	2,247,481	2,607,039	3,495,230	842,056	25,275,512

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

d) The Corporation has signed insurance policies to cover the possible risks to which the various property, plant and equipment items are subject, as well as the possible claims that may arise for the period of its activities. Such policies sufficiently cover the risks to which they are subject in Management's opinion.

e) Borrowing costs capitalized for the years ended December 31, 2018 and 2017 were ThUS$311,399 and ThUS$217,031, respectively. The annual capitalization average rate for the years ended December 31, 2018 and 2017 was 4.42% and 4.04%, respectively.

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

Expenditure on exploration and drilling reservoirs	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Recognized in profit /(loss)	50,765	46,068
Cash outflows disbursed	62,857	76,010

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

Other assets, net	12/31/2018 ThUS$	12/31/2017 ThUS$
Leased assets	93,334	91,628
Mining properties from the purchase of Anglo American Sur S.A. shares	402,000	402,000
Maintenances and other major repairs	235,091	254,253
Other assets – Calama Plan	72,225	90,281
Other	4,686	3,894
Total other assets, net	807,336	842,056

h) During the first quarter of 2018, US$103.6 million were reclassified from the line item Intangible assets other than goodwill, to Construction in Progress of Property, plant and equipment, corresponding to assets of the Continuous Mining project (see note 10 Intangible Assets other than goodwill) that could potentially be used in other operations and / or projects of the Corporation.

Subsequently, US$66.4 million (US$23 million after taxes) from the assets mentioned above were written off as of June 30, 2018.

i) 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.

j) 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.

k) According to the policy indicated in note 2 i), referring to property, plant and equipment and intangible assets, and as indicated in note 23, for the year ended December 31, 2018, the Corporation recorded an impairment in the value of the Ventanas assets for an amount of ThUS $ 198,898 before taxes. At 31 December 2017, the property, plant and equipment assets showed no indicators of impairment or reversals of impairments recognized in previous years, so that no adjustments were made to the value of the assets at that date. (see note 23).

9. 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:

Associates	Taxpayer Numbers	Funct. Cuurenc.	Equity Interest		Carrying Value		Net income (loss)	
			12/31/2018 %	12/31/2017 %	12/31/2018 ThUS$	12/31/2017 ThUS$	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Agua de la Falda S.A.	96.801.450-1	US$	42.26%	42.26%	4,953	4,943	(329)	(422)
Anglo American Sur S.A.	77.762.940-9	US$	29.5%	29.5%	2,835,412	2,945,084	99,709	163,775
Deutsche Geissdraht GmbH	Foreign	EURO	40.0%	40.0%	-	-	1,159	1,375
Inca de Oro S.A.	73.063.022-5	US$	33.19%	33.19%	12,913	12,942	(42)	(104)
Minera Purén SCM	76.028.880-2	US$	35.0%	35.0%	9,902	9,897	8	(16)
Planta Recuperadora de Metales SpA	76.255.054-7	US$	34.0%	34.0%	10,365	10,916	55	(74)
Sociedad Contractual Minera El Abra	96.701.340-4	US$	49.0%	49.0%	610,339	605,769	10,181	15,343
Sociedad GNL Mejillones S.A.	76.775.710-7	US$	37.0%	37.0%	84,409	76,050	8,373	5,551
TOTAL					3,568,293	3,665,601	119,114	185,428

a) Associates

Agua de la Falda S.A.

As of December 31, 2018, Codelco holds a 42.26% ownership interest in Agua de la Falda S.A., with the remaining 57.74% 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 December 31, 2018, 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 December 31, 2018, 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 December 31, 2018, Codelco holds a 37% ownership interest, with the remaining 63% owned by Suez Energy Andino S.A. These current shareholdings were established on November 5, 2010, when the Corporation did not participate in the capital increase agreed to at Shareholders' meeting of such company. Prior to the capital increase, the Corporation and Suez Energy Andino S.A. held a 50% ownership interest each.

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

Inca de Oro S.A.

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

On February 15, 2011, the business association of Codelco and Minera PanAust IDO Ltda. in respect to the Inca de Oro deposit was approved. As a result Minera PanAust IDO Ltda holds 66% ownership interest and the remaining 34% is held by Codelco.

Prior to the association, Codelco owned 100% of the company. This transaction resulted in a gain after taxes of ThUS$33,668 recognized in the year ended December 31, 2011.

At the Extraordinary meeting of the shareholders held on December 30, 2014, a capital increase of ThUS$102,010 was agreed upon, 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 December 31, 2018, Codelco holds a 33.19% ownership interest in this company.

Planta Recuperadora de Metales SpA

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

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

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

As of December 31, 2018, 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 to commercial products and the selling and distribution of all classes of goods or inputs derived from such process.

Deutsche Giessdraht GmbH

As of December 31, 2017, the balance of this investment is classified under Non-current assets or groups of assets for disposition classified as held for sale Note 7, of the consolidated current assets, and corresponds in its entirety to the participation held by the Corporation at that date through its affiliate Codelco Kupferhandel GmbH, having a 40% interest in the capital of the company Deutsche Giessdraht GmbH.

On July 31, 2018 the share sale agreement was finalized representative of the shareholding held by CK in Deutsche Giessdraht GmbH. The acquiring company of the shares was the Aurubis Company AG, which was, until before the sale transaction, the majority shareholder of DG.

The result after taxes of this transaction was a net income Th€ 15,214 (ThUS $ 18,172).

Anglo American Sur S.A.

As December 31, 2018, the controlling shareholder of Anglo American Sur S.A. is Inversiones Anglo American Sur S.A. holding a 50.06% ownership interest, while the non-controlling interest is held by Inversiones Mineras Becrux 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%.

On December 21, 2017, according to archive No. 12285 / 2017, by public deed, it was agreed between the shareholders to merge the Acrux SpA Mining Investment Company ("Absorbed Company") into the Investment Company Minera Becrux SpA ("Absorbing Company"), which took effect as of December 22, 2017, where the Absorbing Company acquires all the assets and liabilities of the Absorbed

Company, which would be dissolved without the need for its liquidation. In addition the Absorbing Company is responsible for the payment of all taxes owed or which may be owed by the Absorbed Company.

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 tables provide details of asset and liabilities of the associates as of December 31, 2018 and 2017, and their profit (loss) for the years ended December 31, 2018 and 2017:

Assets and Liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Current Assets	1,805,003	1,595,687
Non-current Assets	5,637,321	5,925,176
Current Liabilities	1,008,086	766,986
Non-current Liabilities	1,699,529	1,724,512

Net Income	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Revenue	3,256,402	2,766,212
Cost of sales	(2,665,805)	(2,359,555)
Profit for the period	590,597	406,657

Movements of Investment in Associates	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Opening balances	3,665,601	3,753,974
Capital contribution	338	
Dividends	(213,172)	(273,560)
Result of the period	119,114	118,151
Foreign exchange differences	-	(596)
Reverse/ Impairment Anglo American Sur S.A.	-	67,277
Other comprehensive income	(710)	(4,236)
Other	(2,878)	4,591
Final balance	3,568,293	3,665,601

The following tables provide details of asset and liabilities of the principal associates as of December 31, 2018 and 2017, and their profit (loss) for the periods ended December 31, 2018 and 2017:

Anglo American Sur S.A.

Assets and liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Current Assets	1,164,724	1,055,740
Non-current Assets	4,104,271	4,265,685
Current Liabilities	890,874	635,033
Non-current Liabilities	1,226,503	1,209,904

See note 20. Letter b) participation non-controlling note

Net Income	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Revenue	2,543,730	2,152,324
Cost of sales	(2,158,834)	(1,790,407)
Profit for the period	384,896	361,917

Sociedad Contractual Minera El Abra

Assets and liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Current Assets	576,167	477,857
Non-current Assets	1,013,165	1,110,167
Current Liabilities	73,458	80,077
Non-current Liabilities	270,283	271,684

Net Income	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Revenue	596,060	501,073
Cost of sales	(575,283)	(469,761)
Profit (loss) for the period	20,777	31,312

b) Additional information on unrealized profits (losses)

Codelco enters into transactions for the purchase and sale of copper with Sociedad Contractual Minera El Abra. As of December 31, 2018 and 2017, 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 December 31, 2018 and 2017, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.

For the year ended December 31, 2018, the Corporation has recognized unrealized profits of ThUS$3,920 (ThUS$3,920 as of December 31, 2017) for the service transaction related to the use of the LNG terminal of the associate Contractual Minera El Abra.

c) Investments in associates acquired

On August 24, 2012, Codelco recognized the acquisition of ownership interest in Anglo American Sur S.A. which resulted in the initial recognition of the cost of the investment for ThUS$6,490,000 that corresponded to the proportionate share (29.5%) of the net fair value of the identifiable assets and liabilities acquired.

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

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

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

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

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

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

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

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

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

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

The impairment loss was mainly attributable to the drop in copper prices during the year 2015.

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

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

Consequently, and with the purpose of making the corresponding adjustments to the recognition its investment in the associate, the Corporation estimated its recoverable amount by considering the fair value of the identified net assets of the associate *El Soldado*. The recoverable amount as estimated was less than the carrying amount of the identified assets of the associate, therefore, the Corporation recognized an impairment loss of ThUS$78,811 over the identified assets related to El Soldado operations, which was included within the line item “Share of profit or loss of associates and joint ventures accounted for using the equity method” in the statement of comprehensive income for the year ended December 31, 2016.

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

As of December 31, 2017, Codelco made a corresponding adjustment to the identified assets at the acquisition date of the investment associated with El Soldado operations by recognizing a reversal of an impairment loss of ThUS$67,277, which is presented in the line item “Share of profit or loss of associates and joint ventures accounted for using the equity method.”

As of December 31, 2018, there are no indicators of impairment, therefore, there have been no adjustments recognized to the carrying amounts of the assets.

e) Share of profit or loss for the year

The share in profit or loss of the associate Anglo American Sur S.A. recognized for the year ended December 31, 2018 was income of ThUS$113,544 (income of ThUS$106,766 for the year ended December 31, 2017). 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 an expense of ThUS$13,835 for the year ended December 31, 2018 (an expense of ThUS$10,268 for the year ended December 31, 2017) recognized within line item "Share of profit or loss of associates and joint ventures accounted using the equity method" in the consolidated statements of comprehensive income.

10. Intangible assets other than goodwill

As of December 31, 2018 and 2017, the intangible assets other than goodwill are described as follows:

a) This item is composed of the following:

Item	12/31/2018 ThUS$	12/31/2017 ThUS$
Intangible assets with finite useful lives, net	40,421	35,449
Intangible assets with indefinite useful lives	7,958	183,668
Total	48,379	219,117

b) Carrying amount and accumulated amortization:

	12/31/2018		
Item	Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,958	-	7,958
Software	2,803	(1,351)	1,452
Other intangible assets	38,950	(9)	38,941
Total	49,739	(1,360)	48,379

Item	12/31/2017 Gross ThUS$	Accumulated Amortization ThUS$	Net ThUS$
Trademarks, patents and licenses	28	-	28
Water rights	7,959	-	7,959
Software	5,226	(3,533)	1,693
Technological development and innovation	175,710	-	175,710
Other intangible assets	33,727	-	33,727
Total	222,650	(3,533)	219,117

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

Movements	Trademarks, patents and licenses	Water rights	Software	Technological development and innovation	Other	Total
Reconciliation of changes in intangible assets other than goodwill						
Intangible assets other than goodwill. Opening balance (1/1/2018)	28	7,959	1,693	175,710	33,727	219,117
Changes in intangible assets other than goodwill						
Increases other than those arising from business combinations, intangible assets other than goodwill	-	-	586	704	9,261	10,551
Amortization, intangible assets other than goodwill	-	-	(503)	-	(352)	(855)
Increases (decreases) in transfers and other changes, intangible assets other than goodwill						
Increases (decreases) in transfers and other changes, intangible assets other than goodwill	-	-	-	(103,638)	-	(103,638)
Increases (decreases) due to other changes, intangible assets other than goodwill	-	(1)	(149)	-	(7)	(157)
Increase (decrease) in transfers and other changes, intangible assets other than goodwill	-	(1)	(149)	(103,638)	(7)	(103,795)
Provisions and withdrawals of service, intangible assets other than goodwill						
Service retirements / retirements, intangible assets other than goodwill	-	-	(175)	(72,776)	(3,688)	(76,639)
Provisions and withdrawals of service, intangible assets other than goodwill	-	-	(175)	(72,776)	(3,688)	(76,639)
Increase (decrease) in intangible assets other than goodwill	-	(1)	(241)	(175,710)	5,214	(170,738)
Intangible assets other than goodwill. Final Balance 12/31/2018	28	7,958	1,452	-	38,941	48,379
Movements	Trademarks, patents and licenses	Water rights	Software	Technological development and innovation	Other	Total
Reconciliation of changes in intangible assets other than goodwill						
Intangible assets other than goodwill. Opening balance (1/1/2017)	28	7,959	1,905	174,624	12,381	196,897
Changes in intangible assets other than goodwill						
Increases other than those arising from business combinations, intangible assets other than goodwill	-	-	87	1,086	4	1,177
Amortization, intangible assets other than goodwill	-	-	(430)	-	(352)	(782)
Increases (decreases) in transfers and other changes, intangible assets other than goodwill						
Increase (decrease) in transfers and other changes, intangible assets other than goodwill	-	-	-	-	22,869	22,869
Increases (decreases) due to other changes, intangible assets other than goodwill	-	-	132	-	(52)	80
Increase (decrease) in transfers and other changes, intangible assets other than goodwill	-	-	132	-	22,817	22,949
Provisions and withdrawals of service, intangible assets other than goodwill						-
Retirements from service, intangible assets other than goodwill	-	-	(1)	-	(1,123)	(1,124)
Disposiciones y retiros de servicio, activos intangibles distintos de la plusvalía	-	-	(1)	-	(1,123)	(1,124)
Increase (decrease) in intangible assets other than goodwill	-	-	(212)	1,086	21,346	22,220
Intangible assets other than goodwill. Final Balance 12/31/2017	28	7,959	1,693	175,710	33,727	219,117

d) Additional Information

As of December 31, 2018, the Corporation does not hold balances for intangible assets corresponding to technological development and innovation. The Corporation has significant intangible assets for ThUS$175,710, as of December 31, 2017, related to the “Continuous Mining” Project.

Continuous Mining is a project of the Corporation aimed toward development of an internal technological breakthrough associated with the exploitation of underground mines, the main characteristics of the project are: (1) reduction in the exposure of workers to mineral extraction areas;

(2) increasing the pace of mineral extraction; and (3) simultaneous mineral extraction from different sections.

This project began in 2005, when the first conceptual tests were made, and in 2007 and 2008 it was applied at the pilot level and from 2009 the basic and detailed engineering and the construction phase for industrial validation at the West sector of third panel of Andina Division were performed, which was expected to be carried out through 2018. It was expected that its subsequent implementation would be at Chuquicamata Underground and of the new mining projects of Codelco. During the 2018 period, project studies were carried out and Management has decided not to continue with it.

In view of the discontinuance of the project during the first quarter of 2018, a write-off of US$71.7 million before tax (US$25 million after taxes) associated with basic engineering, construction and equipment was recognized in profit or loss. In addition, US$103.6 million were reclassified to Property, plant and equipment in relation to those assets that might potentially be used in other operations and / or projects of the Corporation. As a result of a subsequent review, an additional write-off for US$66.4 million (see note 8 Property, plant and equipment) of assets was recognized. Consequently, the total write-offs as of December 31, 2018, related to this project is US$138.1 million (US$48 million after taxes).

As of December 31, 2018 and 2017, there are no fully amortized intangible assets that are still in use.

For the years ended December 31, 2018 and 2017, research and technological development and innovation expenditures recognized in assets were ThUS$6,816 and ThUS$6,884, respectively. On the other hand, research recognized in expense was ThUS$10,042 and ThUS$13,552 for the years ended December 31, 2018 and 2017, respectively.

11. 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	12/31/2018 ThUS$	12/31/2017 ThUS$
Current assets	621,753	596,285
Non Current Assets	3,605,801	3,743,260
Current Liabilities	305,030	307,223
Non Current Liabilities	1,122,471	1,321,709

Profit (loss)	1/1/2018 12/31/2018 ThUS$	1/1/2017 9/30/2017 ThUS$
Ordinary Income	2,119,617	2,134,080
Ordinary Expenses	(2,071,713)	(2,017,464)
Profit (loss) of period	47,904	116,616

12. Other non-current non-financial assets

Other non-current non-financial assets as of December 31, 2018 and 2017, are as follows:

Other non-current non-financial assets	12/31/2018 ThUS$	12/31/2017 ThUS$
Advance payment (Law No.13196) (1)	4,433	6,266
Other	2,384	5,309
Total	6,817	11,575

(1) Corresponds to the record of the commitment related to Law No. 13196 to the advance payment received for the copper sales contract signed with Copper Partners Investment Company Limited. This amount will be amortized according to the shipments made.

13. Current and non-current financial assets

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

	12/31/2018				
Classification in the statement of financial position	At fair value though profit and loss	Amortized Cost	Derivatives for hedging		Total financial assets
			Hedging derivatives	Cross currency swap	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	1,698	1,227,427	-	-	1,229,125
Trade and other current receivables	789,710	1,422,499	-	-	2,212,209
Non – current receivables	-	84,731	-	-	84,731
Current receivables from related parties	-	92,365	-	-	92,365
Non – current receivables from related parties	-	20,530	-	-	20,530
Other current financial assets	-	187,870	43,539	-	231,409
Other non - current financial assets	-	23,089	14,962	107,700	145,751
TOTAL	791,408	3,058,511	58,501	107,700	4,016,120

	12/31/2017				
Classification in the statement of financial position	At fair value though profit and loss	Amortized Cost	Derivatives for hedging		Total financial assets
			Hedging derivatives	Cross currency swap	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	651	1,448,184	-	-	1,448,835
Trade and other current receivables	244,265	2,571,087	-	-	2,815,352
Non – current receivables	-	91,442	-	-	91,442
Current receivables from related parties	-	64,344	-	-	64,344
Non – current receivables from related parties	-	25,830	-	-	25,830
Other current financial assets	-	1,327	-	-	1,327
Other non - current financial assets	-	11,127	855	137,544	149,526
TOTAL	244,916	4,213,341	855	137,544	4,596,656

- Fair value through profit or loss: As of December 31, 2018, this category mainly includes receivables from provisional invoicing sales. Section II.2.r.

- Amortized cost: It corresponds to financial assets held within a business model whose objective is to hold financial assets to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. These assets 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.

- Derivatives for Hedging: Corresponds to the balance for changes in the fair value of derivative contracts to cover existing transactions (cash flow hedges) and that affect the profit or loss when transactions are settled or when, to the extent required by accounting standards, a compensation effect is charged (credited) to the income statement. The detail of derivative hedging transactions is included in the Note 30.

As of December 31, 2018 and 2017, there were no reclassifications between the different categories of financial instruments, under the accounting standards at the respective dates.

14. Interest-bearing borrowings

Current and non-current interest-bearing borrowings consists of loans from financial institutions, bond issuance 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 December 31, 2018 and 2017:

	12/31/2018					
	Current			Non-current		
Items	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$	Amortized Cost ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial institutions	404,871	-	404,871	2,107,078	-	2,107,078
Bonds issued	435,429	-	435,429	12,310,307	-	12,310,307
Financial Lease	21,510	-	21,510	86,329	-	86,329
Hedging derivatives	-	10,096	10,096	-	106,824	106,824
Other financial liabilities	371	-	371	63,972	-	63,972
Total	862,181	10,096	872,277	14,567,686	106,824	14,674,510

	12/31/2017					
	Current			Non-current		
Items	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial institutions	130,727	-	130,727	2,329,657	-	2,329,657
Bonds issued	165,784	-	165,784	12,083,622	-	12,083,622
Financial Lease	16,364	-	16,364	86,347	-	86,347
Hedging derivatives	-	10,526	10,526	-	79,552	79,552
Other financial liabilities	987	-	987	68,826	-	68,826
Total	313,862	10,526	324,388	14,568,452	79,552	14,648,004

- 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 year maturity from the date of disbursement, and an annual rate Libor + 2.5%. This loan has no underlying guarantees 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” (no underlying guarantee) 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. Thus, Mitsui (through its subsidiary) held an option to acquire from Gacrux an additional 15.25% of the shares of Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US$998 million. These funds were fully allocated to a portion of Gacrux's debt under the Credit Agreement.

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

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

On May 26, 2017, Codelco signed a credit agreement with Oriente Copper Netherlands BV renegotiating the semi-annual payment. The terms established an annual interest rate of Libor +2.5% with a 5 year maturity to be payable in one installment at maturity with semi-annual interest payment.

The credit agreements obtained in 2016 and 2017, mentioned above, were paid on May 23, 2018.

As of December 31, 2018, the outstanding balance of the credit agreements is ThUS$631,357.

- *Bond issued:*

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

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

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

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

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

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

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS$2,000,000. These bonds are payable in two installments (i) ThUS$1,250,000 at an annual interest rate of 3%, On August 22, 2017, principal was paid for an amount of ThUS$412,514, with maturity on July 17, 2022, and (ii) ThUS$750,000 at an annual interest rate of 4.25% with maturity on July 17, 2042, and each have annual interest payments.

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

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

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

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

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

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

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

These operations allowed optimizing the debt maturity profile of Codelco. As a result of these transactions, 86% of the funds from the new issue (US$2,367 million) were used to refinance old debt. The average interest rate of refinanced funds decreased from 4.36% to 4.02%.

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

On May 18, 2018, Codelco issued a bond for US$600 million with 30 year maturity in the market of Formosa, Taiwan. The bond issued is denominated in US dollars, had a yield of 4.85% and a prepayment option at the issue value that can be exercised from the fifth year onwards at its par value.

As of December 31, 2018 and 2017, the Corporation is not required to comply with any financial covenants 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 December 31, 2018, the details of loans from financial institutions and bond obligations are as follows:

12/31/2018													
Taxpayer ID Number	Country	Loans with financial entities	Institución	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of Interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
97.018.000-1	Chile	Bilateral Credit	Scotiabank Chile	12/20/2019	Floating	US$	300,000,000	Maturity	Semi-annual	3,60%	3,74%	300,059	-
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	Maturity	Semi-annual	3.27%	3.37%	3,768	249,579
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Semi-annual	3.44%	3.62%	1,604	298,875
Foreign	Cayman Island	Bilateral Credit	Scotiabank & Trust (Cayman) Ltd	4/13/2022	Floating	US$	300,000,000	Maturity	Quarterly	3.09%	3.30%	1,980	298,401
Foreign	USA	Bilateral Credit	Export Dev Canada	7/7/2022	Floating	US$	300,000,000	Maturity	Semi-annual	3.38%	3.48%	1,915	299,432
Foreign	USA	Bilateral Credit	Export Dev Canada	10/25/2019	Floating	US$	300,000,000	Maturity	Semi-annual	3.96%	4.09%	2,212	298,250
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2029	Floating	US$	96,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	3.44%	3.84%	12,016	-
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	3.34%	3.54%	32,363	79,674
Foreign	Holland	Credit	Oriente Copper Netherlands B.V.	11/26/2032	Fixed	US$	874,959	Semi-annual	Semi-annual	3.25%	5.42%	48,490	582,867
Foreign	Germany	credit line	HSBC Trinkaus &		Floating	Euro				1.25%	1.25%	408	-
			other institutions									56	-
TOTAL												404,871	2,107,078

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	At Maturity	Semi-annual	7.50%	7.78%	276,061	-
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	At Maturity	Semi-annual	3.75%	3.97%	3,456	582,989
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	At Maturity	Semi-annual	3.88%	4.06%	2,958	482,430
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	At Maturity	Semi-annual	3.00%	3.17%	11,538	832,748
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	At Maturity	Semi-annual	4.50%	4.75%	10,058	581,548
144-A REG.S	Luxembourg	9/07/2024	Fixed	EUR	600,000,000	At Maturity	Annual	2.25%	2.48%	7,404	678,446
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	At Maturity	Semi-annual	4.00%	3.24%	2,737	285,436
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	At Maturity	Semi-annual	4.50%	4.77%	21,364	1,596,926
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	At Maturity	Semi-annual	2.50%	2.48%	3,455	416,715
144-A REG.S	Luxembourg	8/1/2027	Fixed	US$	1,500,000,000	At Maturity	Semi-annual	3.63%	4.20%	22,607	1,437,938
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	At Maturity	Semi-annual	5.63%	5.78%	7,925	491,814
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	At Maturity	Semi-annual	6.15%	6.22%	5,998	496,430
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	At Maturity	Semi-annual	4.25%	4.41%	14,638	733,027
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	At Maturity	Semi-annual	5.63%	5.76%	10,864	933,256
144-A REG.S	Luxembourg	4/11/2044	Fixed	US$	980,000,000	At Maturity	Semi-annual	4.88%	5.01%	7,522	961,050
144-A REG.S	Luxembourg	1/8/2047	Fixed	US$	1,250,000,000	At Maturity	Semi-annual	4.50%	4.73%	23,387	1,205,156
144 - REG S	Luxembourg	5/18/2048	Fixed	US$	600,000,000	At Maturity	Semi-annual	4.85%	4.91%	3,457	594,398
TOTAL										435,429	12,310,307

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

As of December 31, 2017, the details of loans from financial institutions and bond obligations are as follows:

12/31/2017													
Taxpayer ID Number	Country	Loans with financial entities	Institución	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of Interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	Maturity	Quarterly	2.10%	2.16%	1,081	249,483
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Quarterly	2.00%	2.17%	969	298,480
Foreign	Cayman Island	Bilateral Credit	Scotiabank & Trust (Cayman) Ltd	4/13/2022	Floating	US$	300,000,000	Maturity	Quarterly	2.01%	2.20%	1,323	297,935
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2022	Floating	US$	300,000,000	Maturity	Quarterly	2.01%	2.09%	1,142	299,253
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly	2.14%	2.35%	130	94,740
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly	1.97%	2.03%	1,346	299,480
Foreign	Japan	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	5/24/2019	Floating	US$	96,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	2.20%	2.60%	24,081	11,883
Foreign	Japan	Bilateral Credit	Japan Bank International Cooperation	5/24/2022	Floating	US$	224,000,000	Half-yearly principal payments from 2015 to the present.	Semi-annual	2.10%	2.29%	32,311	111,478
Foreign	Holland	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2032	Fixed	US$	874,959,000	At maturity with semi-annual interest payments	Semi-annual	3.25%	5.37%	43,748	626,357
Foreign	Holland	Bilateral Credit	Oriente Copper Netherlands B.V	11/26/2021	Fixed	US$	23,946,863	At maturity with semi-annual interest payments	Semi-annual	3.79%	4.02%	-	24,044
Foreign	Holland	Bilateral Credit	Oriente Copper Netherlands B.V	5/26/2022	Fixed	US$	16,395,765	At maturity with semi-annual interest payments	Semi-annual	3.92%	3.98%	-	16,460
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	Euro				1.24%	1.24%	17,045	-
Foreign	Germany	Credit Line	Deutsche Bank		Floating	Euro				1.22%	1.22%	7,355	-
			other institutions									196	64
TOTAL												130,727	2,329,657

Taxpayer ID Number	Country	Maturity	Interest Rate	Currency	Principal Amount	Type of amortization	Payment of interest	Nominal Interest Rate	Effective Interest Rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	7.50%	7.78%	9,162	266,111
144-A REG.S	Luxembourg	4/11/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	3.75%	3.97%	3,456	581,833
144-A REG.S	Luxembourg	4/11/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	3.88%	4.06%	2,993	481,661
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	3.00%	3.17%	11,385	831,500
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	4.50%	4.75%	10,058	580,420
144-A REG.S	Luxembourg	7/09/2024	Fixed	EUR	600,000,000	Maturity	Annual	2.25%	2.48%	7,782	711,734
BCODE-B	Chile	4/01/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	4.00%	3.24%	3,797	316,327
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	4.50%	4.77%	21,364	1,593,900
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	Maturity	Semi-annual	2.50%	2.48%	3,008	460,495
144-A REG.S	Luxembourg	8/01/2027	Fixed	US$	1,500,000,000	Maturity	Semi-annual	3.63%	4.14%	22,485	1,439,403
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	5.63%	5.78%	7,925	491,529
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	6.15%	6.22%	5,998	496,323
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	4.25%	4.41%	14,638	732,623
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	5.63%	5.76%	10,950	932,957
144-A REG.S	Luxembourg	4/11/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	4.88%	5.01%	7,523	960,696
144-A REG.S	Luxembourg	8/01/2047	Fixed	US$	1,250,000,000	Maturity	Annual	4.50%	4.72%	23,260	1,206,110
TOTAL										165,784	12,083,622

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 follows:

12/31/2018					Current			Non-current			
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	More than 5 years	Non-current total
Scotiabank Chile	US$	3.74%	3.60%	Semi-annual	-	310,893	310,893	-	-	-	-
Bank of Tokyo Mitsubishi Ltd.	US$	3.37%	3.27%	Semi-annual	4,176	4,108	8,284	270,701	-	-	270,701
Export Dev Canada	US$	3.62%	3.44%	Semi-annual	-	10,395	10,395	320,934	-	-	320,934
Scotiabank & Trust (Cayman) Ltd	US$	3.30%	3.09%	Quarterly	2,340	7,099	9,439	18,801	304,578	-	323,379
Export Dev Canada	US$	3.48%	3.38%	Semi-annual	-	10,279	10,279	20,586	310,251	-	330,837
Export Dev Canada	US$	4.09%	3.96%	Semi-annual	-	12,053	12,053	24,139	24,106	360,330	408,575
Bank of Tokyo-Mitsubishi Ltd.	US$	3.84%	3.44%	Semi-annual	-	12,205	12,205	-	-	-	-
Japan Bank International Cooperation	US$	3.54%	3.34%	Semi-annual	-	35,496	35,496	67,793	16,268	-	84,061
BONO 144-A REG.S 2019	US$	7.78%	7.50%	Semi-annual	276,852	-	276,852	-	-	-	-
BONO 144-A REG.S 2020	US$	3.97%	3.75%	Semi-annual	-	21,946	21,946	607,183	-	-	607,183
BONO 144-A REG.S 2021	US$	4.06%	3.88%	Semi-annual	-	18,785	18,785	522,344	-	-	522,344
BONO 144-A REG.S 2022	US$	3.17%	3.00%	Semi-annual	12,562	12,562	25,124	50,249	862,611	-	912,860
BONO 144-A REG.S 2023	US$	4.75%	4.50%	Semi-annual	13,219	13,219	26,438	52,875	640,373	-	693,248
BONO 144-A REG.S 2025	US$	4.77%	4.50%	Semi-annual	36,480	36,480	72,960	145,922	145,922	1,767,277	2,059,121
BONO 144-A REG.S 2027	US$	4.20%	3.63%	Semi-annual	27,188	27,188	54,376	108,750	108,750	1,717,500	1,935,000
BONO 144-A REG.S 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	837,500	950,000
BONO 144-A REG.S 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	899,750	1,022,750
BONO 144-A REG.S 2042	US$	4.41%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,355,625	1,483,125
BONO 144-A REG.S 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	2,018,750	2,232,500
BONO 144-A REG.S 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,550	1,983,275	2,174,375
BONO 144-A REG.S 2047	US$	4.73%	4.50%	Semi-annual	28,125	28,125	56,250	112,500	112,500	2,600,000	2,825,000
BONO 144 REG.S 2048	US$	4.91%	4.85%	Semi-annual	-	29,100	29,100	58,200	58,200	1,312,950	1,429,350
Oriente Copper Netherlands B.V.	US$	5.42%	3.25%	Semi-annual	-	72,705	72,705	141,137	135,320	537,640	814,097
				Total ThUS$	430,943	824,602	1,255,545	2,906,039	3,102,804	15,390,597	21,399,440
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	7,314,000	8,418,000
BONO BCODE-C 2026	U.F.	2.48%	2.50%	Semi-annual	124,228	124,228	248,457	496,913	496,913	10,745,370	11,739,197
				Total U.F.	262,228	262,228	524,457	1,048,913	1,048,913	18,059,370	20,157,197
				Subtotal ThUS$	10,404	10,404	20,808	41,617	41,617	716,526	799,760
BONO 144-A REG. S 2024	EUR	2.48%	2.25%	Annual		13,500,000	13,500,000	27,000,000	27,000,000	613,500,000	667,500,000
				Total EUR		13,500,000	13,500,000	27,000,000	27,000,000	613,500,000	667,500,000
				Subtotal ThUS$		15,443	15,443	30,885	30,885	701,783	763,553
				Total ThUS$	441,347	850,449	1,291,796	2,978,541	3,175,306	16,808,906	22,962,753

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

12/31/2017					Current			Non-current			
Debtor's Name	Currency	Effective interest rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
Bank of Tokyo Mitsubishi Ltd.	US$	2.16%	2.10%	Quarterly	1,344	3,989	5,333	10,680	255,070	-	265,750
Export Dev Canada	US$	2.17%	2.00%	Quarterly	1,570	4,561	6,131	12,213	306,098	-	318,311
Scotiabank & Trust (Cayman) Ltd	US$	2.20%	2.01%	Quarterly	1,590	4,553	6,143	12,286	309,072	-	321,358
Export Dev Canada	US$	2.09%	2.01%	Quarterly	1,545	4,584	6,129	12,273	310,577	-	322,850
Mizuho Corporate Bank Ltd	US$	2.35%	2.14%	Quarterly	509	1,555	2,064	96,012	-	-	96,012
Export Dev Canada	US$	2.03%	1.97%	Quarterly	2,988	3,005	5,993	304,121	-	-	304,121
Bank of Tokyo-Mitsubishi Ltd.	US$	2.60%	2.20%	Semi-annual	-	24,669	24,669	12,133	-	-	12,133
Japan Bank International Cooperation	US$	2.29%	2.10%	Semi-annual	-	34,897	34,897	67,753	49,020	-	116,773
BONO 144-A REG. S 2019	US$	7.78%	7.50%	Semi-annual	10,007	10,007	20,014	276,852	-	-	276,852
BONO 144-A REG. S 2020	US$	3.97%	3.75%	Semi-annual	-	21,946	21,946	629,130	-	-	629,130
BONO 144-A REG. S 2021	US$	4.06%	3.88%	Semi-annual	-	18,785	18,785	37,570	503,559	-	541,129
BONO 144-A REG. S 2022	US$	3.17%	3.00%	Semi-annual	12,562	12,562	25,124	50,249	887,735	-	937,984
BONO 144-A REG. S 2023	US$	4.75%	4.50%	Semi-annual	13,219	13,219	26,438	52,875	52,875	613,935	719,685
BONO 144-A REG. S 2025	US$	4.77%	4.50%	Semi-annual	36,480	72,961	109,441	145,922	145,922	1,840,238	2,132,082
BONO 144-A REG. S 2027	US$	4.14%	3.63%	Semi-annual	27,188	27,188	54,376	108,750	108,750	1,771,875	1,989,375
BONO 144-A REG. S 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	865,625	978,125
BONO 144-A REG. S 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	930,500	1,053,500
BONO 144-A REG. S 2042	US$	4.41%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,387,500	1,515,000
BONO 144-A REG. S 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	2,072,188	2,285,938
BONO 144-A REG. S 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,550	2,031,050	2,222,150
BONO 144-A REG. S 2047	US$	4.72%	4.50%	Semi-annual	28,125	28,125	56,250	112,500	112,500	2,656,250	2,881,250
Oriente Copper Netherlands B.V.	US$	5.42%	3.25%	Semi-annual	-	74,147	74,147	144,020	138,203	604,579	886,802
Oriente Copper Netherlands B.V.	US$	4.20%	3.92%	Semi-annual	-	691	691	1,384	17,430	-	18,814
Oriente Copper Netherlands B.V.	US$	3.92%	3.98%	Semi-annual	-	1,010	1,010	2,022	24,956	-	26,978
				Total ThUS$	167,128	524,418	691,546	2,472,670	3,605,692	14,773,740	20,852,102
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	7,590,000	8,694,000
BONO BCODE-C 2026	U.F.	2.48%	2.50%	Semi-annual	248,457	124,228	372,685	496,913	496,913	10,993,827	11,987,654
				Total U.F.	386,457	262,228	648,685	1,048,913	1,048,913	18,583,827	20,681,654
				Subtotal ThUS$	16,846	11,431	28,277	45,724	45,724	810,105	901,553
BONO 144-A REG. S 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,000	627,000,000	681,000,000
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,000,000	627,000,000	681,000,000
				Subtotal ThUS$	-	16,232	16,232	32,464	32,464	753,879	818,806
				Total ThUS$	183,974	552,081	736,055	2,550,858	3,683,880	16,337,724	22,572,461

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	12/31/2018			12/31/2017		
	Gross ThUS$	Interest ThUS$	Present Value ThUS$	Gross ThUS$	Interest ThUS$	Present Value ThUS$
Less than 90 days	6,902	(1,735)	5,167	6,745	(2,857)	3,888
Between 90 days and 1 year	21,529	(5,186)	16,343	20,877	(8,401)	12,476
Between 1 and 2 years	23,385	(5,943)	17,442	23,807	(8,222)	15,585
Between 2 and 3 years	20,079	(4,807)	15,272	17,114	(5,729)	11,385
Between 3 and 4 years	13,628	(3,699)	9,929	11,733	(3,993)	7,740
Between 4 and 5 years	19,946	(2,812)	17,134	10,426	(3,196)	7,230
More than 5 years	35,126	(8,574)	26,552	57,181	(12,774)	44,407
Total	140,595	(32,756)	107,839	147,883	(45,172)	102,711

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	12/31/2018 ThUS$	12/31/2017 ThUS$
Less than one year	82,843	121,172
Between one and five years	164,132	263,495
More than five years	19,376	47,239
TOTAL	266,351	431,906

Rental fees recognized in the statement of comprehensive income	12/31/2018 ThUS$	12/31/2017 ThUS$
Rental expenses	191,311	228,104

The table below details changes in CODELCO's liabilities classified as financing activities in the statement of cash flow, including both cash and non-cash changes for the ended December 31, 2018:

Liabilities forfinancing activities	Initial Balance at 1/1/2018	Flows of cash			Changes that do not represent cash flow					Final Balance at 12/31/2018
		From	Used	Total	Financial Cost (1)	Exchange Difference	Fair Value Adjustment	Effective Interest accretion/amortization not cah flow related	Other	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans with financial institutions	2,460,384	300,000	(333,027)	(33,027)	84,592	-	-	-	-	2,511,949
Bond Obligations	12,249,406	600,000	(541,341)	58,659	543,874	(101,299)	-	(4,904)	-	12,745,736
Obligations for coverage	83,896	-	(18,930)	(18,930)	20,070	35,884	(4,788)	-	-	116,132
Paid Dividens	-	-	(602,461)	(602,461)	-	-	-	-	-	(602,461)
Financial assets for hedge derivatives	(137,544)	-	-	-	-	66,177	(36,333)	-	-	(107,700)
Finance leases	102,711		(27,130)	(27,130)	2,774	2,645			26,839	107,839
Capital contribution	-	600,000	-	600,000	-	-	-	-	-	-
Other	69,813	-	(99,200)	(99,200)	82,886	-	-	-	10,844	64,343
Total liabilities from financing activities	14,828,666	1,500,000	(1,622,089)	(122,089)	734,196	3,407	(41,121)	(4,904)	37,683	14,835,838

Liabilities forfinancing activities	Initial Balance at 1/1/2017	Flows of cash			Changes that do not represent cash flow					Final Balance at 12/31/2017
		From	Used	Total	Financial Cost (1)	Exchange Difference	Fair Value Adjustment	Effective Interest accretion/amortization not cah flow	Other	
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans with financial institutions	3,154,741	300,000	(1,043,246)	(743,246)	74,342	(25,453)	-	-	-	2,460,384
Bond Obligations	11,758,820	2,750,000	(3,094,341)	(344,341)	521,750	163,314	-	-	149,863	12,249,406
Obligations for coverage	171,061	15,737	-	15,737	15,553	(89,036)	(6,162)	(23,257)	-	83,896
Paid Dividens	-	-	(273,332)	(273,332)	-	-	-	-	-	-
Financial assets for hedge derivatives	(63,781)	5,291	-	5,291	4,765	(71,579)	(35,497)	23,257	-	(137,544)
Finance leases	124,491		(25,565)	(25,565)	-	-	-		3,785	102,711
Capital contribution	-	995,000	-	995,000	-	-	-	-	-	-
Other	74,253	-	(45,980)	(45,980)	-	-	-	-	41,540	69,813
Total liabilities from financing activities	15,219,585	4,066,028	(4,482,464)	(416,436)	616,410	(22,754)	(41,659)	-	195,188	14,828,666

(1) The finance costs consider the capitalization of interest, which for the year ended December 31, 2018 and 2017, amounts to ThUS$311,399 and ThUS$217,031, respectively.

15. 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 December 31, 2018 between the carrying amount and the fair value of financial liabilities other than those whose carrying amount is a reasonable approximation of fair value.

Comparison value book vs fair value as of December 31, 2018	Accounting treatment for valuation	Carrying amount ThUS$	Fair value ThUS$
Financial liabilities:			
Bond Obligations	Amortized cost	12,745,736	13,131,637

16. 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 are significant unobservable inputs for the asset or liability.

The following table presents financial assets and liabilities measured at fair value as of December 31, 2018:

Financial instruments measured at fair value	12/31/2018			
	Level 1 ThUS$	Level 2 ThUS$	Level 3 ThUS$	Total ThUS$
Financial Assets				
Provisional price sales contracts	-	789,710	-	789,710
Cross Currency Swap	-	107,700	-	107,700
Mutual fund units	1,698	-	-	1,698
Metal futures contracts	58,501	-	-	58,501
Financial Liabilities				
Metal futures contracts	726	62	-	788
Cross Currency Swap	-	116,132	-	116,132

There were no transfers between the different levels during the period ended December 31, 2018.

17. Trade and other payables

The detail of trade and other current payables as of December 31, 2018 and 2017, is as follows:

Items	Currents	
	12/31/2018 ThUS$	12/31/2017 ThUS$
Trade payables	1,317,623	1,376,270
Dividends payables	-	295,842
Payables to employees	21,561	17,177
Withholdings	72,681	88,386
Withholding taxes	60,621	36,020
Other payables	74,098	102,073
Total	1,546,584	1,915,768

18. Other provisions

The detail of other current and non-current provisions as of December 31, 2018 and 2017, is as follows:

Other Provisions	Current		Non-current	
	12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
Sales-related provisions (1)	2,692	4,177	-	-
Operating (2)	233,277	152,075	-	-
Law No. 13196	93,309	134,013	-	-
Other provisions	51,771	31,166	20,153	18,790
Onerous Contract (3)	3,200	3,200	4,534	7,734
Decommissioning and restoration (4)	-	-	1,506,162	1,636,695
Legal proceedings	-	-	69,334	48,583
Total	384,249	324,631	1,600,183	1,711,802

(1) Corresponds to a sales-related accruals, which includes charges for freight, loading, and unloading that were not invoiced at the end of the period.
(2) Corresponds to a provision for customs duties, freight on purchases, electricity, among others.
(3) Corresponds to a provision recognized for an onerous contract with Copper Partners Investment Company Ltd, See Note 31 b).
(4) Corresponds to the provision for future decommissioning and site restoration costs primarily related to tailing dams, closures of mine operations and other mining assets. The amount of the provision is the present value of future expected cash flows discounted at a pre-tax rate of 2.03% for the obligations in Chilean currency and 2.78% for the obligations in U.S. dollar. Both, discount rates reflect the corresponding assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been made. The discount period varies between 9 and 54 years.

The Corporation determines and recognized this liability in accordance with the accounting policy described in Note 2, letter p) on Significant Accounting Policies.

Changes in Other provisions, were as follows:

Changes	1/1/2018 12/31/2018			
	Other Provisions, non-current ThUS$	Decommissioning and restoration ThUS$	Contingencies ThUS$	Total ThUS$
Opening balance	26,524	1,636,695	48,583	1,711,802
Adjust closing provision	-	(117,174)		(117,174)
Financial expenses	-	34,754	-	34,754
Payment of liabilities	-	(827)	(5,100)	(5,927)
Foreign currency translation	(3,617)	(52,704)	(3,574)	(59,895)
Provision increase	(3,200)	-	-	(3,200)
Other increases	4,980	5,418	29,425	39,823
Closing Balance	24,687	1,506,162	69,334	1,600,183

19. 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/retirees regardless of the reason for employee’s departure. The provision for medical care plans recognizes the contractual obligation that the Corporation has with its retirees/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 year ended December 31, 2018, 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	12/31/2018		12/31/2017	
	Retirement plan	Health plan	Retirement plan	Health plan
Annual Discount Rate	4.49%	4.93%	4.86%	5.27%
Voluntary Annual Turnover Rate for Retirement (Men)	3.90%	3.90%	3.90%	3.90%
Voluntary Annual Turnover Rate for Retirement (Women)	3.30%	3.30%	3.30%	3.30%
Salary Increase (real annual average)	4.03%	-	4.03%	-
Future Rate of Long-Term Inflation	3.00%	3.00%	3.00%	3.00%
Inflation Health Care	-	5.05%	-	5.05%
Mortality tables used for projections	CB14-RV14	CB14-RV14	CB14-RV14	CB14-RV14
Average duration of future cash flows (years)	7.50	16.90	7.50	17.22
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 employee 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 CMF, which are considered an appropriate representation of the Chilean market given the lack of comparable statistical series to develop independent studies. The period over which the obligation is being amortized corresponds to the estimate of the period over which the cash flows will occur.

b. The detail of current and non-current provisions for employment benefits as of December 31, 2018 and 2017, is as follows:

Accrual for employee benefits	Current		Non-current	
	12/31/2018 ThUS$	12/31/2017 ThUS$	12/31/2018 ThUS$	12/31/2017 ThUS$
Employees' collective bargaining agreements	204,040	218,167	-	-
Employee termination benefit	27,247	31,468	802,260	850,622
Bonus	60,616	62,921	-	-
Vacation	183,628	176,489	-	-
Medical care programs (1)	460	443	496,323	523,206
Retirement plans (2)	17,620	7,987	8,355	9,494
Other	16,423	19,206	8,582	9,337
Total	510,034	516,681	1,315,520	1,392,659

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

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

Movements	1/1/2018 12/31/2018		1/1/2017 12/31/2017	
	Retirement plan ThUS$	Health plan ThUS$	Retirement plan ThUS$	Health plan ThUS$
Opening balance	882,090	523,649	777,706	538,237
Service cost	72,821	9,962	65,284	936
Financial cost	15,966	11,520	9,332	8,666
Paid contributions	(57,166)	(39,779)	(57,897)	(37,678)
Actuarial (gains)/losses	16,576	30,200	7,178	(31,426)
Transfer from other benefits	3,335	-	3,346	-
Subtotal	933,622	535,552	804,949	478,735
(Gains) Losses on foreign exchange rate	(104,115)	(38,769)	77,141	44,914
Final Total	829,507	496,783	882,090	523,649

The technical revaluation (actuarial gain/loss as defined under IAS 19) of the liability for compensation benefits for years of service has been made, for the year ended December 31, 2018. Such was charged to equity, which consists of an actuarial loss of ThUS$16,576, corresponding primarily to a change in financial assumptions. . Such charge to equity is broken down into a loss of ThUS$15,584 for the revaluation of financial assumptions and an experience loss of ThUS$992.

For the obligation generated by health benefit plans, an actuarial loss of ThUS$30,200 has been determined, consisting primarily of an adjustment for financial assumptions which is composed of a loss for changes in the financial assumptions of ThUS$25,930; and an experience loss of ThUS$4,270.
The balance of the defined benefit liability as of December 31, 2018, comprises a short term portion of ThUS$27,247 and ThUS$460 for the termination indemnities plan and the medical care plan, respectively. The expected amount of the defined benefit liability projected at December 31, 2019, consists of ThUS$881,076 for the termination indemnities plan and ThUS$457,843 for the medical care plan. The expected monthly average future disbursements related to defined benefit plans are of ThUS$2,271 for termination indemnities and of ThUS$38 for medical care.

The following table sets forth the sensitivity analysis of the value of the each line item for a change, respectively, from the medium (used in the estimate recorded) to the low and from the medium to the high; the second to the last column represents the change between the low and medium and the last column represents the change between the medium and the high:

Severance Benefits for Years of Service	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	3.490%	4.490%	5.490%	5.46%	-4.78%
Financial effect on the real increase in income	3.530%	4.030%	4.530%	-2.21%	2.34%
Demographic effect of job rotations	3.340%	3.840%	4.340%	0.78%	-0.69%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	-0.07%	0.07%
Health Benefits and Other	Low	Medium	High	Reduction	Increase
Financial effect on interest rates	3.926%	4.926%	5.926%	15.44%	-12.06%
Financial effect on health inflation	4.550%	5.050%	5.550%	-5.96%	6.65%
Demographic effect, planned retirement age	58 / 57	60 / 59	62 / 61	3.98%	-3.90%
Demographic effect on mortality tables	-25.00%	CB14-RV14, Chile	25.00%	10.22%	-7.20%

c. Retirement plans and conflict termination bonus

The Corporation under its operational optimization programs seeks to reduce costs and increase labor productivity, and 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 as the Corporation can no longer withdraw the offer of those benefits.

As of December 31, 2018 and 2017, the termination benefits current balance was ThUS$17,620 and ThUS$7,987, respectively, while the non-current balance was ThUS$8,355 and ThUS$9,494, 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 December 31, 2018 and 2017.

d. Employee benefits expenses

The employee benefit expenses recognized for the years ended December 31, 2018 and 2017, are as follows:

Expense by Nature of Employee Benefits	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Benefits - Short term	1,731,593	1,633,536
Benefits - Post employment	9,962	936
Benefits - Retirement plans and conflict termination	54,594	20,553
Benefits by years of service	72,821	65,284
Total	1,868,970	1,720,309

20. Equity

The Corporation's total equity as of December 31, 2018 is ThUS$11,343,869 (ThUS$10,925,338 as of December 31, 2017).

In accordance with article 6 of Decree Law 1350 of 1976, it is established that, before March 30 of each year, the Board must approve the Corporation's Business and Development Plan for the next three-year period. Taking that plan as a reference, and keeping in mind the Corporation's balance sheet for the immediately preceding year and aiming to ensure its competitiveness, before June 30 of each year the amounts that the Corporation shall allocate to the formation of capitalization funds and reserves shall be determined by decree from the Ministries of Mining and Treasury.

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

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

On October 24, 2014, the President of the Republic of Chile signed Law No. 20790. 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 were to 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. 20790, 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. 20989 on extraordinary capitalization was enacted. The Law authorizes the transferring of funds from application of the Copper Reserved Law to the Public Treasury, allowing an extraordinary capitalization to Codelco of up to US$950 million for year 2017 aiming to reduce Codelco's indebtedness in an amount equivalent to the difference between the funds transferred as required by the Reserved Law and cash flow surpluses obtained by the Corporation.

On March 13, 2017, through Decree No. 322 an extraordinary capital contribution was authorized under Article 2 of Law No. 20989, for a total amount of US$475 million. The capital contribution was made effective on April 13, 2017.

By Exempt Decree of Treasury No. 1698, dated November 17, 2017, in accordance with the provisions of Article 1 of Law No. 20790, it was decided to make an extraordinary contribution of capital for an amount of US$520 million, which were recorded on December 22, 2017.

On October 16, 2018, the Ministry of Finance issued Exempt Decree 311 in which it has an extraordinary capital contribution for Codelco pursuant to Law No. 20,790 of US $ 1,000 million, which will be made in a first part for US $ 600 million and in a second part for US $ 400 million, and that will be transferred in installments that will not be timed later than December 31, 2018 and February 28, 2019 respectively. On December 26, 2018 the Corporation received the first part of the contribution to capital for US $ 600 million.

As of December 31, 2018, the dividends paid were ThUS$602,461 as follows:

	ThUS$
Dividends payable as of December 31, 2017	295,842
Advance dividends as of December 31, 2018	155,719
Advance dividends overpaid as of December 31, 2018	150,900
Total dividends paid as of December 31, 2018	602,461

As of December 31, 2017, the dividends paid amounted to ThUS $ 273,332, and provisioned dividends payable ThUS $ 295,842.

The consolidated statement of changes in equity discloses the changes in the Corporation's equity.

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

Reclassification adjustments from other comprehensive income to profit or loss resulted in a loss of ThUS$9,273 and ThUS$1,694 for the years ended December 31, 2018 and 2017, respectively.

a) Other reserves

The detail of other reserves as of December 31, 2018 and 2017, is as follows:

Other Reserves	12/31/2018 ThUS$	12/31/2017 ThUS$
Reserve on exchange differences on translation	(6,863)	(6,015)
Reserve of cash flow hedges	47,792	11,336
Capitalization fund and reserves	4,962,393	4,962,393
Reserve of remeasurement of defined benefit plans	(274,480)	(259,002)
Other reserves	625,317	626,380
Total other reserves	5,354,159	5,335,092

b) Non-controlling interests

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

Societies	Non-controlling participation		Net equity		Gain (loss)	
	12/31/2018 %	12/31/2017 %	12/31/2018 ThUS$	12/31/2017 ThUS$	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Inversiones Gacrux SpA	32.20%	32.20%	969,203	1,007,493	34,031	54,423
Others	-	-	1	2	(3)	4
Total			969,204	1,007,495	34,028	54,427

For the year ended December 31, 2018, Inversiones Gacrux SpA did not distribute any dividends to non-controlling interests.

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

Assets and liabilities	12/31/2018 ThUS$	12/31/2017 ThUS$
Current Assets	361,568	306,496
Non-current assets	2,839,764	2,959,114
Current liabilities	176,742	158,455
Non-current liabilities	593,078	676,208

Results	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Revenues	836,195	586,640
Expenses	(762,557)	(496,650)
Profit of the period	73,638	89,990

Cash flow	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Net cash flow from operating activities	142,997	204,342
Net cash flow from (using) investing activities	-	(38,049)
Net cash flow from (using) financing activities	(204,961)	(25,512)

21. Revenue

Revenues as of December 31, 2018 and 2017, are as follows:

Item	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Revenue from sales of own copper	11,195,340	11,636,279
Revenue from sales of third-party copper	1,900,899	2,005,974
Revenue from sales of molybdenum	651,305	502,382
Revenue from sales of other products	537,562	498,207
Gain (loss) in futures market	23,652	(1,287)
Total	14,308,758	14,641,555

The Corporation’s revenue is recognized at a point in time.

The breakdown of revenue is presented in explanatory note No.26 Operating Segments.

22. Expenses by nature

Expenses by nature as of December 31, 2018 and 2017, are as follows:

Item	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Short-term benefits to employees	1,731,593	1,633,536
Depreciation	1,186,480	1,152,803
Amortization	994,660	948,298
Total	3,912,733	3,734,637

23. Impairment of Assets

As of December 31, 2018, the Corporation made a calculation of the recoverable amount of its cash generating unit Windows Division, for the purpose of checking the existence of a deterioration in the value of the assets associated with said division, the carrying amount of which amounted to US$323 million.

The aforementioned calculation of the recoverable amount determined a value of US$124 million, which compared with the amount in books, implied an acknowledgment of an impairment loss of assets for ThUS$ 198,898 (before tax), which was recorded in the Other item expenses by function, of the comprehensive income statement for the year 2018 (note 24b).

The recoverable amount determined for the calculation of the impairment loss corresponds to value in use using a 7.2% annual discount rate before taxes. The main variables used to determine the recoverable amount of this asset correspond to the price of acid, cost of treatment and refining, exchange rates and discount rates.
The aforementioned loss due to impairment is mainly generated by the fall in the costs of treatment and refining.

As of December 31, 2017, the Corporation recognized a reversal of a portion of the impairment loss previously recognized on the Anglo American Sur investment (Explanatory Note 9).

As of December 31, 2018 and 2017 there are no signs of additional deterioration or reversals of impairment recognized in previous years.

24. Other income and expenses by function

Other income and expenses by function for periods ended December 31, 2018 and 2017, are as follows:

a) Other income by function

Item	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Penalties to suppliers	18,920	10,926
Delegated Administration	5,346	4,458
Miscellaneous sales (net)	25,973	33,243
Insurances recoveries by incidents	-	16,757
Profit on sale of shares of Deutsche Giessdraht GmbH (See note 7)	18,279	-
Other income	56,308	88,948
Total	124,826	154,332

b) Other expenses by function

Item	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Law No. 13196	(1,108,209)	(1,098,556)
Research expenses	(103,649)	(110,942)
Bonus for the end of collective bargaining	(204,623)	(28,577)
Expenses plan	(54,594)	(20,553)
Write-off of investment projects (See Note 10)	(212,587)	(74,655)
Write-off of property, plant & equipment	(7,357)	(11,824)
Medical care plan	(9,962)	(936)
Additional bonuses to contractors	-	(161)
Impairment of assets (note 22)	(198,898)	-
Write-off inventories	(4,004)	(14,187)
Write-off by onerous contract	-	(10,279)
Bad debts clients	(671)	(21,851)
Additional bonus	-	(3,149)
Contingency expenses	(36,359)	(23,046)
Other	(174,401)	(138,757)
Total	(2,115,314)	(1,557,473)

25. Finance costs

The detail of finance costs for the years ended December 31, 2018 and 2017, is as follows:

Item	1/1/2018 12/31/2018 ThUS$	1/1/2018 12/31/2017 ThUS$
Bond interest	(265.001)	(333.717)
Bank loan interest	(69.869)	(74.583)
Unwinding of discount on severance indemnity provision	(16.497)	(12.301)
Unwinding of discount on other non-current provisions	(46.959)	(34.751)
Other	(65.122)	(189.258)
Total	(463.448)	(644.610)

26. 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 Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively.
The information on each Division and their corresponding mining deposits is as follows:

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

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

Ministro Hales
Type of mine: Open pit mine
Operating: since 2014
Location: Calama – Region II

Products: Calcined copper, copper concentrates

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

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

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

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

a) Allocation of Head Office revenue and expenses

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

Revenue and Cost of Sales of Head Office commercial transactions

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

Other income, by function

- Other income by function, associated and identified with each Division, is directly allocated.
- Recognition of realized profits and other income by way 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 of 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 is 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. 13196

- 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 benefit (expenses)

- Corporate income tax under D.L. 2398 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. 2398 of each Division.

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.

Additionally, the reallocation of the profit and loss assumed by Ventanas Division, associated with the corporate mineral processing contract between Codelco and Enami, in which a distribution is applied based on the revenue of each division is included as a transaction between segments.

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.

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

From 1/1/2018 12/31/2018											
Segments	Chuquicamata	R. Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Total Segments	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Revenue from sales of own copper	3.100.186	2.058.291	365.850	1.102.898	2.778.189	13.497	641.681	1.125.496	11.186.088	9.252	11.195.340
Revenue from sales of third-party copper	177	-	-	-	-	14.597	-	23.123	37.897	1.863.002	1.900.889
Revenue from sales of molybdenum	359.996	15.751	20.356	88.841	164.388	-	-	-	649.332	1.973	651.305
Revenue from sales of other products	142.143	-	42.781	3.483	91.443	196.436	-	59.416	535.702	1.860	537.562
Revenue from futures market	8.474	10.322	687	(106)	1.210	64	2.316	685	23.652	-	23.652
Revenue between segments	122.767	-	73.379	1.487	94	105.787	-	-	303.514	(303.514)	-
Revenue	3.733.743	2.084.364	503.053	1.196.603	3.035.324	330.381	643.997	1.208.720	12.736.185	1.572.573	14.308.758
Cost of sales of own copper	(2.880.603)	(1.343.886)	(397.189)	(931.698)	(1.637.057)	(3.889)	(540.134)	(896.470)	(8.630.926)	(15.076)	(8.646.002)
Cost of sales of copper third-party copper	(192)	-	-	-	-	(16.345)	-	(23.123)	(39.660)	(1.841.680)	(1.881.340)
Cost of sales of molybdenum	(79.793)	(8.902)	(9.530)	(25.980)	(51.627)	-	-	-	(175.832)	(18.048)	(193.880)
Cost of sales of other products	(140.063)	-	(27.477)	(738)	(74.274)	(214.792)	-	(14.166)	(471.510)	(1.609)	(473.119)
Cost of sales between segments	(198.829)	52.328	(79.004)	4.217	17.831	(117.771)	(1.228)	18.942	(303.514)	303.514	-
Cost of sales	(3.299.480)	(1.300.460)	(513.200)	(954.199)	(1.745.127)	(352.797)	(541.362)	(914.817)	(9.621.442)	(1.572.899)	(11.194.341)
Gross profit	434.263	783.904	(10.147)	242.404	1.290.197	(22.416)	102.635	293.903	3.114.743	(326)	3.114.417
Other income, by function	10.994	5.769	4.497	14.348	18.018	1.819	3.108	4.577	63.130	61.696	124.826
Impairment loss determined in accordance with IFRS 9	-	-	-	-	-	-	-	-	-	158	158
Distribution costs	(3.010)	(570)	(1.049)	(944)	(1.140)	(597)	(139)	(1.043)	(8.492)	(9.770)	(18.262)
Administrative expenses	(60.412)	(32.429)	(17.676)	(22.649)	(66.815)	(9.796)	(22.361)	(32.077)	(264.215)	(201.113)	(465.328)
Other expenses, by function	(97.154)	(35.056)	(125.943)	(92.589)	(171.207)	(210.008)	(12.023)	(37.058)	(781.038)	(226.067)	(1.007.105)
Law No. 13.196	(314.516)	(201.452)	(34.027)	(118.451)	(265.868)	(15.137)	(63.789)	(94.969)	(1.108.209)	-	(1.108.209)
Other gains (losses)	-	-	-	-	-	-	-	-	-	21.395	21.395
Finance income	189	244	126	115	2.174	84	18	160	3.110	48.219	51.329
Finance costs	(62.271)	(46.437)	(14.073)	(61.517)	(155.965)	(8.625)	(17.075)	(46.664)	(412.627)	(50.821)	(463.448)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	174	-	(475)	(466)	(2.253)	-	-	-	(3.020)	122.134	119.114
Exchange differences	88.760	14.668	15.552	33.218	45.160	10.859	5.344	11.678	225.239	(47.096)	178.143
Income (loss) before taxes	2.983	488.641	(183.215)	(63.351)	692.301	(253.817)	(4.282)	98.507	828.621	(281.591)	547.030
Income tax expenses	2.070	(329.166)	128.918	1.928	(476.388)	181.869	2.890	(68.015)	(555.894)	198.611	(357.283)
Income (loss)	913	159.475	(54.297)	(4.603)	215.913	(71.948)	(1.392)	30.492	272.727	(82.980)	189.747

From 1/1/2017 12/31/2017											
Segments	Chuquicamata ThUS$	R. Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Total Segments ThUS$	Subsidiaries and Head Office, net ThUS$	Total Consolidated ThUS$
Revenue from sales of own copper	2.823.439	2.009.715	502.181	1.326.314	2.850.926	12.206	798.407	1.344.509	11.667.697	(31.418)	11.636.279
Revenue from sales of third-party copper	(1.165)	-	(104)	-	-	32.392	-	237.708	268.831	1.737.143	2.005.974
Revenue from sales of molybdenum	276.868	40.654	16.005	65.908	101.571	-	-	-	501.006	1.376	502.382
Revenue from sales of other products	128.696	-	44.254	7.500	69.083	196.513	-	52.161	498.207		498.207
Revenue from futures market	(124)	40	29	35	571	(1.772)	42	(111)	(1.290)	3	(1.287)
Revenue between segments	117.638	-	82.308	801	194	102.564	-	-	303.505	(303.505)	-
Revenue	3.345.352	2.050.409	644.673	1.400.558	3.022.345	341.903	798.449	1.634.267	13.237.956	1.403.599	14.641.555
Cost of sales of own copper	(2.063.065)	(1.290.391)	(440.523)	(937.786)	(1.562.246)	(9.193)	(546.845)	(970.282)	(7.820.331)	27.456	(7.792.875)
Cost of sales of copper third-party copper	-	-	-		-	(32.961)	-	(237.770)	(270.731)	(1.728.913)	(1.999.644)
Cost of sales of molybdenum	(84.777)	(28.807)	(9.656)	(24.030)	(40.445)	-	-	-	(187.715)	(1.345)	(189.060)
Cost of sales of other products	(72.475)	-	(22.953)	(814)	(84.159)	(206.512)	-	(11.900)	(398.813)	(11)	(398.824)
Cost of sales between segments	(283.468)	80.943	(58.990)	16.388	11.131	(125.547)	-	56.038	(303.505)	303.505	-
Cost of sales	(2.503.785)	(1.238.255)	(532.122)	(946.242)	(1.675.719)	(374.213)	(546.845)	(1.163.914)	(8.981.095)	(1.399.308)	(10.380.403)
Gross profit	841.567	812.154	112.551	454.316	1.346.626	(32.310)	251.604	470.353	4.256.861	4.291	4.261.152
Other income, by function	17.249	22.136	18.044	14.861	28.357	1.361	4.174	5.645	111.827	42.505	154.332
Distribution costs	(1.614)	(186)	(610)	(299)	(561)	(560)	-	(960)	(4.790)	(5.613)	(10.403)
Administrative expenses	(46.703)	(26.316)	(16.763)	(24.352)	(63.480)	(10.201)	(25.947)	(20.419)	(234.181)	(193.959)	(428.140)
Other expenses, by function	(96.986)	(18.370)	(49.178)	(77.191)	(50.258)	(11.176)	(5.583)	(6.546)	(315.288)	(143.629)	(458.917)
Law No. 13.196	(269.112)	(196.289)	(51.423)	(124.627)	(255.957)	(15.459)	(76.530)	(109.159)	(1.098.556)	-	(1.098.556)
Other gains (losses)	-	-	-	-	-	-	-	-	-	32.605	32.605
Finance income	1.083	549	381	139	2.518	313	393	305	5.681	24.155	29.836
Finance costs	(116.215)	(53.270)	(16.894)	(105.146)	(215.611)	(10.012)	(13.626)	(56.324)	(587.098)	(57.512)	(644.610)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	529	-	427	(585)	413	-	-	-	784	184.644	185.428
Exchange differences	(64.137)	(60.635)	(19.278)	(19.500)	(68.197)	(9.067)	(8.686)	(7.838)	(257.338)	51.280	(206.058)
Income (loss) before taxes	265.661	479.773	(22.743)	117.616	723.850	(87.111)	125.799	275.057	1.877.902	(61.233)	1.816.669
Income tax expenses	(189.709)	(320.426)	18.324	(91.965)	(485.743)	57.108	(81.170)	(194.326)	(1.287.907)	94.840	(1.193.067)
Income (loss)	75.952	159.347	(4.419)	25.651	238.107	(30.003)	44.629	80.371	589.995	33.607	623.602

The assets and liabilities related to each operating segment, including the Corporation's head office as of December 31, 2018 and 2017, are detailed in the following tables:

12/31/2018										
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current assets	1.278.051	715.681	278.481	247.676	696.341	89.148	239.493	291.782	1.991.553	5.828.206
Non-current assets	7.863.667	1.941.213	727.675	4.519.739	6.547.657	155.316	1.136.948	3.278.883	5.091.501	31.262.599
Current liabilities	729.319	192.735	115.908	218.550	441.255	61.363	111.615	117.624	1.551.043	3.539.412
Non-current liabilities	855.735	205.997	196.608	472.713	910.005	53.084	116.005	81.958	19.315.419	22.207.524

12/31/2017										
Category	Chuquicamata	Radomiro Tomic	Salvador	Andina	El Teniente	Ventanas	G. Mistral	M. Hales	Subsidiaries and Head Office, net	Total Consolidated
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Current assets	1.209.431	747.780	222.573	262.381	796.357	103.143	248.431	336.608	2.284.349	6.211.053
Non-current assets	6.493.203	2.011.892	699.810	4.326.237	6.143.112	342.980	1.172.667	3.499.326	5.455.861	30.145.088
Current liabilities	727.862	181.996	140.431	202.925	433.947	62.748	87.669	99.511	1.378.367	3.315.456
Non-current liabilities	939.029	206.376	216.712	475.508	957.596	60.991	124.334	90.884	19.043.917	22.115.347

The revenue segregated per geographical areas are the following:

Revenue per geographical areas	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Total revenue from domestic customers	1,313,064	1,141,762
Total revenue from foreign customers	12,995,694	13,499,793
Total	14,308,758	14,641,555

Revenue per geographical areas	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
China	3,867,505	3,231,719
Rest of Asia	1,982,163	1,990,528
Europe	3,482,755	1,353,503
America	3,764,467	3,453,366
Other	1,211,868	4,612,439
Total	14,308,758	14,641,555

The main customers of the Corporation are listed in the following table:

Principal Customers	Country	1/1/2018 12/31/2018 ThUS$
Glencore International Ag.	Switzerland	1,039,310
Southwire Company	United States	720,172
Nexans France	France	531,740
Glencore Chile S.P.A.	Chile	516,938
Trafigura Pte Ltd.	Singapore	502,875
Wanxiang Sg Pte Ltd.	Singapore	430,957
Jiangxi Copper Company Ltd.	China	359,495
Lobb Heng Pte. Ltd	China	303,718
Concord Resources Limited	Japan	303,083
Triway International Limited	Hong-Kong	274,615
Total		4,982,903

27. Foreign exchange differences

The detail of foreign exchange differences for the years ended December 31, 2018 and 2017, is as follows:

Gain (loss) from foreign exchange differences recognized in income	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Gain from foreign exchange differences	277,780	74,782
Loss from foreign exchange differences	(99,637)	(280,840)
Total exchange difference, net	178,143	(206,058)

28. 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	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
VAT Refund	1,513,219	1,373,195
Other	220,336	283,909
Total	1,733,555	1,657,104

Other payments from operating activities	1/1/2018 12/31/2018 ThUS$	1/1/2017 12/31/2017 ThUS$
Contribution to the Chilean Treasury (Law No. 13196)	(1,136,559)	(1,062,496)
Finance hedge and sales	(29,843)	(5,090)
VAT and other similar taxes paid	(1,388,782)	(1,155,782)
Total	(2,555,184)	(2,223,368)

As of December 31, 2018 and 2017, as indicated in the equity note, capital contributions were received for a total of ThUS $ 600,000 and ThUS $ 995,000, respectively, which are presented in other cash inflows (outflows) corresponding to the net cash flows from (used in) activities of financing.

29. 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 (Swap).

Taking into consideration the financial assets and liabilities as of December 31, 2018 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$33 million in net income, respectively. This result is obtained by identifying the main items (including assets and financial liabilities) denominated in foreign currencies in order to measure the impact on profit or loss that a variation of +/- 10 Chilean pesos would have in terms of US$, with respect to the closing exchange rate at the end of the reporting period.

As of December 31, 2018, the balance of time deposits denominated in Chilean pesos was ThUS$270,021 (ThUS$252,161 as of December 31, 2017).

- Interest rate risk:

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

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

It is estimated that, on the basis of net debt balance as of December 31, 2018, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US$19 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, 2018 corresponds to amounts of ThUS$13,377,093 and ThUS$1,880,592, 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. 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 statement 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 an assets futures market. (See Note 2.r) "Income from Activities Ordinary Procedures from Contracts with Customers "of section II" Main policies countable ").

For the year ended December 31, 2018, if the future price of copper fluctuates by + / - 5% (with the other variables constant), the result would vary + / - US$167 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of December 31, 2018 (MTMF 564). 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 for this period.

In order to protect cash flow and adjust, 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.

As of December 31, 2018, a variation of U.S. ¢ 1 in the price per pound of copper, considering derivatives contracted by the Corporation, involves a change in income or payments for existing contracts (exposures) of US$1.7 million before taxes. This calculation is obtained from a simulation curves of future copper prices, which are used to assess the subscribed derivative instruments by the Corporation; estimations would vary with respect to the exposure related these instruments if there is an increase of U.S. $0.01 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 headroom 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 12/31/2018	Less than one year ThUS$	Between one and five years ThUS$	More than five years ThUS$
Loans from financial institutions	404,871	1,225,961	881,117
Bonds	435,429	2,479,715	9,830,592
Finance leases	21,510	59,777	26,552
Derivatives	10,096	-	106,824
Other financial liabilities	371	63,972	-
Total	872,277	3,829,425	10,845,085

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 under the charge of the Vice Presidency of Marketing.

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 December 31, 2018 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.

In the customer items, the provisions, which are not significant, are included based on the review of the outstanding balances and characteristics of the clients, destined to cover eventual 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 December 31, 2018 and 2017, 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 years ended December 31, 2018 and 2017, 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.

30. Derivatives contracts

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

a. Hedges

The Corporation has taken measures to protect itself from exchange rate and interest rate variations, where the positive fair value of such derivative, net of taxes, amounts to ThUS$27,346.

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

December 31, 2018

Hedged item	Bank	Type of derivative contract	Maturity	Currency	Amount	Financial obligation: hedging instrument	Fair value of hedging instruments	Asset	Liability
					ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Bond UF Mat. 2025	Credit Suisse (USA)	Swap	4/1/2025	US$	273.765	208.519	84.365	334.180	(249.815)
Bond EUR Mat. 2024	Santander (Chile)	Swap	7/9/2024	US$	343.170	409.650	(53.592)	338.339	(441.931)
Bond EUR Mat. 2024	Deustche Bank (England)	Swap	7/9/2024	US$	343.170	409.680	(53.170)	388.339	(441.509)
Bond UF Mat. 2026	Santander (Chile)	Swap	8/24/2026	US$	396.761	406.212	23.335	458.627	(435.292)
Total					1.356.866	1.434.061	938	1.596.485	(1.568.547)

December 31, 2017

Hedged item	Bank	Type of derivative contract	Maturity	Currency	Amount ThUS$	Financial obligation: hedging instrument ThUS$	Fair value of hedging instruments ThUS$	Asset ThUS$	Liability ThUS$
Bond UF Mat. 2025	Credit Suisse (USA)	Swap	4/1/2025	US$	300.784	208.519	101.158	361.056	(259.898)
Bond EUR Mat. 2024	Santander (Chile)	Swap	7/9/2024	US$	360.708	409.650	(38.485)	415.241	(453.726)
Bond EUR Mat. 2024	Deustche Bank (England)	Swap	7/9/2024	US$	360.708	409.680	(37.989)	415.241	(453.230)
Bond UF Mat. 2026	Santander (Chile)	Swap	8/24/2026	US$	435.919	406.212	36.387	483.784	(447.397)
Total					1.356.866	1.434.061	61.071	1.675.322	(1.614.251)

As of December 31, 2018, the Corporation does not maintain margin deposits.

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

The notional amounts are detailed below:

December 31, 2018	Notional amount of contract with final expiration date							
	Currency	Less than 90 days ThUS$	More than 90 days ThUS$	Current total ThUS$	1 to 3 years ThUS$	3 to 5 years ThUS$	More than 5 years ThUS$	Non-current total ThUS$
Currency derivative	US$	13,156	44,290	57,446	114,892	114,892	1,525,989	1,755,773

b. Cash flows hedging contracts and commercial policy adjustment

The Corporation enters into metals hedging activities. Such results increase or decrease the total sales revenue based on the market prices of the metals. As of December 31, 2018, these operations generated a gain of ThUS$29,414.

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, 2018, the Corporation performed derivative market transactions of copper that represent 420,850 metric tons of fine copper. These hedging operations are performed as part of the Corporation’s commercial policy.

The current contracts as of December 31, 2018, present a positive fair value of such derivatives of ThUS$53,518 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 as of period ended December 31, 2018 resulted in a net positive effect on net income of ThUS$29,351, which is comprised of the amounts received for sales contracts for ThUS$23,588 and the values paid for purchases contracts for ThUS$5,763.

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

As of December 31, 2018, the Corporation maintains derivative contracts for the sale of gold for ThOZT 22.09 and silver for ThOZT 327.48.

The contracts outstanding as of December 31, 2018 show a negative fair value of ThUS$671. 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. These hedging operations expire up until April 2019.

The operations completed between January 1 and December 31, 3018, generated a positive effect on results of ThUS$63, corresponding to values per physical sales contracts for a positive amount of ThUS$64 and securities for contracts physical purchases for a negative amount of ThUS$1.

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

The Corporation does not possess cash flow hedges backed by future production as of December 31, 2018.

b.4. Quantitative effects for metal hedging activities

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

December 31, 2018			Maturity date				
ThUS$	2019	2020	2021	2022	2023	Upcoming	Total
Flex Com Cobre (Asset)	43,539	13,969	993	-	-	-	58,501
Flex Com Cobre (Liability)	(56)	(62)	-	-	-	-	(118)
Flex Com Gold/Silver	(671)	-	-	-	-	-	(671)
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	42,812	13,907	993	-	-	-	57,712

December 31, 2017			Maturity date				
ThUS$	2018	2019	202	2021	2022	Upcoming	Total
Flex Com Cobre (Asset)	-	855	-	-	-	-	855
Flex Com Cobre (Liability)	(2,582)	(2,598)	(474)	-	-	-	(5,655)
Flex Com Gold/Silver	(527)	-	-	-	-	-	(527)
Price setting	-	-	-	-	-	-	-
Metal options	-	-	-	-	-	-	-
Total	(3,109)	(1,743)	(474)	-	-	-	(5,326)

December 31, 2018			Maturity date				
ThTM/Ounces	2019	2020	2021	2022	2023	Upcoming	Total
Copper Futures [MT]	300.10	110.45	10.30	-	-	-	420.85
Gold/Silver Futures [ThOZ]	349.57	-	-	-	-	-	349.57
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

December 31, 2017			Maturity date				
ThTM/Ounces	2018	2019	2020	2021	2022	Upcoming	Total
Copper Futures [MT]	282.60	71.35	5.10	-	-	-	359.05
Gold/Silver Futures [ThOZ]	93.20	-	-	-	-	-	93.20
Copper price setting [MT]	-	-	-	-	-	-	-
Copper Options [MT]	-	-	-	-	-	-	-

31. 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 where 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 proceedings: There is a tax proceeding for liquidation No.141 of tax year 2015 and Exempt Resolution No. 89 of 2016 issued by the Internal Revenue Service (SII), for which the Corporation presented the corresponding appeals, which were received and resolved in favor of the Tax and Customs Courts, a resolution that was appealed by the SII.

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

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

- As of December 31, 2018, the total of lawsuits filed against the National Corporation of the Copper amounts to ThUS$103,378, which represents the estimate made by the legal advisors of the Corporation subject to consideration under IAS 37. An analysis, case by case, has revealed that there is a total of 358 causes with an estimated amount of ThUS$103,378, of which, 248 causes that represent 69.27% of the universe, and that amounts to ThUS$69,334 (judgments reported as probable and possible loss for the Corporation), which could have a negative result for the Corporation. There are also 44 causes, which represent a 12.29% for an amount of ThUS$33,444, over which there is no security that its failure be contrary to the Corporation. For the remaining 66 cases, for an amount of ThUS$ 600 legal advisors of the Corporation estimate that the probability of loss is remote.

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

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

b) Other Commitments

i. On 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 CupiCfor the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid for 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 December 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 restructuring for the Supply Contract, which implies the removal of its 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, which establishes the reduction of half of the outstanding tonnage to deliver to this 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 IAS 37, which negatively impacts on earnings before tax of Codelco in ThUS$22,184 (negative net tax effect of ThUS$6,599 as of April 7, 2016).

ii. 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.

    On December 22, 2017 according to archive No. 12326 / 2017, it was established that, Gacrux, the Creditor and the Guarantee Agent, the latter representing the Guaranteed Parties, modified , by virtue of the Merger (see Note 2d), the Contract of Pledge and the Modified Pledge Agreement as to the pledge on transferable securities and the commercial pledge, as well as the restrictions and prohibitions established in the Pledge Contract and in the Modified Pledge Contract, making it subject to , by virtue of the Merger, to two thousand thirteen million two hundred and forty-five thousand four hundred and seventy-three shares pledge issued by Becrux, owned by Gacrux, hereinafter the "Pledged Becrux Shares."

iii. Law 19.993 dated December 17, 2004, authorized the purchase of the Refinery and Smelter Las Ventanas assets from ENAMI, establishing 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 or another form agreed upon by the parties.

iv. 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 December 31, 2018 and 2017.

v. 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 unconsumed energy 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 supplying these Divisions is comprised by two contracts:
- Contract No.1 for 176 MW, current until December 2029
- Contract No.2 for 334 MW, current until December 2044. 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.

Both of these contracts comply with 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 reimburseat market price the energy not consumed by Codelco.

These contracts have maturity date in 2029 and 2044.

vi. On November 6, 2009, Codelco signed the following long-term electric energy supply contracts with ELECTROANDINA S.A. (associate until January 2011), which matured in August 2017.

For the electric power supply of the Chuquicamata's work center, there are three contracts:
- Engie for a 15-year term from January 2010, that is maturing in December 2024, for 200 MW capacity, and another contract for a 200 MW capacity which was signed in January 2018 and will be effective as of January 2025 with maturity in December 2035.
- CTA effective from 2012 for 80 MW capacity, maturity in 2032.

vii. On August 26, 2011, Codelco signed two energy supply contracts with AESGener. The first one for the Minister Hales division for a 99 MW capacity and the second contract for the Radomiro Tomic work center, for a maximum capacity of 145 MW. Both contracts will mature in 2028.

viii. On November 11, 2011, Law No. 20551 was published in the Official Journal, which regulates the tasks and closure of mining facilities. Additionally, on November 22, 2012, the Supreme Decree No. 41 of the Minister of Mining, which approves the Regulations of this Law, was published in the Diario Oficial.

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

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

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

The Corporation considers that the accounting liability recorded 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 p) of Main Accounting Policies.

As of December 31, 2018, the Corporation has agreed guarantees for an annual amount of U.F. 27,058,918 to comply with the aforementioned Law No. 20.551. The following table details the main given guarantees:

Transmitter	Mine site	Amount	Currency	Date	Maturity date	Emission rate %	ThUS$
Banco Estado	Radomiro Tomic	2,691,723	UF	11/30/2018	11/11/2019	0.08	106,797
Banco Estado	Ministro Hales	911,821	UF	11/29/2018	11/14/2019	0.08	36,178
Banco Chile	Ministro Hales	541,257	UF	12/6/2018	11/14/2019	0.10	21,475
Banco Chile	Chuquicamata	2,300,000	UF	12/5/2018	11/27/2019	0.10	91,255
Banco Bci	Chuquicamata	4,600,000	UF	11/30/2018	11/27/2019	0.15	182,510
Banco Itau	Chuquicamata	915,319	UF	27/12/2018	11/27/2019	0.16	36,316
Banco Chile	El Teniente	2,632,299	UF	12/5/2018	12/2/2019	0.10	104,439
Banco Santander	El Teniente	5,000,000	UF	12/20/2018	12/2/2019	0.15	198,381
Banco Estado	Gabriela Mistral	1,513,907	UF	11/29/2018	12/15/2019	0.08	60,066
Banco Itau	Gabriela Mistral	278,180	UF	6/6/2018	6/13/2019	0.15	11,037
Banco Itau	Salv ador	2,674,603	UF	8/8/2018	2/18/2019	0.10	106,118
Banco Estado	Andina	2,666,740	UF	10/29/2018	5/3/2019	0.07	105,806
Banco Chile	Ventanas	333,069	UF	12/13/2018	9/19/2019	0.07	13,215
Total		27,058,918					1,073,593

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

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

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

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

32. 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	12/31/2018			12/31/2017
		Currency	Maturity	ThUS$	ThUS$
Urban Regional Manager, Metropolitan	Building project	UF	3/31/18	-	10
Urban Regional Manager, Metropolitan	Building project	UF	8/31/18	-	10
Minestry of Public Works	Building project	US$	6/27/18	-	209
General Directorate of Maritime Territory and Merchant Marine	Building project	CLP	3/1/19	1,783	-
Minestry of Public Works	Building project	UF	10/31/18	-	25,339
Minestry of Public Works	Building project	UF	10/31/18	-	28,399
Minestry of Public Works	Building project	UF	10/1/19	566	566
Oriente Copper Netherlands B.V.	Pledge on shares	US$	11/1/32	877,813	877,813
Sernageomin	Environmental	UF	11/3/18	-	139,589
Sernageomin	Environmental	UF	3/18/18	-	13,156
Sernageomin	Environmental	UF	5/10/18	-	106,936
Sernageomin	Environmental	UF	5/10/18	-	57,302
Sernageomin	Environmental	UF	6/1/18	-	104,598
Sernageomin	Environmental	UF	6/1/18	-	199,215
Sernageomin	Environmental	UF	6/14/18	-	60,716
Sernageomin	Environmental	UF	5/26/18	-	118,924
Sernageomin	Environmental	UF	5/26/18	-	156,804
Sernageomin	Environmental	UF	5/26/18	-	24,526
Sernageomin	Environmental	UF	8/31/8	-	119,414
Sernageomin	Environmental	UF	8/31/8	-	852
Sernageomin	Environmental	UF	3/18/19	17,920	-
Sernageomin	Environmental	UF	5/9/19	137,355	-
Sernageomin	Environmental	UF	6/13/19	73,210	-
Sernageomin	Environmental	UF	6/13/19	11,980	-
Sernageomin	Environmental	UF	6/1/19	110,322	-
Sernageomin	Environmental	UF	6/1/19	273,875	-
Sernageomin	Environmental	UF	5/25/19	192,789	-
Sernageomin	Environmental	UF	5/25/19	103,290	-
Sernageomin	Environmental	UF	5/12/19	39,150	-
Sernageomin	Environmental	UF	5/12/19	38,215	-
Sernageomin	Environmental	UF	5/25/19	96,395	-
Total				1,974,663	2,034,381

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	12/31/2018 ThUS$	12/31/2017 ThUS$
Andina	3,891	8,228
Chuquicamata	2,445	7,614
Casa Matriz	803,719	737,160
Salvador	1,311	7,295
Ministro Hales	-	6
El Teniente	4,137	19,064
Ventanas	105	778
Total	815,608	780,145

33. Balances in foreign currency

a) Assets by Type of Currency

Category	12/31/2018 ThUS$	12/31/2017 ThUS$
Liquid assets	1,460,534	1,450,162
US Dollars	1,383,897	1,378,521
Euros	25,482	3,472
Other currencies	4,547	4,245
Non-indexed Ch$	46,129	63,002
U.F.	479	922
Cash and cash equivalents	1,229,125	1,448,835
US Dollars	1,152,715	1,378,247
Euros	25,482	3,472
Other currencies	4,547	4,245
Non-indexed Ch$	46,109	62,779
U.F.	272	92
Other current financial assets	231,409	1,327
US Dollars	231,182	274
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	20	223
U.F.	207	830
Short and long term receivables	2,409,835	2,996,968
US Dollars	1,789,757	2,473,589
Euros	62,857	59,297
Other currencies	320	1,625
Non-indexed Ch$	482,180	406,589
U.F.	74,721	55,868
Trade and other receivables	2,212,209	2,815,352
US Dollars	1,676,862	2,383,415
Euros	62,580	57,992
Other currencies	320	1,625
Non-indexed Ch$	398,966	317,819
U.F.	73,481	54,501

Category	12/31/2018 ThUS$	12/31/2017 ThUS$
Rights receivables, non-current	84,731	91,442
US Dollars	-	-
Euros	277	1,305
Other currencies	-	-
Non-indexed Ch$	83,214	88,770
U.F.	1,240	1,367
Due from related companies, current	92,365	64,344
US Dollars	92,365	64,344
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Due from related companies, non-current	20,530	25,830
US Dollars	20,530	25,830
Euros	-	-
Other currencies	-	-
Non-indexed Ch$	-	-
U.F.	-	-
Rest of assets	33,220,436	31,909,011
US Dollars	32,171,442	31,025,279
Euros	705	26,952
Other currencies	279	367
Non-indexed Ch$	377,119	119,690
U.F.	670,891	736,723
Total assets	37,090,805	36,356,141
US Dollars	35,345,096	34,877,389
Euros	89,044	89,721
Other currencies	5,146	6,237
Non-indexed Ch$	905,428	589,281
U.F.	746,091	793,513

b) Liability by type of currency:

Current liability by currency	12/31/2018		12/31/2017	
	Up to 90 days ThUS$	90 days to 1 year ThUS$	Up to 90 days ThUS$	90 days to 1 year ThUS$
Current liabilities	3,049,854	489,558	3,126,371	189,085
US Dollars	1,824,181	452,648	1,821,173	150,417
Euros	107,341	408	119,851	-
Other currencies	9,826	-	9,668	-
Non-indexed Ch$	1,088,536	31,419	1,155,722	32,964
U.F.	19,970	5,083	19,957	5,704
Other current financial liabilities	412,451	459,826	166,557	157,831
US Dollars	396,148	452,635	124,107	150,402
Euros	7,404	408	32,182	-
Other currencies	34	-	-	-
Non-indexed Ch$	879	1,700	1,269	1,725
U.F.	7,986	5,083	8,999	5,704
Bank loans	5,739	399,132	26,819	103,908
US Dollars	5,683	398,724	2,223	103,908
Euros	-	408	24,400	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	56	-	196	-
Obligations	401,174	34,255	134,864	30,920
US Dollars	387,578	34,255	120,277	30,920
Euros	7,404	-	7,782	-
Other currencies	-	-	-	-
Non-indexed Ch$	-	-	-	-
U.F.	6,192	-	6,805	-
Finance lease	5,167	16,343	3,888	12,476
US Dollars	2,887	9,560	1,347	5,047
Euros	-	-	-	-
Other currencies	-	-	-	-
Non-indexed Ch$	542	1,700	543	1,725
U.F.	1,738	5,083	1,998	5,704
Others	371	10,096	986	10,527
US Dollars	-	10,096	260	10,527
Euros	-	-	-	-
Other currencies	34	-	-	-
Non-indexed Ch$	337	-	726	-
U.F.	-	-	-	-
Other current liabilities	2,637,403	29,732	2,959,814	31,254
US Dollars	1,428,033	13	1,697,066	15
Euros	99,937	-	87,669	-
Other currencies	9,792	-	9,668	-
Non-indexed Ch$	1,087,657	29,719	1,154,453	31,239
U.F.	11,984	-	10,958	-

Non-current liability by currency	12/31/2018				12/31/2017			
	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	6,804,312	2,260,258	5,142,419	8,000,535	6,200,324	2,773,522	5,534,293	7,607,208
US Dollars	6,396,888	2,114,245	4,160,204	6,918,087	5,755,523	2,619,881	4,461,270	6,501,948
Euros	14	-	(7,832)	-	89	-	(9,682)	-
Other currencies	1	-	-	-	1	-	-	-
Non-indexed Ch$	390,088	141,392	277,356	505,603	423,022	148,258	291,395	527,887
U.F.	17,321	4,621	712,691	576,845	21,689	5,383	791,310	577,373
Other non-current financial liabilities	1,710,559	2,118,866	4,847,087	5,997,998	1,349,908	2,625,264	5,226,237	5,446,595
US Dollars	1,702,164	2,114,245	4,142,228	5,997,998	1,334,855	2,619,881	4,444,609	5,446,595
Euros	-	-	7,832	-	-	-	(9,682)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	219	-	-	-	2,996	-	-	-
U.F.	8,176	4,621	712,691	-	12,057	5,383	791,310	-
Bank loans	548,454	677,507	298,250	582,867	406,167	1,297,133	-	626,357
US Dollars	548,454	677,507	298,250	582,867	406,103	1,297,133	-	626,357
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	-	-	64	-	-	-
Obligations	1,065,419	1,414,296	4,415,461	5,415,131	847,944	1,313,161	5,102,279	4,820,238
US Dollars	1,065,419	1,414,296	3,034,864	5,415,131	847,944	1,313,161	3,613,723	4,820,238
Euros	-	-	678,446	-	-	-	711,734	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	-	-	-	-	-	-	-	-
U.F.	-	-	702,151	-	-	-	776,822	-
Finance Lease	32,714	27,063	26,552	-	26,970	14,970	44,407	-
US Dollars	24,322	22,442	16,012	-	11,981	9,587	29,919	-
Euros	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	216	-	-	-	2,996	-	-	-
U.F.	8,176	4,621	10,540	-	11,993	5,383	14,488	-
Others	63,972	-	106,824	-	68,827	-	79,551	-
US Dollars	63,969	-	793,102	-	68,827	-	800,967	-
Euros	-	-	(686,278)	-	-	-	(721,416)	-
Other currencies	-	-	-	-	-	-	-	-
Non-indexed Ch$	3	-	-	-	-	-	-	-
U.F.	-	-	-	-	-	-	-	-
Other liabilities non-current	5,093,753	141,392	295,332	2,002,537	4,850,416	148,258	308,056	2,160,613
US Dollars	4,694,724	-	17,976	920,089	4,420,668	-	16,661	1,055,353
Euros	14	-	-	-	89	-	-	-
Other currencies	1	-	-	-	1	-	-	-
Non-indexed Ch$	389,869	141,392	277,356	505,603	420,026	148,258	291,395	527,887
U.F.	9,145	-	-	576,845	9,632	-	-	577,373

34. Sanctions

As of December 31, 2018 and December 31, 2017, neither Codelco Chile nor its Directors and Managers have been sanctioned by the CMF or any other administrative authorities.

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, 2018, 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.

In accordance with Supreme Decree D.S. No. 28, the Corporation is carrying out is environmental, maintenance and operating plans for its smelting plants.

To comply with the Circular No. 1901 of 2008 of the CMF, the details of the Corporation's main expenditures related to the environment during the years ended December 31, 2018 and 2017, respectively, and the projected future expenses are stated below.

Entity	Proyect name	Disbursements 12/31/2018				12/31/2017	Future committed disbursements	
		Proyect Status	Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	Chuquicamata		492,963			339,883	479,386	
Codelco Chile	Talambre dam capacity extension, 8th stage	In Progress	148,715	Asset	P, P & E	86,757	131,287	2020
Codelco Chile	Emergency restoration system dust control crushing plant 2/3	In Progress	345	Asset	P, P & E	6,114	-	-
Codelco Chile	Replacement of circulation pot 1A and 2A	In Progress	1,370	Asset	P, P & E	21,447	15,717	2019
Codelco Chile	Construction installation surplus management	In Progress	-	Asset	P, P & E	6,644	-	-
Codelco Chile	Replacement of water treatment plant	In Progress	-	Asset	P, P & E	24,318	-	-
Codelco Chile	Replacement gas management system	In Progress	745	Asset	P, P & E	849	10,440	2019
Codelco Chile	Acid plant tranformation 3-4 DC/DA	In Progress	200,844	Asset	P, P & E	115,588	198,863	2019
Codelco Chile	Enablement refining gas treatment system	In Progress	26,973	Asset	P, P & E	10,163	47,122	2019
Codelco Chile	Dryer replacement n ° 5 fuco	In Progress	23,204	Asset	P, P & E	11,373	36,257	2019
Codelco Chile	Management feeding and transport powders	In Progress	1,363	Asset	P, P & E	620	-	-
Codelco Chile	Construction Relle Res Dom-Asim Montec	In Progress	599	Asset	P, P & E	22	11,781	2019
Codelco Chile	Construction IX stage Talambre tranque	In Progress	6,063	Asset	P, P & E	78	11,259	2019
Codelco Chile	Construction 8 Seg Montecristo	In Progress	799	Asset	P, P & E	70	16,660	2019
Codelco Chile	Acid plants	In Progress	30,989	Expenditure	Adm. Expense	23,014	-	2019
Codelco Chile	Solid waste	In Progress	6,595	Expenditure	Adm. Expense	1,707	-	2019
Codelco Chile	Tailings	In Progress	23,047	Expenditure	Adm. Expense	15,474	-	2019
Codelco Chile	Water treatment plant	In Progress	17,501	Expenditure	Adm. Expense	14,849	-	2019
Codelco Chile	Environmental monitoring	In Progress	3,811	Expenditure	Adm. Expense	796	-	2019
	Salvador		138,153			110,683	167,627	
Codelco Chile	Improved integration of the gas process	In Progress	91,755	Asset	P, P & E	76,785	100,552	2019
Codelco Chile	Concentrator filter plant construction	In Progress	28	Asset	P, P & E	10,994	-	-
Codelco Chile	Water capture improvement	In Progress	147	Asset	P, P & E	807	-	-
Codelco Chile	Tailings	In Progress	2,008	Expenditure	Adm. Expense	2,180	1,006	2019
Codelco Chile	Acid plants	In Progress	29,677	Expenditure	Adm. Expense	18,401	7,562	2019
Codelco Chile	Solid waste	In Progress	902	Expenditure	Adm. Expense	768	334	2019
Codelco Chile	Water treatment plant	In Progress	687	Expenditure	Adm. Expense	528	486	2019
Codelco Chile	Overhaul thickeners tailings sal-proy	In Progress	1,443	Asset	P, P & E	220	17,888	2019
Codelco Chile	Dangerous substances warehouse	In Pogress	82	Asset	P, P & E	-	356	2019
Codelco Chile	Bell replacement	In Pogress	11,185	Asset	P, P & E	-	24,555	2019
Codelco Chile	Ditch hazardous waste	In Pogress	62	Asset	P, P & E	-	865	2019
Codelco Chile	DRPA Emergency	In Pogress	177	Asset	P, P & E	-	14,023	2019
	Andina		166,793			208,822	59,220	
Codelco Chile	Drain water treatment	Finished	171	Asset	P, P & E	11,236	-	-
Codelco Chile	Water Normative Phase 2	In Progress	1,274	Asset	P, P & E	4,095	-	-
Codelco Chile	Construction site emergency plan	In Progress	11,176	Asset	P, P & E	22,127	3,500	2019
Codelco Chile	Construction site emergency plan	Finished	5,975	Asset	P, P & E	27,670	-	-
Codelco Chile	Improved water internal tip E2	In Progress	2,620	Asset	P, P & E	2,906	-	-
Codelco Chile	Construction early alert plan	Finished	-	Asset	P, P & E	303	-	-
Codelco Chile	Implementation in RCA compliance wells (Hydraulic Barrier)	In Progress	3,010	Asset	P, P & E	868	-	-
Codelco Chile	Catchment water drainage hill black	In Progress	2,301	Asset	P, P & E	329	627	2019
Codelco Chile	Construction canal outline DL east	In Progress	6,136	Asset	P, P & E	843	20,490	2020
Codelco Chile	Standard fuel supply system	In Progress	258	Asset	P, P & E	18	-	-
Codelco Chile	Construction site emergency plan	In Progress	7,942	Asset	P, P & E	63	5,115	2019
Codelco Chile	Oo Sbr Level 640 Msnm Tranq	In Progress	16,720	Asset	P, P & E	63,195	-	-
Codelco Chile	Solid waste	In Progress	2,735	Expenditure	Adm. Expense	1,884	746	2019
Codelco Chile	Water treatment plant	In Progress	3,927	Expenditure	Adm. Expense	2,591	920	2019
Codelco Chile	Trailing	In Progress	68,220	Expenditure	Adm. Expense	50,956	17,435	2019
Codelco Chile	Acid drainage	In Progress	30,894	Expenditure	Adm. Expense	17,462	9,474	2019
Codelco Chile	Environmental monitoring	In Progress	554	Expenditure	Adm. Expense	824	122	2019
Codelco Chile	Sustainability and external matters management	In Progress	2,880	Expenditure	Adm. Expense	1,452	791	2019
Subtotal			797,909			659,388	706,233	

Entity	Proyect name	Disbursements 12/31/2018				12/31/2017	Future committed disbursements	
			Amount ThUS$	Asset/ Expense	Asset / Expenditure Item	Amount ThUS$	Amount ThUS$	Estimated date
	El Teniente		407,794			250,563	496,088	
Codelco Chile	Construction of 7th phase of Carén	In Progress	27,866	Asset	P, P & E	2,436	280,642	2022
Codelco Chile	Construction of 6th phase of Carén	Finished	-	Asset	P, P & E	7,550	-	-
Codelco Chile	Construction of slag treatment plant	In Progress	108,854	Asset	P, P & E	42,919	108,225	2019
Codelco Chile	Construction of slag treatment plant	In Progress	19,749	Asset	P, P & E	23,214	-	-
Codelco Chile	Smelting emissions network	In Progress	51,273	Asset	P, P & E	60,058	27,997	2019
Codelco Chile	Smoke capacity reduction	In Progress	5,579	Asset	P, P & E	2,744	24,555	2019
Codelco Chile	Smoke capacity reduction	In Progress	38,749	Asset	P, P & E	6,693	6,862	2019
Codelco Chile	Construction of slag treatment plant	In Progress	1,650	Asset	P, P & E	455	2,223	2019
Codelco Chile	Acid plants	In Progress	66,294	Expenditure	Adm. Expense	53,294	14,069	2019
Codelco Chile	Solid waste	In Progress	4,460	Expenditure	Adm. Expense	3,933	951	2019
Codelco Chile	Water treatment plant	In Progress	16,688	Expenditure	Adm. Expense	10,962	4,332	2019
Codelco Chile	Tailings	In Progress	66,632	Expenditure	Adm. Expense	36,305	16,232	2019
	Gabriela Mistral		12,126			8,425	47,405	
Codelco Chile	Installation of the rubble dump folder phase VI	Finished	-	Asset	P, P & E	6,446	-	-
Codelco Chile	Installation of the rubble dump folder phase VII	Finished	-	Asset	P, P & E	262	-	-
Codelco Chile	Replacement three tracked tractors	In Progress	-	Asset	P, P & E	154	5,753	-
Codelco Chile	Environmental monitoring	In Progress	6	Expenditure	Adm. Expense	46	11	2019
Codelco Chile	Solid waste	In Progress	2,420	Expenditure	Adm. Expense	1,441	617	2019
Codelco Chile	Environmental consultancy	In Progress	2,087	Expenditure	Adm. Expense	38	30	2019
Codelco Chile	Water treatment plant	In Progress	106	Expenditure	Adm. Expense	38	30	2019
Codelco Chile	Garbage dump extension	In Progress	7,446	Asset	P, P & E	-	40,553	2020
Codelco Chile	Improved dust collection system	In Progress	61	Asset	P, P & E	-	411	2020
	Ventanas		43,492			40,080	9,783	
Codelco Chile	Capturing of second gases	Finished	-	Asset	P, P & E	723	-	-
Codelco Chile	Removal of visible fumes raf	Finished	-	Asset	P, P & E	3,612	-	-
Codelco Chile	Fugitive gas treatment	Finished	-	Asset	P, P & E	3,432	-	-
Codelco Chile	Second gas collection CT	Finished	-	Asset	P, P & E	3,589	-	-
Codelco Chile	Fugitive gas treatment CT	Finished	-	Asset	P, P & E	2,270	-	-
Codelco Chile	Construction new warehouse of concentrate	In Progress	2,072	Asset	P, P & E	518	-	-
Codelco Chile	Acid plants	In Progress	30,514	Expenditure	Adm. Expense	19,483	6,530	2019
Codelco Chile	Solid waste	In Progress	1,908	Expenditure	Adm. Expense	1,883	715	2019
Codelco Chile	Environmental monitoring	In Progress	1,586	Expenditure	Adm. Expense	1,088	358	2019
Codelco Chile	Water treatment plant	In Progress	5,340	Expenditure	Adm. Expense	3,482	2,180	2019
Codelco Chile	Distribution system replacement	In Progress	2,072	Asset	P, P & E	-	-	-
	Radomiro Tomic		2,806			1,867	770	
Codelco Chile	Solid waste	In Progress	1,132	Expenditure	Adm. Expense	823	276	2019
Codelco Chile	Environmental monitoring	In Progress	725	Expenditure	Adm. Expense	296	245	2019
Codelco Chile	Water treatment plant	In Progress	949	Expenditure	Adm. Expense	748	249	2019
	Ministro Hales		1,529			2,187	12,809	
Codelco Chile	Solid waste	In Progress	664	Expenditure	Adm. Expense	1,377	1,956	2019
Codelco Chile	Environmental monitoring	In Progress	664	Expenditure	Adm. Expense	572	237	2019
Codelco Chile	Water treatment plant	In Progress	180	Expenditure	Adm. Expense	238	366	2019
Codelco Chile	Pit drainage wells mine	In Progress	10	Asset	P, P & E	-	6,693	2019
Codelco Chile	Implementation monitoring acuifero pit	In Progress	11	Asset	P, P & E	-	3,557	2019
	Ecometales Limited		621			731	828	
Codelco Chile	Smelting powders leaching plant	In Progress	613	Expenditure	Adm. Expense	515	817	2019
Codelco Chile	Smelting powders leaching plant	In Progress	8	Expenditure	Adm. Expense	216	11	2019
Subtotal			468,368			303,853	557,683	

Total			1,266,277			963,241	1,263,916	

36. Subsequent events

- On January 16, 2019, it is reported as an essential fact that Mr. Patricio Chávez Inostroza ceases to exercise his functions as Vice President of Corporate Affairs and Sustainability of the Corporation and assuming his duties on an “acting” basis, is, José Pesce Rosenthal who will also maintain the position of Vice President of Management of Mining Resources and Development, a role he currently exercises.

- On January 28, 2019, it is reported as an essential fact that Codelco issued bonds in New York for USD 1,300 million at 30 years, with an annual rate of 4.375%. This operation will give greater financial flexibility for it to invest in its structural projects, the first of which, Chuquicamata Subterránea, will start operations this year. The issue will allow the Corporation to lighten its profile of debt repayments for the period 2020 - 2025 and extend part of its financial commitments to 30 years, matching the payment dates with the years in which, in addition to Chuquicamata Subterránea, the New Mine level, Andean Transfer and Inca Rajo also will be in full production.

With this transaction, Codelco's net debt is not increased and a new step is taken in a sustainable financing, according to the guidelines given by the Board of Directors in terms of advancing the realization of structural projects and maintaining a solid financial position.

In this way, Codelco launched in New York an offer to purchase its bonds issued in dollars with maturities between 2020 and 2025. The offer of purchase points to two groups of bonds. The first includes those with expiration in 2020, 2021, and 2022, and was offered for aggregate amount of up to US$1,907 million, which corresponds to the total maturities of those papers.

These activities were led on this occasion by HSBC Securities (USA) Inc., JP Morgan Securities LLC, Citigroup Global Markets Inc., and Scotiabank.

The impact on results associated with this refinancing, reached an estimated loss after taxes of US$14 million.

- On February 1, 2019, it is reported as essential fact, the withdrawal from the Corporation of Mr. Ricardo Montoya Peredo, General Manager of the Gabriela Mistral Division; and, on an “acting” basis, Mr. Gustavo Cordova Alfaro, who up until this date had served as the Mine Manager of the same Division, assumes his role.

- On February 8, 2019, it was reported as an essential fact, according to the provisions in Circular No. 1,072, details of the financing operation carried out on January 28, 2019.

- On February 8, 2019, it was reported as an essential fact that, on the occasion of climatic phenomenon that affected the north of the country, Codelco has had to put on hold part of the tasks in divisions Chuquicamata and Ministro Hales. The restoration of operations will be progressive as long as the climatic conditions allow, while mitigation measures to minimize the effects of this paralysis are put in place.

It is estimated that, with the existing information up to this moment, this situation will not cause a material or significant impact on Codelco's results in 2019.

- On February 28, 2019, an extraordinary capital contribution was received through the Exempt Decree No. 311 of the Ministry of Finance, pursuant to Law No. 20.970, for an amount of ThUS$400 million.

- On March 1, 2019, it was reported as an essential fact that it was proceeded to designate from April 1, 2019, the following principal executives:

1. Mr. Jaime Rivera Machado was appointed as General Manager of the Andina Division.
2. Mr. Andrés Music Garrido was appointed as General Manager of the Ministro Hales Division.
3. Mr. Sergio Herbage Lundín was appointed as General Manager of the Gabriela Mistral Division.

- As of March 1, 2019, the role of Vice-Presidency of Technology was created reporting to the Executive President., Don Alvaro García González was appointed, starting on March 11, 2019.

The administration of the Corporation is not aware of other significant events of a financial nature or of any other nature that could affect these financial statements, which occurred between January 1, 2019 and the date of issuance of these consolidated financial statements up to the March 28, 2019.

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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CONSOLIDATED FINANCIAL STATEMENTS

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

Building a better
working world

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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.

Building a better working world

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.2)

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	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Balance as of 1/1/2016	3,124,423	(12,974)	(6,549)	(246,424)	5,797,867	5,531,920	33,623	8,689,966	1,042,855	9,732,821
Changes in equity										
Loss for the period							(275,418)	(275,418)	(58,162)	(333,580)
Other comprehensive income (loss)		2,367	18,891	(20,747)	1,155	1,666		1,666	-	1,666
Comprehensive income								(273,752)	(58,162)	(331,914)
Dividends							-	-		-
Capital Increases	500,000	-	-	-	-	-	-	500,000	-	500,000
(Decrease) increase through transfers and other changes	-	-	-	-	(216,194)	(216,194)	211,723	(4,471)	(6,027)	(10,498)
Total increase (decrease) in equity	500,000	2,367	18,891	(20,747)	(215,039)	(214,528)	(63.695)	221.777	(64.189)	157.588
Balance as of 12/31/2016	3,624,423	(10,607)	12,342	(267,171)	5,582,828	5,317,392	(30,072)	8,911,743	978,666	9,890,409

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.2)

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	Equity attributable to owners of the parent	Non-controlling interests Note 19	Total Equity
Balance as of 1/1/2015	2,524,423	(5,763)	(3,442)	(220,695)	5,573,697	5,343,797	1,793,557	9,661,777	1,863,735	11,525,512
Changes in equity										
Loss for the period							(1,492,216)	(1,492,216)	(835,563)	(2,327,779
Other comprehensive income (loss)		(7,211)	(3,107)	(25,729)	(9,632)	(45,679)		(45,679)	-	(45,679)
Comprehensive income								(1,537,895)	(835,563)	(2,373,458)
Dividends							-	-		-
Capital Increases	600,000	-	-	-	-	-	-	600,000	-	600,000
Increase (decrease) through transfers and other changes	-	-	-	-	233,802	233,802	(267,718)	(33,916)	14,683	(19,233)
Total increase (decrease) in equity	600,000	(7,211)	(3,107)	(25,729)	224,170	188,123	(1.759.934)	(971.811)	(820.880)	(1.792.691)
Balance as of 12/31/2015	3,124,423	(12,974)	(6,549)	(246,424)	5,797,867	5,531,920	33,623	8,689,966	1,042,855	9,732,821

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.

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

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:

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

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, wh r.

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.

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

III. EXPLANATORY NOTES

1. Cash and cash equivalents

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.

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

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 ThUS$	12/31/2015 ThUS$	12/31/2016 ThUS$	12/31/2015 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 ThUS$	12/31/2015 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

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

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.

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

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 Amount ThUS$	1/1/2015 12/31/2015 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	-

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

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 Amount ThUS$	1/1/2015 12/31/2015 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.

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

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 ThUS$	12/31/2015 ThUS$	12/31/2016 ThUS$	12/31/2015 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 ThUS$	12/31/2015 ThUS$	12/31/2016 ThUS$	12/31/2015 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

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

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	-
							-	-

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

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	12/31/2015	12/31/2016	12/31/2015
	ThUS$	ThUS$	ThUS$	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.

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

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.

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

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

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

The following table shows the reconciliation of the effective tax rate:

Items	12/31/2016						
	Taxable Base			Tax rate			
	24.0%	40.0%	5%	24.0%	Addit. 40%	5%	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	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%	40.0%	5%	22.5%	Addit. 40%	5%	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	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%.

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

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

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

7. Property, Plant and Equipment

a) The 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	Other Assets	Total
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	979,842	22,628,311
Additions	2,613,389	-	1,167	50,282	94	3,415	1,244	358,759	4,280	32,679	3,065,309
Disposals	(22,560)	-	(5,523)	(36,392)	(226)	(3,128)	(5,222)	(14,995)	-	(8)	(88,054)
Transfers	(1,424,507)	17,603	258,561	548,873	675	38,898	263,637	51,634	244,594	32	-
Depreciation and amortization	-	(6,824)	(165,079)	(552,804)	(2,451)	(120,513)	(197,960)	(739,075)	(67,022)	(82,014)	(1,933,742)
Reclassifications	(76,184)	-	(64,096)	(98,284)	54	1,543	(24,642)	278,885	21,544	(38,820)	-
Dismantling Asset	287,780	-	-	-	-	-	-	-	-	-	287,780
Other (*)	(2,064)	503	13,894	6,297	(2,545)	5	(9)	(7,249)	-	8,825	17,657
Total movements	1,375,854	11,282	38,924	(82,028)	(4,399)	(79,780)	37,048	(72,041)	203,396	(79,306)	1,348,950
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	900,536	23,977,261

Movements (in Thousands of US$)	Work in Progress	Land	Buildings	Plan and equipment	Fixtures and Fittings	Motor Vehicles	Land Improvements	Mining Operations	Mine Development	Other Assets	Total
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	1,033,087	21,904,361
Additions	3,037,635	1,006	4,056	31,662	2,661	-	3,137	720,072	-	28,183	3,828,412
Disposals	(388,881)	-	(718)	(73,752)	(25)	(1,354)	(99)	-	(3,331)	295	(467,865)
Transfers	(1,243,012)	12,085	138,102	557,259	793	80,355	308,908	121,832	3,522	20,156	-
Depreciation and amortization	-	-	(162,877)	(681,957)	(3,285)	(143,874)	(204,701)	(615,187)	(64,717)	(96,542)	(1,973,140)
Reclassifications	(738,778)	-	1,019	(45,236)	168	51,987	118,005	(249,180)	826,746	35,343	74
Dismantling Asset	(45,889)	-	(15,469)	(34,419)	-	(1)	(20,616)	-	-	-	(116,394)
Impairment	(200,864)	(4,236)	(44,228)	(106,941)	(64)	(2,477)	(11,634)	5,867	-	-	(364,577)
Other (*)	1,419	(1,421)	2,640	(22,874)	112	(68)	17,239	(138,928)	1	(40,680)	(182,560)
Total movements	421,630	7,434	(77,475)	(376,258)	360	(15,432)	210,239	(155,524)	762,221	(53,245)	723,950
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	979,842	22,628,311

(*) please refer to letter g) below.

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

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.

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

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 ext [illegible] uction 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.

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

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	12/31/2015
	ThUS$	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	1/1/2015 12/31/2015
	ThUS$	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)

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

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

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

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

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

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

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

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

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

b) Balances:

Item	12/31/2016 Gross ThUS$	12/31/2016 Accumulated Amortization ThUS$	12/31/2016 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

Item	12/31/2015 Gross ThUS$	12/31/2015 Accumulated Amortization ThUS$	12/31/2015 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

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

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)

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

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.

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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.

	12/31/2016					
	Current			Non-current		
Items	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial 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

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

Total	342,455	10,155	352,610	14,769,850	161,619	14,931,469

	12/31/2015					
	Current			Non-current		
Items	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$	Loans and other payables ThUS$	Hedging derivatives ThUS$	Total ThUS$
Loans from financial 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.

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

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

12/31/2016													
Taxpayer number	Country	Loans with financial entities	Institution	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	Nominal rate	Effective rate	Current balance ThUS$	Non-current balance ThUS$
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	9/30/2021	Floating	US$	250,000,000	Maturity	Quarterly	1.63%	1.70%	884	249,373
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2021	Floating	US$	300,000,000	Maturity	Quarterly	1.50%	1.66%	730	298,130
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly	1.58%	1.83%	211	298,900
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly	1.53%	1.75%	1,006	298,905
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/19/2018	Floating	US$	300,000,000	Maturity	Quarterly	1.51%	1.62%	979	299,657
Foreign	USA	Bilateral Credit	Export Dev Canada	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly	1.51%	1.60%	854	299,529
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly	1.57%	1.81%	95	94,496
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly	1.50%	1.58%	1,010	299,287
Foreign	Japan	Bilateral Credit	Bank of Tokyo-Mitsubishi Ltd	5/24/2019	Floating	US$	96,000,000	Semi-annual principal installments from 2015 until maturity	Semi-annual	1.83%	2.23%	24,110	35,695
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	1.73%	1.91%	32,304	143,227
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	3.25%	5.37%	67,754	643,142
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	3.79%	4.02%	915	27,629
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR				1.24%	1.24%	30,097	-
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR				1.22%	1.22%	3,723	-
			Other									1,622	477
TOTAL												166,294	2,988,447

Taxpayer number	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of interest	Nominal rate|	Effective rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	7.50%	7.79%	20,788	596,805
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	3.75%	3.98%	5,905	991,758
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	3.88%	4.07%	7,386	1,140,413
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	3.00%	3.17%	17,221	1,239,279
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	4.50%	4.75%	12,840	739,645
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Anual	2.25%	2.48%	6,729	622,361
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	4.00%	3.24%	2,773	286,431
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	4.50%	4.78%	26,353	1,961,203
BCODE-C	Chile	8/24/2026	Fixed	U.F.	10,000,000	Maturity	Semi-annual	2.50%	2.48%	3,474	417,595
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	5.63%	5.78%	7,925	491,260
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	6.15%	6.22%	5,998	496,222
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	4.25%	4.41%	14,638	732,251
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	5.63%	5.76%	11,010	932,674
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	4.88%	5.01%	7,523	960,360
TOTAL										150,563	11,608,257

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

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

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	Nominal rate	Effective rate	Current balance ThUS$	Non-current balance ThUS$
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	10/13/2016	Floating	US$	100,000,000	Maturity	Quarterly	0.92%	1.20%	99,995	-
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	10/14/2016	Floating	US$	250,000,000	Maturity	Quarterly	0.82%	1.13%	249,855	-
Foreign	USA	Bilateral Credit	HSBC Bank USA N.A.	10/11/2016	Floating	US$	250,000,000	Maturity	Quarterly	0.92%	1.23%	249,959	-
Foreign	USA	Bilateral Credit	Export Dev Canada	11/3/2016	Floating	US$	250,000,000	Maturity	Quarterly	0.82%	1.25%	249,702	-
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	9/16/2018	Floating	US$	300,000,000	Maturity	Quarterly	1.13%	1.37%	151	298,267
Foreign	USA	Bilateral Credit	Bank of America N.A.	10/11/2018	Floating	US$	300,000,000	Maturity	Quarterly	0.97%	1.18%	638	298,375
Foreign	USA	Bilateral Credit	Bank of Tokyo Mitsubishi Ltd.	7/17/2018	Floating	US$	300,000,000	Maturity	Quarterly	0.94%	1.04%	597	299,357
Foreign	USA	Bilateral Credit	Export Dev Canada	7/20/2018	Floating	US$	300,000,000	Maturity	Quarterly	0.94%	1.04%	520	299,309
Foreign	USA	Bilateral Credit	Mizuho Corporate Bank Ltd	6/5/2019	Floating	US$	95,000,000	Maturity	Quarterly	1.10%	1.33%	64	94,300
Foreign	USA	Bilateral Credit	Export Dev Canada	6/16/2019	Floating	US$	300,000,000	Maturity	Quarterly	0.94%	1.03%	657	299,055
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	1.17%	1.55%	24,101	59,429
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	1.07%	1.24%	32,228	174,939
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	3.25%	5.37%	63,773	686,999
Foreign	Germany	Credit Line	HSBC Trinkaus &		Floating	EUR				1.24%	1.24%	12,921	-
Foreign	Germany	Credit Line	Deutsche Bank		Floating	EUR				1.22%	1.22%	9,025	-
			Other									1,705	1,625
TOTAL												995,891	2,511,654

Bonds	Country	Maturity	Rate	Currency	Amount	Type of amortization	Payment of Interest	Nominal rate	Effective rate	Current balance ThUS$	Non-current balance ThUS$
144-A REG.S	Luxembourg	1/15/2019	Fixed	US$	600,000,000	Maturity	Semi-annual	7.50%	7.79%	20,788	595,412
144-A REG.S	Luxembourg	11/4/2020	Fixed	US$	1,000,000,000	Maturity	Semi-annual	3.75%	3.98%	5,943	989,806
144-A REG.S	Luxembourg	11/4/2021	Fixed	US$	1,150,000,000	Maturity	Semi-annual	3.88%	4.07%	7,345	1,138,652
144-A REG.S	Luxembourg	7/17/2022	Fixed	US$	1,250,000,000	Maturity	Semi-annual	3.00%	3.16%	17,221	1,237,442
144-A REG.S	Luxembourg	8/13/2023	Fixed	US$	750,000,000	Maturity	Semi-annual	4.50%	4.75%	12,840	738,341
BCODE-B	Chile	4/1/2025	Fixed	U.F.	6,900,000	Maturity	Semi-annual	4.00%	3.24%	2,518	264,658
144-A REG.S	Luxembourg	9/16/2025	Fixed	US$	2,000,000,000	Maturity	Semi-annual	4.50%	4.77%	26,311	1,957,617
144-A REG.S	Luxembourg	9/21/2035	Fixed	US$	500,000,000	Maturity	Semi-annual	5.63%	5.78%	7,881	491,006
144-A REG.S	Luxembourg	10/24/2036	Fixed	US$	500,000,000	Maturity	Semi-annual	6.15%	6.22%	5,965	496,127
144-A REG.S	Luxembourg	7/17/2042	Fixed	US$	750,000,000	Maturity	Semi-annual	4.25%	4.40%	14,638	731,865
144-A REG.S	Luxembourg	10/18/2043	Fixed	US$	950,000,000	Maturity	Semi-annual	5.63%	5.76%	10,950	932,407
144-A REG.S	Luxembourg	11/4/2044	Fixed	US$	980,000,000	Maturity	Semi-annual	4.88%	5.01%	7,481	960,040
144-A REG.S	Luxembourg	7/9/2024	Fixed	EUR	600,000,000	Maturity	Annual	2.25%	2.48%	7,042	643,237
TOTAL										146,923	11,176,610

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

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

The undiscounted amounts due to the Corporation maintained with financial institutions, is as follows:

12/31/2016					Current			Non-current			
Debtor's Name	Currency	Effective Interest Rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
Bank of Tokyo Mitsubishi Ltd.	US$	1.70%	1.63%	Quarterly	2,062	2,073	4,135	8,269	258,122	-	266,391
Export Dev Canada	US$	1.66%	1.50%	Quarterly	1,151	3,415	4,566	9,131	309,143	-	318,274
Mizuho Corporate Bank Ltd.	US$	1.83%	1.58%	Quarterly	1,188	3,629	4,817	303,629	-	-	303,629
Bank of America N.A.	US$	1.75%	1.53%	Quarterly	1,011	3,475	4,486	305,792	-	-	305,792
Bank of Tokyo Mitsubishi Ltd.	US$	1.62%	1.51%	Quarterly	-	3,426	3,426	304,644	-	-	304,644
Export Dev Canada	US$	1.60%	1.51%	Quarterly	1,155	3,428	4,583	303,327	-	-	303,327
Mizuho Corporate Bank Ltd	US$	1.81%	1.57%	Quarterly	373	1,140	1,513	97,255	-	-	97,255
Export Dev Canada	US$	1.58%	1.50%	Quarterly	2,244	3,428	5,672	306,533	-	-	306,533
Bank of Tokyo-Mitsubishi Ltd.	US$	2.23%	1.83%	Semi-annual	-	25,001	25,001	36,666	-	-	36,666
Japan Bank International Cooperation	US$	1.91%	1.73%	Semi-annual	-	34,937	34,937	68,207	65,966	16,139	150,312
BONO 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	667,500	-	-	667,500
BONO 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,037,500	-	1,112,500
BONO 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	1,239,125	-	1,328,250
BONO 144-A REG. 2022	US$	3.17%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,000	1,287,500	1,437,500
BONO 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,500	817,500	952,500
BONO 144-A REG. 2025	US$	4.78%	4.50%	Semi-annual	45,000	90,000	135,000	180,000	180,000	2,360,000	2,720,000
BONO 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	893,750	1,006,250
BONO 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	961,250	1,084,250
BONO 144-A REG. 2042	US$	4.41%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,419,375	1,546,875
BONO 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	2,125,625	2,339,375
BONO 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,550	2,078,825	2,269,925
Oriente Copper Netherlands B.V.	US$	5.37%	3.25%	Semi-annual	-	75,588	75,588	146,852	141,137	672,960	960,949
Oriente Copper Netherlands B.V.	US$	4.02%	3.79%	Semi-annual	-	915	915	1,840	25,789	-	27,629
				Total ThUS$	142,310	552,607	694,917	3,430,195	3,783,207	12,632,924	19,846,326
BONO BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	7,866,000	8,970,000
BONO BCODE-C 2026	U.F.	2.19%	2.50%	Semestral	124,228	124,228	248,457	496,913	496,913	11,242,284	12,236,111
				Total U.F.	262,228	262,228	524,457	1,048,913	1,048,913	19,108,284	21,206,111
				Subtotal ThUS$	10,320	10,320	20,641	41,282	41,282	752,035	834,598
BONO 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,000	640,500,000	694,500,000
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,000,000	640,500,000	694,500,000
				Subtotal ThUS$	-	14,229	14,229	28,457	28,457	675,067	731,981
				Total ThUS$	152,630	577,156	729,786	3,499,934	3,852,946	14,060,025	21,412,905

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

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

12/31/2015					Current			Non-current			
Debtor's Name	Currency	Effective Interest Rate	Nominal Rate	Payments of Interest	Less than 90 days	More than 90 days	Current total	1 to 3 years	3 to 5 years	More than 5 years	Non-current total
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	-	-	306,028
Bank of America N.A.	US$	1.18%	0.97%	Quarterly	1,479	1,479	2,958	305,898	-	-	305,898
Bank of Tokyo Mitsubishi Ltd.	US$	1.04%	0.94%	Quarterly	714	2,151	2,865	305,016	-	-	305,016
Export Dev Canada	US$	1.04%	0.94%	Quarterly	724	2,158	2,882	304,992	-	-	304,992
Mizuho Corporate Bank Ltd	US$	1.33%	1.10%	Quarterly	261	796	1,057	1,850	95,527	-	97,377
Export Dev Canada	US$	1.03%	0.94%	Quarterly	1,430	2,150	3,580	4,987	301,962	-	306,949
Bank of Tokyo-Mitsubishi Ltd.	US$	1.55%	1.17%	Semi-annual	-	24,926	24,926	48,994	12,071	-	61,065
Japan Bank International Cooperation	US$	1.24%	1.07%	Semi-annual	-	34,172	34,172	67,292	65,908	48,519	181,719
ORIENTE COPPER NETHERLANDS B.V	US$	3.60%	5.37%	Semi-annual	39,161	38,663	77,824	151,188	145,474	778,309	1,074,971
BOND 144-A REG. 2019	US$	7.79%	7.50%	Semi-annual	22,500	22,500	45,000	90,000	622,500	-	712,500
BOND 144-A REG. 2020	US$	3.98%	3.75%	Semi-annual	-	37,500	37,500	75,000	1,075,000	-	1,150,000
BOND 144-A REG. 2021	US$	4.07%	3.88%	Semi-annual	-	44,563	44,563	89,125	89,125	1,194,563	1,372,813
BOND 144-A REG. 2022	US$	3.16%	3.00%	Semi-annual	18,750	18,750	37,500	75,000	75,000	1,325,000	1,475,000
BOND 144-A REG. 2023	US$	4.75%	4.50%	Semi-annual	16,875	16,875	33,750	67,500	67,500	851,250	986,250
BOND 144-A REG. 2025	US$	4.77%	4.50%	Semi-annual	45,000	45,000	90,000	180,000	180,000	2,450,000	2,810,000
BOND 144-A REG. 2035	US$	5.78%	5.63%	Semi-annual	14,063	14,063	28,126	56,250	56,250	921,875	1,034,375
BOND 144-A REG. 2036	US$	6.22%	6.15%	Semi-annual	-	30,750	30,750	61,500	61,500	992,000	1,115,000
BOND 144-A REG. 2042	US$	4.40%	4.25%	Semi-annual	15,938	15,938	31,876	63,750	63,750	1,451,250	1,578,750
BOND 144-A REG. 2043	US$	5.76%	5.63%	Semi-annual	-	53,438	53,438	106,875	106,875	2,179,063	2,392,813
BOND 144-A REG. 2044	US$	5.01%	4.88%	Semi-annual	-	47,775	47,775	95,550	95,550	2,126,600	2,317,700
				Total ThUS$	180,450	1,310,409	1,490,859	2,456,795	3,113,992	14,318,429	19,889,216
BOND BCODE-B 2025	U.F.	3.24%	4.00%	Semi-annual	138,000	138,000	276,000	552,000	552,000	8,142,000	9,246,000
				Total U.F.	138,000	138,000	276,000	552,000	552,000	8,142,000	9,246,000
				Subtotal ThUS$	4,980	4,980	9,961	19,921	19,921	293,838	333,681
BOND 144-A REG. 2024	EUR	2.48%	2.25%	Annual	-	13,500,000	13,500,000	27,000,000	27,000,000	654,000,000	708,000,000
				Total EUR	-	13,500,000	13,500,000	27,000,000	27,000,000	654,000,000	708,000,000
				Subtotal ThUS$	-	14,725	14,725	29,450	29,450	713,353	772,254
				Total ThUS$	185,430	1,330,114	1,515,545	2,506,167	3,163,364	15,325,620	20,995,151

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

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

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:

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

- 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.

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

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

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

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.

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

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 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.

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

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.

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

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.

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

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	6,862	625,705

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

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	12/31/2015	1/1/2016 12/31/2016	1/1/2015 12/31/2015
	%	%	ThUS$	ThUS$	ThUS$	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	753,491	2,039,161

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

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

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

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.

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

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.

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

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

From 1/1/2016 to 12/31/2016											
Segments	Chuquicamata ThUS$	R. Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Total Segments ThUS$	Subsidiaries, associates and Head Office, net ThUS$	Total Consolidated 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	8,744,669	29,391	8,774,060
Revenue from sales of third-party copper	(13,688)	-	(124)	-	-	47,610	-	372,742	406,540	1,346,951	1,753,491
Revenue from sales of molybdenum	222,591	20,584	11,768	65,561	96,316	-	-	-	416,820	2,655	419,475
Revenue from sales of other products	111,562	-	58,818	5,165	92,089	212,848	-	103,849	584,331	-	584,331
Revenue from futures market	1,695	1,603	(270)	1,261	1,213	(872)	537	59	5,226	168	5,394
Revenue between segments	195,700	-	81,640	860	141	98,058	-	-	376,399	(376,399)	-
Revenue	2,209,912	1,588,052	659,000	942,044	2,534,354	467,986	609,595	1,523,042	10,533,985	1,002,766	11,536,751
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)	(7,081,515)	(58,455)	(7,139,970)
Cost of sales of copper third-party copper	437	-	-	-	-	(51,669)	-	(379,032)	(430,264)	(1,336,258)	(1,766,522)
Cost of sales of molybdenum	(83,214)	(25,745)	(9,276)	(23,852)	(40,441)	-	-	-	(182,528)	(2,799)	(185,327)
Cost of sales of other products	(34,558)	-	(30,192)	(56)	(74,632)	(213,677)	-	(4,734)	(357,849)		(357,849)
Cost of sales between segments	(328,044)	50,576	(51,809)	6,712	14,967	(103,277)	-	34,476	(376,399)	376,399	-
Cost of sales	(1,762,289)	(1,183,017)	(595,385)	(921,679)	(1,599,827)	(476,949)	(514,329)	(1,375,080)	(8,428,555)	(1,021,113)	(9,449,668)
Gross profit	447,623	405,035	63,615	20,365	934,527	(8,963)	95,266	147,962	2,105,430	(18,347)	2,087,083
Other income, by function	27,243	578	34,703	7,224	15,226	612	12,109	(1,865)	96,330	42,144	138,474
Distribution costs	(2,564)	(127)	(678)	(348)	(452)	(972)	-	(1,100)	(6,241)	(5,650)	(11,891)
Administrative expenses	(51,106)	(27,016)	(11,891)	(24,778)	(59,602)	(9,646)	(25,942)	(25,473)	(235,454)	(179,941)	(415,395)
Other expenses, by function	(160,224)	(30,710)	(51,425)	(51,425)	(53,062)	(8,515)	(5,617)	(15,340)	(376,318)	(82,176)	(458,494)
Law No. 13.196	(178,767)	(154,201)	(52,547)	(79,412)	(202,360)	(26,107)	(59,255)	(113,006)	(865,655)		(865,655)
Other gains (losses)	-	-	-	-	-	-	-	-	-	29,400	29,400
Finance income	1,422	921	405	300	1,746	216	(185)	293	5,118	18,284	23,402
Finance costs	(115,370)	(41,927)	(16,906)	(85,739)	(164,854)	(6,377)	(12,249)	(52,523)	(495,945)	(51,402)	(547,347)
Share in the profit (loss) of associates and joint ventures accounted by the equity method	222	-	630	(887)	(1,451)	-	-	-	(1,486)	(175,872)	(177,358)
Exchange differences	(65,623)	(24,378)	(20,867)	(14,996)	(63,904)	(4,638)	(10,180)	(23,901)	(228,487)	(4,408)	(232,895)
Profit (loss) before taxes	(97,144)	128,175	(54,961)	(229,696)	406,314	(64,390)	(6,053)	(84,953)	(2,708)	(427,968)	(430,676)
Income tax expenses	44,270	(93,078)	22,192	135,078	(279,274)	38,741	(1,633)	39,684	(94,021)	191,117	97,096
Profit (loss)	(52,874)	35,097	(32,769)	(94,618)	127,040	(25,649)	(7,686)	(45,269)	(96,729)	(236,851)	(333,580)

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

From 1/1/2015 to 12/31/2015											
Segmentos	Chuquicamata ThUS$	R. Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Total Segments ThUS$	Subsidiaries, associates and Head Office, net ThUS$	Total Consolidated 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	216	8,721,880
Revenue from sales of third-party copper	36,497	-	2,458	-	-	74,461	-	448,675	562,091	1,477,070	2,039,161
Revenue from sales of molybdenum	157,529	14,415	10,400	100,396	109,808	-	-	-	392,548	(961)	391,587
Revenue from sales of other products	91,255	-	48,000	4,745	102,379	200,522	1,004	90,384	538,289		538,289
Revenue from futures market	1,272	1,349	693	(1,025)	(5,375)	3,530	742	759	1,945	630	2,575
Revenue between segments	222,191	-	80,439	644	142	99,702	-	-	403,118	(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	1,073,837	11,693,492
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)	(5,352)	(7,396,187)
Cost of sales of copper third-party copper	(35,589)	-	(3,115)	-	-	(75,374)	-	(471,060)	(585,138)	(1,448,544)	(2,033,682)
Cost of sales of molybdenum	(67,674)	(21,040)	(12,305)	(33,014)	(40,113)	-	-	-	(174,146)	295	(173,851)
Cost of sales of other products	(19,807)	-	(36,700)	(60)	(66,040)	(185,870)	(1,035)	(3,573)	(313,085)		(313,085)
Cost of sales between segments	(336,168)	40,607	(44,196)	3,648	17,505	(97,448)	-	12,934	(403,118)	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)	(1,050,483)	(9,916,805)
Gross profit	183,855	410,316	(95,311)	112,272	915,028	21,054	97,357	108,762	1,753,333	23,354	1,776,687
Other income, by function	15,497	6,927	16,654	14,132	10,633	1,927	2,467	3,885	72,122	80,767	152,889
Distribution costs	(2,007)	(119)	(312)	(407)	(612)	(782)	-	(904)	(5,143)	(7,292)	(12,435)
Administrative expenses	(48,831)	(16,228)	(7,438)	(25,411)	(61,264)	(7,974)	(27,454)	(29,136)	(223,736)	(139,758)	(363,494)
Other expenses, by function	(122,021)	(16,655)	(514,001)	(177,478)	(62,443)	(64,261)	(14,123)	(34,798)	(1,005,780)	(216,151)	(1,221,931)
Law No. 13.196	(179,769)	(158,320)	(34,362)	(95,559)	(195,302)	(29,002)	(64,260)	(108,223)	(864,797)		(864,797)
Other gains (losses)	-	-	-	-	-	-	-	-	-	20,885	20,885
Finance income	1,580	515	401	233	1,985	279	132	499	5,624	11,574	17,198
Finance costs	(115,587)	(31,320)	(12,266)	(92,550)	(142,123)	(6,873)	(10,639)	(51,281)	(462,639)	(62,208)	(524,847)
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	(2,573,938)	(2,501,652)
Exchange differences	155,119	66,451	61,103	46,545	128,047	12,362	19,251	21,227	510,105	(44,785)	465,320
Profit (loss) before taxes	(97,578)	291,669	(585,446)	(221,091)	624,329	(73,270)	2,731	(89,969)	(148,625)	(2,907,552)	(3,056,177)
Income tax expenses	62,450	(186,668)	374,685	141,498	(399,571)	46,893	(1,748)	57,581	95,120	633,278	728,398
Profit (loss)	(35,128)	105,001	(210,761)	(79,593)	224,758	(26,377)	983	(32,388)	(53,505)	(2,274,274)	(2,327,779)

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

The assets and liabilities related to each operating segment, including the Corporation's head office as of December 31, 2016 and December 31, 2015 are detailed in the following tables:

12/31/2016										
Category	Chuquicamata ThUS$	Radomiro Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Subsidiaries, associates and Head Office, net ThUS$	Total Consolidated ThUS$
Current assets	953,971	605.154	229,135	292,710	746,672	135,869	217,749	437,085	1,077,559	4,695,904
Non-current assets	5,349,989	2,156,765	717,540	3,998,820	5,828,982	349,229	1,260,025	3,602,612	5,442,775	28,706,737
Current liabilities	567,733	112,502	122,596	170,520	414,811	58,474	81,686	107,128	832,489	2,467,939
Non-current liabilities	918,652	227,952	285,138	298,700	916,632	67,643	127,021	65,092	18,137,463	21,044,293

12/31/2015										
Category	Chuquicamata ThUS$	Radomiro Tomic ThUS$	Salvador ThUS$	Andina ThUS$	El Teniente ThUS$	Ventanas ThUS$	G. Mistral ThUS$	M. Hales ThUS$	Subsidiaries, associates and Head Office, net ThUS$	Total Consolidated ThUS$
Current assets	850,220	628,448	227,828	318,103	710,726	143,119	254,985	517,588	2,406,871	6,057,888
Non-current assets	4,734,984	2,081,427	680,660	3,879,018	5,359,301	289,947	1,325,783	3,683,540	5,351,294	27,385,954
Current liabilities	558,521	134,687	242,124	195,320	524,188	78,811	115,695	104,712	1,907,058	3,861,116
Non-current liabilities	839,186	187,810	257,839	208,714	730,323	48,279	120,740	36,992	17,420,023	19,849,906

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

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

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

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.

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

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

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

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.

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

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.

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

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.

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

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

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

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

Guarantees received from third parties		
Division	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

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

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

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

b) Liability by type of currency:

Current liability by currency	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	-

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

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 Offic

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.

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

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	

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

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

THE ISSUER

Corporación Nacional del Cobre de Chile
Huérfanos 1270
Santiago
Republic of Chile

TRUSTEE, PAYING AGENT, TRANSFER AGENT AND REGISTRAR

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240 Greenwich Street, Floor 7 East
New York, New York 10286
United States

LUXEMBOURG LISTING AGENT

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Las Condes, Santiago
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As to Chilean law
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INDEPENDENT AUDITORS

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Auditores y Consultores Ltda.
Rosario Norte 407, Las Condes
Santiago
Chile

EY
Servicios Profesionales de Auditoría
y Asesorías SpA
Av. Presidente Riesco 5435, Piso 4
Santiago
Chile

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

Corporación Nacional del Cobre de Chile

U.S.$1,000,000,000 3.150% Notes due 2030
U.S.$1,000,000,000 3.700% Notes due 2050

Offering Memorandum

Joint Book-Running Managers

BofA Securities **HSBC** **J.P. Morgan** **Scotiabank**

January 7, 2020

ANEXO 3

PURCHASE AGREEMENT

EXECUTION VERSION

CORPORACIÓN NACIONAL DEL COBRE DE CHILE

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

U.S.$1,000,000,000 3.150% Notes Due 2030
U.S.$1,000,000,000 3.700% Notes Due 2050

Purchase Agreement

New York, New York
January 7, 2020

BofA Securities, Inc.
One Bryant Park
New York, New York 10036

and

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018

and

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

and

Scotia Capital (USA) Inc.
250 Vesey Street
New York, New York 10281

As Representatives of the Initial Purchasers

Ladies and Gentlemen:

Corporación Nacional del Cobre de Chile, a state-owned enterprise organized under the laws of Chile (the "**Company**"), proposes to issue and sell to the several purchasers named in SCHEDULE I hereto (the "**Initial Purchasers**"), for which you (the "**Representatives**") are acting as representatives, U.S.$1,000,000,000principal amount of its 3.150% Notes Due 2030 (the "**2030 Notes**") and U.S.$1,000,000,000 principal amount of its 3.700% Notes Due 2050, representing an additional issuance of the Company's outstanding

3.700% Notes Due 2050, which will be treated as a single class with the U.S.$900,000,000 aggregate principal amount of the Company's 3.700% Notes Due 2050 issued on September 30, 2019 (the "**2050 Notes**" and collectively with the 2030 Notes, the "**Securities**") to be issued pursuant to the indenture (the "**Original Indenture**"), dated February 5, 2019, among the Company, The Bank of New York Mellon, as trustee, paying agent, transfer agent and registrar (the "**Trustee**"), and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg paying agent (the "**Luxembourg Agent**"), as supplemented by the fourth supplemental indenture, dated September 30, 2019, among the Company, the Trustee and the Luxembourg Agent (the "**Fourth Supplemental Indenture**"), the sixth supplemental indenture to be dated as of January 14, 2020, between the Company and the Trustee (the "**Sixth Supplemental Indenture**"), and the seventh supplemental indenture to be dated January 14, 2020, between the Company and the Trustee (together with the Original Indenture, the Fourth Supplemental Indenture and the Sixth Supplemental Indenture, the "**Indenture**"). Unless otherwise specified, defined terms used herein shall have the meanings set forth in Section 21 hereof.

The sale of the Securities to the Initial Purchasers will be made without registration of the Securities under the Act in reliance upon exemptions from the registration requirements of the Act.

In connection with the sale of the Securities, the Company has prepared a preliminary offering memorandum, dated January 7, 2020 (including any and all exhibits thereto, the "**Preliminary Memorandum**"), and a final offering memorandum, dated January 7, 2020 (as amended or supplemented at the Execution Time, including any and all exhibits thereto, the "**Final Memorandum**"). For the purposes of this purchase agreement (this "**Agreement**"), "**Additional Written Offering Communication**" means any written communication (as defined in Rule 405 under the Act) that constitutes an offer to sell or a solicitation of an offer to buy the Securities other than the Preliminary Memorandum or the Final Memorandum, and "**Time of Sale Memorandum**" means the Preliminary Memorandum together with the pricing term sheets prepared by the Company substantially in the form of Exhibit B hereto and any Additional Written Offering Communications identified in SCHEDULE II hereto. Each of the Preliminary Memorandum, the Time of Sale Memorandum and the Final Memorandum sets forth certain information concerning the Company and the Securities. The Company hereby confirms that it has authorized the use of the Preliminary Memorandum, the Time of Sale Memorandum, the Final Memorandum and any Additional Written Offering Communications identified in SCHEDULE II hereto, and any amendment or supplement thereto, in connection with the offer and sale of the Securities by the Initial Purchasers.

1. Representations and Warranties. The Company represents and warrants to each Initial Purchaser as set forth below in this Section 1.

(a) The Time of Sale Memorandum, at the Execution Time, does not and, on the Closing Date, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The Preliminary Memorandum, at the date thereof, did not, and the Final Memorandum, at the date thereof, did not and, on the Closing Date, will not (and any amendment or supplement thereto, at the date thereof, and at the Closing Date, will not), contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that the Company makes no representation or warranty as to any information contained in the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, or any amendment or supplement thereto, in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Initial Purchasers through the Representatives specifically for inclusion therein, it being understood that the only such information is set forth in Section 7(b) hereof.

(b) Except for the Additional Written Offering Communications, if any, identified in SCHEDULE II hereto, and electronic road shows, if any, furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any Additional Written Offering Communication.

(c) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf has, directly or indirectly, made offers or sales of any "security" (as defined in the Act), or solicited offers to buy or otherwise negotiated in respect of any security, which is or will be integrated with the sale of the Securities in a manner that would require the registration of the Securities under the Act.

(d) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf, has, directly or indirectly, offered or sold the Securities in Chile or to any resident of Chile, except as permitted by applicable Chilean law.

(e) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf has, directly or indirectly, offered, solicited offers to buy or sell any of the Securities by any form of general solicitation or general advertising (within the meaning of Regulation D) or in any manner involving a public offering (within the meaning of Section 4(a)(2) of the Act).

(f) The Securities satisfy the eligibility requirements of Rule 144A(d)(3) under the Act.

(g) The Company is a "foreign issuer" (as defined in Regulation S), and neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf has engaged in any "directed selling efforts" (as defined in Regulation S) with respect to the Securities, except no such representation, warranty or agreement is made by the Company with respect to the Initial Purchasers.

(h) It is not necessary in connection with the offer, sale and delivery of the Securities to the Initial Purchasers in the manner contemplated by this Agreement to register the Securities under the Act or to qualify the Indenture under the Trust Indenture Act.

(i) Each of the Company and its Affiliates, and any person acting on its or their behalf, has complied with the offering restrictions requirement of Regulation S.

(j) The Company is not, and after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in each of the Time of Sale Memorandum and the Final Memorandum will not be, required to register as an "investment company" within the meaning of the Investment Company Act.

(k) The Company has not paid or agreed to pay to any person any compensation for soliciting another to purchase any securities of the Company (except as contemplated by this Agreement).

(l) The Company has not taken, directly or indirectly, any action designed to cause or result in, or that has constituted or which might reasonably be expected to constitute or cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(m) Except as disclosed in each of the Time of Sale Memorandum and the Final Memorandum, there are no transaction, stamp or other issuance or transfer taxes or duties or other similar fees or withholdings or charges required to be paid in connection with the execution and delivery of this Agreement, the Indenture, the issuance or sale by the Company of the Securities or the enforcement of the Securities, other than (i) a 0.8% stamp tax on the incurrence of the indebtedness evidenced by the Securities, which will be paid by the Company upon the issuance of the Securities, and (ii) a 4% withholding tax on interest payments, and all other payments deemed to be interest payments, with respect to the Securities to the extent paid to a person domiciled or residing outside of Chile. If thin capitalization rules apply, as described in the Time of Sale Memorandum and the Final Memorandum, such interest payments would be subject to a 35% penalty tax that would be payable by the Company. The withholding tax applicable to the interest payments made by the Company can be credited against such 35% penalty tax.

(n) Any information provided by the Company pursuant to Section 5(j) hereof will not, at the date thereof, contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) The Company has been duly created and is validly existing as a state-owned enterprise under the laws of Chile with corporate power and authority to issue and sell the Securities as contemplated hereby. Each of the Company's subsidiaries has been duly organized and is validly existing and in good standing under the laws of their respective jurisdictions of organization and, together with the Company, have the corporate power to own or lease, as the case may be, and to operate their properties and conduct their business as described in the Time of Sale Memorandum and the Final Memorandum, and are duly qualified to transact business in each jurisdiction which requires such qualification, except to the extent that the failure to be so qualified to transact business would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business.

(p) The Company has no "significant subsidiary" as defined in Rule 1-02 of Regulation S-X pursuant to the Act.

(q) This Agreement has been duly authorized, executed and delivered by the Company; the Indenture has been duly authorized, executed and delivered by the Company and, assuming due authorization, execution and delivery thereof by the Trustee, constitutes a valid and binding instrument enforceable against the Company in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law); and the Securities have been duly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers under this Agreement, will have been duly executed and delivered by the Company and will constitute valid and binding obligations of the Company enforceable against the Company in accordance with their terms and entitled to the benefits of the Indenture (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law).

(r) The Securities and the Indenture will conform in all material respects to the descriptions thereof in the Final Memorandum.

(s) No consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated herein, in the Indenture or in the Securities, except (i) such as may be required under the blue sky or securities laws of any jurisdiction in connection with the purchase and distribution of the Securities by the Initial Purchasers in the manner contemplated herein and in each of the Time of Sale Memorandum and the Final Memorandum; and (ii) the following authorizations and registrations required by Chilean law, which have been obtained and remain in full force and effect: (A) authorization granted by the President of Chile and by Decree of the Minister of Finance, whether general or specific, pursuant to Article 4 of Decree Law No. 2,349 of 1978 and pursuant to Decree No. 1,009 issued by the Ministry of Finance, published in the Official Gazette on December 23, 1978, as renewed by Decree No. 1,554 dated October 28, 2019 and published in the Official Gazette on December 18, 2019; (B) authorization granted by the Minister of Finance to the Company to enter into negotiations relating to the issue of the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 2,456 issued by the Ministry of Finance on December 23, 2019; (C) authorization granted by the Minister of Finance to the Company to issue the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 41 issued by the Ministry of Finance on January 6, 2020; and (D) the delivery to the Ministry of Finance and the Ministry of Mining for approval and possible review of the proposed annual budget and a debt amortization budget pursuant to Decree Law No. 1,350 of 1976, as amended.

(t) Neither the execution and delivery of the Indenture or this Agreement, the issue and sale of the Securities, nor the consummation of any other of the transactions herein or therein contemplated, nor the fulfillment of the terms hereof, thereof or of the Securities has conflicted or will conflict with, or has resulted or will result in, a default, breach or violation of or imposition of any lien, charge or encumbrance upon, any property or assets of the Company or any of its subsidiaries (except, in the case of (i), (iii) or (iv) below, for any such conflict, default, breach, violation or imposition as would not have a current or prospective material adverse effect on (x) the consummation of the transactions contemplated hereby or the rights of the holders of the Securities or (y) the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole) pursuant to (i) any provision of applicable law; (ii) Decree Law No. 1,350 of 1976, as amended from time to time, and the Company's by-laws, as restated in Decree No. 3 of January 13, 2012 and published in the Official Gazette on July 4, 2012, or the *Estatutos* of the Company; (iii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which its respective property is subject; or (iv) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company, any of its subsidiaries or their respective properties.

(u) The consolidated historical financial statements and schedules of the Company and its consolidated subsidiaries included in each of the Time of Sale Memorandum and the Final Memorandum present fairly in all material respects the financial condition, results of operations and cash flows of the Company as of the dates and for the periods indicated and have been prepared in conformity with International Financial Reporting Standards as adopted by the International Accounting Standards Board ("**IFRS**") in respect of full year periods for 2016, 2017 and 2018 and interim periods, in each case applied on a consistent basis throughout the periods involved (except as otherwise noted therein); the selected financial data set forth under the captions "Summary Consolidated Financial Data" and "Selected Consolidated Financial Data" in each of the Time of Sale Memorandum and the Final Memorandum fairly present, on the basis stated in each of the Time of Sale Memorandum and the Final Memorandum, the information included therein and have been prepared in conformity with IFRS in respect of full year periods for 2016, 2017 and 2018 and interim periods, in each case applied on a consistent basis throughout the periods involved (except as otherwise noted therein).

(v) There is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property that is not described in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto), except for such proceedings that, if the subject of an unfavorable decision, ruling or finding would not, singly or in the aggregate, have a current or prospective material adverse effect (i) on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) on the power or ability of the Company to perform its obligations under this Agreement, the Indenture or the Securities or to consummate the transactions contemplated in each of the Time of Sale Memorandum and the Final Memorandum.

(w) No circumstance or other event has arisen that has caused or, with the giving of notice or the lapse of time, or both, would cause the Company to be in violation or default of: (i) any provision of Decree Law No. 1,350 of 1976, as amended, or its *Estatutos*; (ii) the terms of any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole; or (iii) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, except for such contraventions as would not have a current or prospective material adverse effect on the Company or its subsidiaries, taken as a whole.

(x) The Company and its subsidiaries possess all concessions, licenses, certificates, permits and other authorizations issued by the appropriate government and other regulatory authorities necessary to conduct their respective businesses, as described in each of the Time of Sale Memorandum and the Final Memorandum, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such concession, certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business.

(y) The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared to existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(z) The Company and its subsidiaries have good and marketable title to all real property owned by them and good title to all other properties owned by them, including the Company's mining concessions, mining rights and water rights, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except (i) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto) or (ii) where the failure to have good title would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business; all of the leases and subleases material to the business of the Company and its subsidiaries, taken as a whole, and under which the Company or any of its subsidiaries holds properties described in each of the Time of Sale Memorandum and the Final Memorandum, are in full force and effect, except (i) where the failure to be in full force and effect would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto); and none of the Company or its subsidiaries has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any of its subsidiaries to the continued possession of the leased or subleased premises under any such lease or sublease, except (i) claims which are being contested by the Company or its subsidiaries in good faith and which would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(aa) Ernst & Young Servicios Profesionales de Auditoría y Asesorías SpA, who have audited the full-year 2016 financial statements of the Company included in each of the Time of Sale Memorandum and the Final Memorandum are an independent audit firm with respect to the Company.

(bb) Deloitte Auditores y Consultores Ltda., who have audited the full-year 2017 and 2018 financial statements of the Company included in each of the Time of Sale Memorandum and the Final Memorandum and conducted a limited review of the interim unaudited financial statements of the Company as of September 30, 2019 and for the nine-month periods ended September 30, 2018 and 2019 included in each of the Time of Sale Memorandum and the Final Memorandum, are an independent audit firm with respect to the Company.

(cc) The Company and its subsidiaries (i) are in compliance with any and all applicable laws, regulations and approvals relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"); (ii) have received and are in compliance with all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses; and (iii) have not received notice of any actual or potential liability for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, except (x) where such non-compliance with Environmental Laws, failure to receive required permits, licenses or other approvals, or liability would not, individually or in the aggregate, have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, and (y) as described in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(dd) In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties); on the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(ee) Since the respective dates as of which information is given in each of the Time of Sale Memorandum and the Final Memorandum, nothing has occurred giving rise to a current or prospective material adverse change in the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(ff) Pursuant to Article 52 of the Organic Law of the Central Bank of Chile and Decree Law No. 1,350 of 1976, as amended, the Company is exempt from the Central Bank of Chile's exchange regulations in connection with the issuance, placement and payments upon the Securities. The Company is entitled to make payments under the Securities with its own available foreign currency obtained from its export operations and deposited with the Central Bank of Chile.

(gg) The Company has validly and irrevocably submitted to the non-exclusive jurisdiction of any state or federal court located in the City of New York, New York, has validly and irrevocably waived, to the extent permitted by law, any objection to the venue of a proceeding in any such court and has validly and irrevocably appointed Cogency Global Inc. in New York, New York as its authorized agent for service of process.

(hh) The Company has validly and irrevocably waived, pursuant to Section 17 hereof, and will have validly and irrevocably waived pursuant to the Indenture and the Securities, for itself and its revenues and assets, to the extent permitted by applicable law, 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, respectively, under this Agreement, the Indenture and the Securities to which it may be entitled or become entitled whether or not claimed, including sovereign immunity, except that (i) for the attachment and judicial sale of mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to such mining concessions, except with respect to mortgages, the consent of the Company will be required and shall be given in the same judicial proceeding in which the attachment and sale is sought (as set forth in article 226 of the Mining Code of Chile); and (ii) pursuant to the Chilean Constitution, the mining concessions corresponding to mining deposits exploited by the Company upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by the Company. Each such waiver is binding under Chilean law and remains in full force and effect.

(ii) The Company has an authorized capitalization as set forth in each of the Time of Sale Memorandum and the Final Memorandum under the heading "Capitalization"; and all the outstanding shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(jj) Neither the Company nor any of its subsidiaries nor, to the best knowledge of the Company, any director, officer, agent, employee or other person associated with or acting on behalf of the Company or any of its subsidiaries has: (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) taken any action, directly or indirectly, that violated or is in violation of any provision of any applicable anti-bribery or anti-corruption law or regulation enacted in any jurisdiction, including, without limitation, the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or under the Bribery Act of 2010 of the United Kingdom, or any other applicable anti-bribery or anti-corruption laws; or (iv) made any unlawful bribe, influence payment, kickback or other unlawful payment or gift of money or anything of value prohibited under any applicable law or regulation in connection with the Company. The Company has instituted, and maintains and enforces, policies and procedures designed to promote and achieve the Company and its subsidiaries' compliance with all applicable anti-bribery and anti-corruption laws.

(kk) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, and applicable money laundering statutes of all jurisdictions, rules and regulations thereunder and related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Company, threatened or contemplated.

(ll) Neither the Company, any of its subsidiaries, nor any director or officer of the Company or any of its subsidiaries, nor to the knowledge of the Company, any agent, employee or affiliate (other than the Republic of Chile) of the Company or any of its subsidiaries (i) is currently an individual or entity that is, or is owned or controlled or is acting on behalf of, one or more individuals or entities (other than the Republic of Chile) that are currently the subject of any sanctions administered or enforced by the United States (including administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("**OFAC**") or the U.S. Department of State), the European Union, Her Majesty's Treasury or the United Nations Security Council (collectively, the "**Sanctions**"), (ii) organized, located or a resident in a country or territory that is currently the subject of territorial Sanctions broadly prohibiting dealing with such country or territory (each such country, a "**Sanctioned Country**," currently the Crimea region, Cuba, Iran, North Korea or Syria, and such persons, "**Sanctioned Persons**" and each such person, a "**Sanctioned Person**"), or (iii) will, directly or indirectly, use the proceeds of the offering of the Securities hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity in any manner that would result in a violation of any Sanctions by, or would reasonably be expected to result in the imposition of Sanctions against, any individual or entity participating in the offering, whether as underwriter, advisor, investor or otherwise. Neither the Company nor any of its subsidiaries has, to the knowledge of the Company, engaged in any dealings or transactions with or for the benefit of a Sanctioned Person, or with or in a Sanctioned Country, in the preceding 3 years, that have resulted in a violation of Sanctions by, or the imposition of Sanctions against, the Company or the Initial Purchasers, nor does the Company or any of its subsidiaries have any plans to engage in dealings or transactions with or for the benefit of a Sanctioned Person, or with or in a Sanctioned Country that would result in a violation of Sanctions by, or the imposition of Sanctions against, the Company or the Initial Purchasers.

(mm) No labor disturbance by or dispute with employees of the Company or any of its subsidiaries exists or, to the best knowledge of the Company, is contemplated or threatened, and the Company is not aware of any existing or imminent labor disturbance by, or dispute with, the employees of any of the Company's subsidiaries' principal suppliers, contractors or customers, except (x) as would not have a material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business and (y) as set forth in or contemplated in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(nn) The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, which insurance is in amounts and insures against such losses and risks as are adequate to protect the Company and its subsidiaries and their respective businesses, except where any failure to have such insurance would not result in a material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business at a cost that would not result in a material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business.

Any certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Initial Purchasers in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Initial Purchaser.

2. Purchase and Sale. (a) Subject to the terms and conditions and in reliance upon the representations and warranties herein set forth, the Company agrees to sell to each Initial Purchaser, and each Initial Purchaser agrees, severally and not jointly, to purchase from the Company, at a purchase price of 99.707% of the principal amount of the 2030 Notes, plus accrued interest, if any, from January 14, 2020 and 95.409% of the principal amount of the 2050 Notes, plus accrued interest from September 30, 2019 to the Closing Date (as defined below), the principal amount of Securities set forth opposite such Initial Purchaser's name in SCHEDULE I hereto.

(b) The Company acknowledges and agrees that the Initial Purchasers are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Securities contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, no Initial Purchaser is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Initial Purchasers shall have no responsibility or liability to the Company with respect thereto. Any review by the Initial Purchasers of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Initial Purchasers and shall not be on behalf of the Company.

3. Delivery and Payment. Delivery of and payment for the Securities shall be made at 10:00 A.M., New York City time, on January 14, 2020 or at such time on such later date as the Representatives shall designate, which date and time may be postponed by agreement between the Representatives and the Company or as provided in Section 8 hereof (such date and time of delivery and payment for the Securities, including as so postponed, being herein called the "**Closing Date**"). Delivery of the Securities shall be made to the Representatives for the respective accounts of the several Initial Purchasers against payment by the several Initial Purchasers through the Representatives of the purchase price thereof to or upon the order of the Company by wire transfer payable in same-day funds to the account specified by the Company.

Delivery of the Securities shall be made through the facilities of The Depository Trust Company ("**DTC**") unless the Representatives shall otherwise instruct.

4. Offering by the Initial Purchasers. Each Initial Purchaser, severally and not jointly, represents and warrants to and agrees with the Company that:

(a) It has not offered or sold, and will not offer or sell, any Securities except (i) to persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Act) and that, in connection with each such sale, it has taken or will take reasonable steps to ensure that the purchaser of such Securities is aware that such sale is being made in reliance on Rule 144A; or (ii) in accordance with the restrictions set forth in Exhibit A hereto.

(b) Neither it nor any person acting on its behalf has made or will make offers or sales of the Securities in the United States by means of any form of general solicitation or general advertising (within the meaning of Regulation D) in the United States or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Act.

(c) Unless it has obtained or will obtain the prior written consent of the Company, it has not used, and will not use, or authorize use of, any written communication that constitutes an offer to sell or the solicitation of an offer to buy the Securities other than: (i) the Preliminary Memorandum; (ii) the Time of Sale Memorandum; (iii) the Final Memorandum; (iv) any Additional Written Offering Communications identified in SCHEDULE II hereto; and (v) any Bloomberg or other customary electronic communications providing certain ratings or proposed terms of the Securities or relating to marketing, administrative or procedural matters in connection with the offering of the Securities.

5. Covenants of the Company. The Company agrees with each Initial Purchaser that:

(a) The Company will furnish to each Initial Purchaser and to counsel for the Initial Purchasers, without charge, during the period referred to in paragraph (d) below, electronic copies of the materials contained in the Time of Sale Memorandum, the Final Memorandum and any amendments and supplements thereto as they may reasonably request.

(b) Before amending or supplementing the Preliminary Memorandum, the Time of Sale Memorandum or the Final Memorandum, the Company will furnish to the Initial Purchasers a copy of each such proposed amendment or supplement and will not use any such proposed amendment or supplement to which the Initial Purchasers reasonably object.

(c) The Company will furnish to each Initial Purchaser a copy of each proposed Additional Written Offering Communication to be prepared by or on behalf of, used by, or referred to by the Company and agrees not to use or refer to any proposed Additional Written Offering Communication to which the Initial Purchasers reasonably object.

(d) If at any time prior to the completion of the sale of the Securities by the Initial Purchasers (as determined by the Representatives), any event occurs as a result of which the Time of Sale Memorandum or the Final Memorandum, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it should be necessary to amend or supplement the Time of Sale Memorandum or the Final Memorandum to comply with applicable law, the Company promptly: (i) will notify the Representatives of any such event; (ii) subject to the requirements of paragraph (b) of this Section 5, will prepare an amendment or supplement that will correct such statement or omission or effect such compliance; and (iii) will supply any supplemented or amended Time of Sale Memorandum or the Final Memorandum to the several Initial Purchasers and counsel for the Initial Purchasers without charge in such quantities as they may reasonably request.

(e) The Company will arrange, if necessary, for the qualification of the Securities for sale by the Initial Purchasers under the laws of such jurisdictions as the Initial Purchasers may reasonably designate and will maintain such qualifications in effect so long as required for the sale of the Securities; *provided* that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction where it is not now so subject. The Company will promptly advise the Representatives of the receipt by the Company of any notification with respect to the suspension of the qualification of the Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(f) During the period of one year after the Closing Date, the Company will not resell, and will not permit any person that is an affiliate (as defined in Rule 144 under the Act) at the time of any contemplated resale or that has been an affiliate within the three months preceding such time to resell, any of the Securities that have been reacquired by any of them, except for Securities purchased by the Company or any of its affiliates and resold in a transaction registered under the Act or in reliance of Regulation S.

(g) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf will, directly or indirectly, make offers or sales of any security, or solicit offers to buy any security, under circumstances that would require the registration of the Securities under the Act.

(h) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf will, directly or indirectly, make offers or sales of the Securities in Chile or to any resident of Chile, except as permitted by applicable Chilean law.

(i) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Securities in the United States or in any manner involving a public offering within the meaning of Section 4(a)(2) of the Act.

(j) So long as any of the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Act, the Company will, unless it becomes subject to and complies with Section 13 or 15(d) of the Exchange Act, or becomes exempt from such reporting requirements pursuant to, and complies with, Rule 12g3-2(b) under the Exchange Act, provide to each holder of such restricted securities and to each prospective purchaser (as designated by such holder) of such restricted securities, upon the request of such holder or prospective purchaser, any information required to be provided by Rule 144A(d)(4) under the Act. This covenant is intended to be for the benefit of the holders, and the prospective purchasers designated by such holders, from time to time of such restricted securities.

(k) Neither the Company, nor any of its Affiliates, nor any person acting on its or their behalf will engage in any directed selling efforts (as defined in Regulation S) with respect to the Securities.

(l) The Company will cooperate with the Representatives and use its best efforts to permit the Securities to be eligible for clearance and settlement through DTC, including its indirect participants, Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, S.A., Luxembourg (“**Clearstream**”).

(m) The Company will use its best efforts to effect the listing of the Securities on the Euro MTF market of the Luxembourg Stock Exchange and for so long as the Securities are outstanding, will file with the Euro MTF market of the Luxembourg Stock Exchange and any other governmental agency, authority or instrumentality in Luxembourg as may be required, such reports, documents, agreements and other information which may, from time to time, be required to be so filed; *provided* that the Company may, in its reasonable discretion, de-list the Securities in the event that any European or national legislation becomes effective in Luxembourg in a manner that would require the Company to publish or produce financial statements according to accounting principles or standards that are different from IFRS or that would otherwise impose requirements that the Company determines, in its reasonable discretion, are not reasonable.

(n) The Company will not for a period of 60 days following the Execution Time, without the prior written consent of the Representatives, 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 the Company or any Affiliate of the Company or any person in privity with the Company or any Affiliate of the Company), directly or indirectly, or announce the offering of, any U.S. dollar-denominated debt securities issued or guaranteed by the Company (other than the Securities).

(o) The Company will not take, directly or indirectly, any action designed to cause or result in, or that has constituted or which might reasonably be expected to constitute or cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(p) The Company agrees either to pay directly or to reimburse the Initial Purchasers, as the case may be, for the reasonable and documented expenses relating to the following matters: (i) the issuance of the Securities and the fees and expenses of the Trustee (including, without limitation, the fees of counsel for such trustee); (ii) the preparation, printing and reproduction of each of the Preliminary Memorandum and Final Memorandum and each amendment or supplement to either of them, including the pricing term sheets prepared by the Company and any Additional Written Offering Communications identified in SCHEDULE II hereto; (iii) the printing (and reproduction) and delivery (including postage, air freight charges and charges for counting and packaging) of such copies of each of the Preliminary Memorandum and Final Memorandum, and all amendments or supplements to either of them, as may, in each case, be reasonably requested for use in connection with the offering and sale of the Securities; (iv) the preparation, printing, authentication, issuance and delivery of certificates for the Securities, including any stamp or transfer taxes in connection with the original issuance and sale of the Securities; (v) the printing (and reproduction) and delivery of this Agreement, any blue sky memorandum and all other agreements or documents printed (or reproduced) and delivered in connection with the offering of the Securities; (vi) any registration or qualification of the Securities for offer and sale under the securities or blue sky laws of the several states (including filing fees and the reasonable fees and expenses of counsel for the Initial Purchasers relating to such registration and qualification); (vii) the listing of the Securities with the Euro MTF market of the Luxembourg Stock Exchange (including the fees of the agent retained in connection with such listing); (viii) the approval of the Securities for book-entry transfer by DTC, Euroclear and Clearstream; (ix) the rating of the Securities by rating agencies; (x) the expenses incurred by the Company or the Initial Purchasers in connection with presentations to prospective purchasers of the Securities; (xi) the fees and expenses of the Company's accountants; (xii) the fees and expenses of counsel (including local and special United States and Chilean counsels) for the Company; (xiii) all other reasonable and documented expenses incurred by the Initial Purchasers in connection with the offering and sale of the Securities; and (xiv) all other fees and expenses incident to the performance by the Company and the Initial Purchasers of their obligations hereunder; *provided* that, if the offering of the Securities (A) is not completed within twelve months because any condition to the obligations of the Initial Purchasers set forth in Section 6 hereof is not satisfied, because of any termination pursuant to Section 9 hereof or because of any refusal, inability or failure on the part of the Company to perform any agreement herein or comply with any provision hereof other than by reason of a default by any of the Initial Purchasers, the Company shall pay directly all costs and expenses contemplated by this Section 5(p) or, to the extent the Initial Purchasers have borne such costs and expenses, shall reimburse the Initial Purchasers severally through the Representatives; and (B) is completed, the Initial Purchasers shall pay for all such costs and expenses of this Section 5(p) *pro rata* in proportion to each Initial Purchaser's commitment to purchase Securities as listed in SCHEDULE I hereto in accordance with Section 2(a) and this Section 5(p) (except for the costs and expenses contemplated by 5(p)(ix), 5(p)(xi)and 5(p)(xii), which shall be paid directly by the Company whether or not the offering of the Securities is completed), and the Company shall cover such costs and expenses of this Section 5(p) pursuant to Section 2(a).

(q) The Company will apply the net proceeds from the sale of the Securities substantially in accordance with the description set forth under the heading "Use of Proceeds" in each of the Time of Sale Memorandum and the Final Memorandum.

(r) The Company will not take any action or omit to take any action (such as issuing any press release relating to any Securities without an appropriate legend) which may result in the loss by any of the Initial Purchasers of the ability to rely on any stabilization safe harbor provided by the Financial Conduct Authority under the U.K. Financial Services and Markets Act 2000 (the "**FSMA**").

6. Conditions to the Obligations of the Initial Purchasers. The obligations of the Initial Purchasers to purchase the Securities on the Closing Date shall be subject to the accuracy of the representations and warranties of the Company contained herein at the Execution Time and the Closing Date, to the accuracy of the statements of the Company made in any certificates pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions:

(a) The Company shall have requested and caused Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel for the Company, to furnish to the Representatives its opinion, dated the Closing Date and addressed to the Representatives, substantially to the effect that:

(i) the Indenture has been duly executed and delivered by the Company under the laws of the State of New York and is a valid, binding and enforceable agreement of the Company; the Securities, when delivered to and paid for by the Initial Purchasers in accordance with this Agreement, will be the valid, binding and enforceable obligations of the Company, entitled to the benefits of the Indenture pursuant to which such Securities are to be issued; the statements set forth under the headings "Description of Notes" and "Transfer Restrictions" in the Time of Sale Memorandum and the Final Memorandum, insofar as such statements purport to summarize certain provisions of the Securities and the Indenture, provide a fair summary of such provisions; and the statements in Final Memorandum under the heading "Plan of Distribution," insofar as such statements purport to summarize certain provisions of this Agreement, provide a fair summary of such provisions;

(ii) this Agreement has been duly executed and delivered by the Company under the law of the State of New York;

(iii) the statements made in each of the Time of Sale Memorandum and the Final Memorandum under the heading "Taxation—United States Taxation", insofar as such statements purport to summarize certain federal income tax laws of the United States, constitute a fair summary of the principal U.S. federal income tax consequences of an investment in the Securities by a U.S. Holder (as defined in each of the Time of Sale Memorandum and the Final Memorandum);

(iv) the issuance and the sale of the Securities to the Initial Purchasers pursuant to this Agreement and the execution and delivery of this Agreement and the Indenture do not, and the performance by the Company of its obligations under this Agreement, the Indenture and the Securities will not, (A) require any consent, approval, authorization, registration or qualification of or with any governmental authority of the United States or the State of New York that in such counsel's experience normally would be applicable to general business entities with respect to such issuance, sale or performance (but such counsel need express no opinion relating to United States federal securities laws or any state securities or blue sky laws other than as set forth in (v) below); or (B) result in a violation of any United States federal or New York State law or published rule or regulation that in such counsel's experience normally would be applicable to general business entities with respect to such issuance, sale or performance (but such counsel need not express any opinion relating to the United States federal securities laws or any state securities or blue sky laws, except as set forth in (v) below) or (based solely on inquiry of the General Counsel and Head of Finance of the Company) any judgment, decree or order applicable to the Company of any New York state or federal court or other governmental authority;

(v) no registration of the Securities under the Act, and no qualification of the Indenture under the Trust Indenture Act, are required for the offer and sale of the Securities by the Company to the Initial Purchasers pursuant to and in the manner contemplated by this Agreement or by the Initial Purchasers as contemplated by this Agreement, the Time of Sale Memorandum and the Final Memorandum;

(vi) no registration of the Company under the Investment Company Act is required for the offer and sale of the Securities by the Company in the manner contemplated herein and by each of the Time of Sale Memorandum and the Final Memorandum; and

(vii) under the laws of the State of New York relating to submission to jurisdiction, the Company, pursuant to Section 14 of this Agreement, Section 1.12 of the Indenture and the provisions of the Securities, has (a) validly and irrevocably submitted to the non-exclusive personal jurisdiction of any New York state or U.S. federal court located in the Borough of Manhattan, the City of New York, in any action arising out of or related to this Agreement that is brought by an Initial Purchaser or by any person who controls any Initial Purchaser, or in any action arising out of or related to the Indenture or the Securities that is brought by the holder of any Securities; (b) to the fullest extent permitted by law, validly and irrevocably waived any objection to the venue of a proceeding in any such court and (c) validly appointed Cogency Global Inc., as its authorized representative in the United States, and as its authorized agent for the purpose described in Section 14 hereof, the Indenture and the Securities; and service of process upon such agent in a manner permitted by applicable law will be effective to confer valid personal jurisdiction over the Company in any action arising under this Agreement, the Indenture or the Securities.

(b) The Company shall have requested and caused Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel for the Company, to furnish to the Representatives its letter, dated the Closing Date and addressed to the Representatives, substantially to the effect that no information has come to such counsel's attention that causes it to believe that:

(i) the Time of Sale Memorandum (except the financial statements and schedules and other financial and statistical data included therein, the information therein relating to the Company’s ore reserves, as to which such counsel expresses no view), as of the Execution Time, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and

(ii) the Final Memorandum (except the financial statements and schedules and other financial and statistical data included therein, the information therein relating to the Company’s ore reserves, as to which such counsel expresses no view), as of the Closing Date and the Execution Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In rendering its opinion under Section 6(a) hereof and furnishing its letter under Section 6(b) hereof, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than the State of New York or federal laws of the United States, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Initial Purchasers; and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Final Memorandum in Section 6(a) and Section 6(b) include any amendment or supplement thereto at the Closing Date.

(c) The Company shall have requested and caused Carey y Cía. Ltda., Chilean counsel for the Company, to furnish to the Representatives its opinion, dated the Closing Date and addressed to the Representatives, substantially to the effect that:

(i) the Company has been duly created and is validly existing as a state-owned company under the laws of Chile, with full corporate power and authority to own or lease, as the case may be, and to operate its properties, exercise its mining concessions, mining rights and water rights, and conduct its business as described in each of the Time of Sale Memorandum and the Final Memorandum, and is duly qualified to do business under the laws of each jurisdiction which requires such qualification;

(ii) the Indenture has been duly authorized, executed and delivered, and constitutes a legal, valid and binding instrument enforceable against the Company in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law); and the Securities have been duly and validly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers under this Agreement, will have been duly executed and delivered by the Company and will constitute legal, valid, binding and enforceable obligations of the Company entitled to the benefits of the Indenture (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law);

(iii) the statements in each of the Time of Sale Memorandum and the Final Memorandum under the captions "Presentation of Financial and Statistical Information", "Enforceability of Civil Liabilities", "Exchange Rates", "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", "Risk Factors—Risks Relating to CODELCO's Operations—Future compliance with a changing and complex regulation scheme may require changes in CODELCO's business", "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", "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO is subject to an extensive labor reform law promulgated by the Government of Chile that could affect its business and operating results in the future", "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Other expenses", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Foreign exchange differences", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Income tax expense", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury", "Regulatory Framework", "Management", "Related Party Transactions", "Foreign Investment and Exchange Controls in Chile" and "Taxation—Chilean Taxation", insofar as such statements constitute summaries of Chilean legal matters, documents or proceedings referred to therein, fairly summarize the matters therein;

(iv) such counsel has no reason to believe that (A) at the Execution Time, the Time of Sale Memorandum contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (B) at the Execution Time and on the Closing Date, the Final Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion);

(v) this Agreement has been duly authorized, executed and delivered by the Company;

(vi) the Company has all requisite corporate power and authority, has taken all requisite corporate action and has received and is in compliance with all governmental, judicial and other authorizations, approvals and orders necessary to enter into and perform its obligations under this Agreement and the Indenture and to issue and perform its obligations under the Securities, and no consent, approval, authorization, filing with or order of any Chilean court or governmental agency or body is required in connection with the transactions contemplated herein, in the Indenture or in the Securities, except (i) such as may be required under the blue sky or securities laws of any jurisdiction in connection with the purchase and sale of the Securities by the Initial Purchasers in the manner contemplated in this Agreement, the Time of Sale Memorandum and the Final Memorandum, and (ii) the following authorizations and registrations required by Chilean law, which have been obtained and remain in full force and effect: (A) authorization granted by the President of Chile and by Decree of the Minister of Finance, whether general or specific, pursuant to Article 4 of Decree Law No. 2,349 of 1978 and pursuant to Decree No. 1,009 issued by the Ministry of Finance, published in the Official Gazette on December 23, 1978, as renewed by Decree No. 1,554 dated October 28, 2019 and published in the Official Gazette on December 18, 2019; (B) authorization granted by the Minister of Finance to the Company to enter into negotiations relating to the issue of the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 2,456 issued by the Ministry of Finance on December 23, 2019; (C) authorization granted by the Minister of Finance to the Company to issue the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 41 issued by the Ministry of Finance on January 6, 2020; and (D) the delivery to the Ministry of Finance and the Ministry of Mining for approval and possible review of the proposed annual budget and a debt amortization budget pursuant to Decree Law No. 1,350 of 1976, as amended;

(vii) neither the execution and delivery of the Indenture or this Agreement, the issue and sale of the Securities, nor the consummation of any other of the transactions herein or therein contemplated, nor the fulfillment of the terms hereof, thereof or of the Securities will conflict with, or result in, a default, breach or violation of, or imposition of any lien, charge or encumbrance upon any property or asset of the Company or its subsidiaries pursuant to, (i) any provision of applicable Chilean law; (ii) Decree Law No. 1,350 of 1976, as amended from time to time, and the Company's by-laws, as restated in Decree No. 3 of January 13, 2012 and published in the Official Gazette on July 4, 2012, or the *Estatutos* of the Company; or (iii) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any Chilean court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company, any of its subsidiaries or any of their respective properties;

(viii) pursuant to Article 52 of the Organic Law of the Central Bank of Chile and Decree Law No. 1,350 of 1976, as amended, the Company is exempt from the Central Bank of Chile's regulations in connection with the issuance, placement and payments upon the Securities. The Company is entitled to make payments under the Securities with its own available foreign currency obtained from its export operations and deposited with the Central Bank of Chile;

(ix) except as disclosed in each of the Time of Sale Memorandum and the Final Memorandum, there are no transaction, stamp or other issuance or transfer taxes or duties or other similar fees or withholdings or charges required to be paid in connection with the execution and delivery of this Agreement, the Indenture, the issuance or sale by the Company of the Securities or the enforcement of the Securities, other than (i) a 0.8% stamp tax on the incurrence of the indebtedness evidenced by the Securities, which will be paid by the Company upon the issuance of the Securities, and (ii) a 4% withholding tax on interest payments, and all other payments deemed to be interest payments, with respect to the Securities to the extent paid to a person domiciled or residing outside of Chile. If thin capitalization rules apply, as described in the Time of Sale Memorandum and the Final Memorandum, such interest payments would be subject to a 35% penalty tax that would be payable by the Company. The withholding tax applicable to the interest payments made by the Company can be credited against such 35% penalty tax. Payments of fees, compensations and reimbursement of costs contemplated in this Agreement or in the Indenture, made to persons domiciled or residing outside of Chile are (or may be, in the case of reimbursement of costs) subject to a withholding tax at a rate of up to 35%; *provided, however*, that any such payment (A) is exempted from withholding tax if it is deemed a "*comisión mercantil*" pursuant to the Commercial Code of Chile and the interpretation of the Chilean Internal Revenue Service (*Servicio de Impuestos Internos*, or the "**SII**") or (B) subject to a 15% withholding tax if it is deemed payment for a professional or technical assistance service, *provided* that the payment is not made to a party organized, domiciled or resident in one of the countries which falls under the scope of article 41H of the Chilean Income Tax

Law. The withholding tax rate applicable to payments of fees, compensation, services and reimbursement of costs to a person not domiciled in, or resident of, Chile may be reduced or may be exempted if there is a double taxation treaty in force between Chile and the country of such person's residency that contemplates a reduced or exempt regime applicable to such payments;

(x) none of the holders of the Securities, the Initial Purchasers or the Trustee will be deemed resident, domiciled, carrying on business or subject to any tax liability in Chile solely by reason of the holding of the Securities or the execution, delivery, performance or enforcement of this Agreement, the Indenture or the Securities, assuming that none of such persons is domiciled or is a resident of Chile or has a permanent establishment in Chile;

(xi) the choice of law provisions set forth in Section 15 hereof, in the Indenture and in the Securities are legal, valid and binding under the laws of Chile and such counsel knows of no reason why the courts of Chile would not give effect to the choice of New York law as the proper law of this Agreement, of the Indenture and of the Securities; the Company has the legal capacity to sue and be sued in its own name under the laws of Chile; the Company has been empowered by Decree No. 1,009 issued by the Ministry of Finance, published in the Official Gazette on December 23, 1978, as renewed by Decree No. 1,554 dated October 28, 2019 and published in the Official Gazette on December 18, 2019, to submit, and has irrevocably submitted, to the non-exclusive jurisdiction of the New York courts and has validly and irrevocably appointed Cogency Global Inc. as its authorized agent for the purpose described in Section 14 hereof, in the Indenture and in the Securities under the laws of Chile; the irrevocable submission of the Company to the non-exclusive jurisdiction of the New York courts and the waivers by the Company of any objection to the venue of the proceeding in a New York court herein, in the Indenture and in the Securities are legal, valid and binding under the laws of Chile and such counsel knows of no reason why the courts of Chile would not give effect to such submission and waivers; service of process in the manner set forth in Section 14 hereof, in the Indenture and in the Securities will be effective to confer valid personal jurisdiction over the Company under the laws of Chile; and the courts in Chile will recognize as valid and final, and will enforce, any final and conclusive judgment against the Company obtained in a New York court arising out of or in relation to the obligations of the Company under this Agreement, the Indenture or the Securities, subject only to the conditions and qualifications described in each of the Time of Sale Memorandum and the Final Memorandum under the caption "Enforceability of Civil Liabilities";

(xii) the Company has validly and irrevocably waived, pursuant to Section 17 hereof and to the provisions of the Indenture and the Securities for itself and its revenues and assets, to the full extent permitted by Chilean law, 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, respectively, under this Agreement, the Indenture and the Securities to which it may be entitled or become entitled whether or not claimed, including sovereign immunity, except that (i) for the attachment and judicial sale of mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to such mining concessions, except with respect to mortgages, the consent of the Company will be required and shall be given in the same judicial proceeding in which the attachment and sale is sought (as set forth in article 226 of the Mining Code of Chile); and (ii) pursuant to the Chilean Constitution, the mining concessions corresponding to mining deposits exploited by the Company upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by the Company. Each such waiver is binding under Chilean law and remains in full force and effect; and

(xiii) this Agreement, the Indenture and the Securities are in proper legal form under the laws of Chile for the enforcement thereof against the Company in Chile without the need to obtain any other consent, approval or authorization, to file any notification or to take any further action on the part of the Initial Purchasers or the Trustee and to ensure the legality, validity, enforceability or admissibility in evidence of any of this Agreement, the Indenture and the Securities, and except for their translation into Spanish for their presentation to a Chilean court and subject to the payment of the applicable stamp tax, if any (and applicable readjustments and penalties, if any), it is not necessary that any other document be filed or recorded with any court or other authority in Chile or that any stamp or similar tax be paid on or in respect of any such document or the Securities.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than Chile, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Initial Purchasers; and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Final Memorandum in this Section 6(c) include any amendment or supplement thereto at the Closing Date.

(d) The Company shall have requested and caused María Francisca Domínguez Meza, Acting General Counsel of the Company, to furnish to the Representatives her opinion, dated the Closing Date and addressed to the Representatives, substantially to the effect that:

(i) the Company has been duly created and is validly existing as a state-owned company under the laws of Chile, with full corporate power and authority to own or lease, as the case may be, and to operate its properties, exercise its mining concessions, mining rights and water rights, and conduct its business as described in each of the Time of Sale Memorandum and the Final Memorandum, and is duly qualified to do business under the laws of each jurisdiction which requires such qualification;

(ii) the Indenture has been duly authorized, executed and delivered, and constitutes a legal, valid and binding instrument enforceable against the Company in accordance with its terms (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law); and the Securities have been duly and validly authorized and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Initial Purchasers under this Agreement, will have been duly executed and delivered by the Company and will constitute legal, valid, binding and enforceable obligations of the Company entitled to the benefits of the Indenture (subject, as to the enforcement of remedies, to applicable bankruptcy, liquidation, reorganization, insolvency, moratorium or other laws affecting creditors' rights generally and general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing (regardless of whether considered in a proceeding in equity or at law);

(iii) to the knowledge of such counsel, there is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property that is not set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto), except for such proceedings that, if the subject of an unfavorable decision, ruling or finding, would not, singly or in the aggregate, have a current or prospective material adverse effect (i) on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) on the power or ability of the Company to perform its obligations under this Agreement, the Indenture or the Securities or to consummate the transactions contemplated in each of the Time of Sale Memorandum and the Final Memorandum;

(iv) the Company has an authorized capitalization as set forth in each of the Time of Sale Memorandum and the Final Memorandum under the heading "Capitalization"; and all the outstanding shares of capital stock or other equity interests of each subsidiary of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party;

(v) such counsel has no reason to believe that (i) at the Execution Time, the Time of Sale Memorandum contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (ii) at the Execution Time and on the Closing Date, the Final Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which such counsel need express no opinion);

(vi) this Agreement has been duly authorized, executed and delivered by the Company;

(vii) the Company has all requisite corporate power and authority, has taken all requisite corporate action and has received and is in compliance with all governmental, judicial and other authorizations, approvals and orders necessary to enter into and perform its obligations under this Agreement and the Indenture and to issue and perform its obligations under the Securities, and no consent, approval, authorization, filing with or order of any Chilean court or governmental agency or body is required in connection with the transactions contemplated herein, in the Indenture or in the Securities, except (i) such as may be required under the blue sky or securities laws of any jurisdiction in connection with the purchase and sale of the Securities by the Initial Purchasers in the manner contemplated in this Agreement, the Time of Sale Memorandum and the Final Memorandum; and (ii) the following authorizations and registrations required by Chilean law, which have been obtained and remain in full force and effect: (A) authorization granted by the President of Chile and by Decree of the Minister of Finance, whether general or specific, pursuant to Article 4 of Decree Law No. 2,349 of 1978, and pursuant to Decree No. 1,009 issued by the Ministry of Finance, published in the Official Gazette on December 23, 1978, as renewed by Decree No. 1,554 dated October 28, 2019 and published in the Official Gazette on December 18, 2019; (B) authorization granted by the Minister of Finance to the Company to enter into negotiations relating to the issue of the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 2,456 issued by the Ministry of Finance on December 23, 2019; (C) authorization granted by the Minister of Finance to the Company to issue the Securities, pursuant to Decree Law No. 1,350 of 1976, as amended and pursuant to Ordinary Resolution No. 41 issued by the Ministry of Finance on January 6, 2020; and (D) the delivery to the Ministry of Finance and the Ministry of Mining for approval and possible review of the proposed annual budget and a debt amortization budget pursuant to Decree Law No. 1,350 of 1976, as amended;

(viii) pursuant to Article 52 of the Organic Law of the Central Bank of Chile and Decree Law No. 1,350 of 1976, as amended, the Company is exempt from the Central Bank of Chile's regulations in connection with the issuance, placement and payments upon the Securities. The Company is entitled to make payments under the Securities with its own available foreign currency obtained from its export operations and deposited with the Central Bank of Chile;

(ix) neither the execution and delivery of the Indenture or this Agreement, the issue and sale of the Securities, nor the consummation of any other of the transactions herein or therein contemplated, nor the fulfillment of the terms hereof or thereof will conflict with, result in a breach or violation of, or imposition of any lien, charge or encumbrance upon any property or asset of the Company or any of its subsidiaries pursuant to: (i) any provision of applicable law; (ii) Decree Law No. 1,350 of 1976, as amended from time to time, and the Company's by-laws, as restated in Decree No. 3 of January 13, 2012, or the *Estatutos* of the Company; (iii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Company or any of its subsidiaries is a party or bound or to which its respective property is subject; or (iv) any statute, law, rule, regulation, judgment, order or decree applicable to the Company or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company, any of its subsidiaries or any of their respective properties;

(x) the statements in each of the Time of Sale Memorandum and the Final Memorandum under the captions "Presentation of Financial and Statistical Information", "Enforceability of Civil Liabilities", "Exchange Rates", "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", "Risk Factors—Risks Relating to CODELCO's Operations—Future compliance with a changing and complex regulation scheme may require changes in CODELCO's business", "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", "Risk Factors—Risks Relating to CODELCO's Operations—CODELCO is subject to an extensive labor reform law promulgated by the Government of Chile that could affect its business and operating results in the future", "Risk Factors—Risks Relating to CODELCO's Relationship with the Government of Chile", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Other expenses", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Foreign exchange differences", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations for the Nine Months Ended September 30, 2018 and 2019—Income tax expense", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Distributions to the Chilean Treasury", "Regulatory Framework", "Management", "Related Party Transactions", "Foreign Investment and Exchange Controls in Chile" and "Taxation—Chilean Taxation", insofar as such statements constitute summaries of Chilean legal matters, documents or proceedings referred to therein, fairly summarized the matters therein;

(xi) no subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company, except as described in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto);

(xii) the Company and its subsidiaries possess all concessions, licenses, certificates, permits and other authorizations issued by the appropriate government and other regulatory authorities necessary to conduct their respective businesses, and neither the Company nor any such subsidiary has received any notice of proceedings relating to the revocation or modification of any such concession, certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business;

(xiii) the Company and its subsidiaries have good and marketable title to all real property owned by them and good title to all other properties owned by them, including the Company's mining concessions, mining rights and water rights, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except (i) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto) or (ii) where the failure to have good title would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business; all of the leases and subleases material to the business of the Company and its subsidiaries, taken as a whole, and under which the Company or any of its subsidiaries holds properties described in each of the Time of Sale Memorandum and the Final Memorandum, are in full force and effect, except (i) where the failure to be in full force and effect would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto); and none of the Company or its subsidiaries has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any of its subsidiaries to the continued possession of the leased or subleased premises under any such lease or sublease, except (i) claims which are being contested by the Company or its subsidiaries in good faith and which would not have a current or prospective material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, or (ii) such as are set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto);

(xiv) the choice of law provisions set forth in Section 15 hereof, in the Indenture and in the Securities are legal, valid and binding under the laws of Chile and such counsel knows of no reason why the courts of Chile would not give effect to the choice of New York law as the proper law of this Agreement, of the Indenture and of the Securities; the Company has the legal capacity to sue and be sued in its own name under the laws of Chile; the Company has been empowered by Decree No. 1,009 issued by the Ministry of Finance, published in the Official Gazette on December 23, 1978, as renewed by Decree No. 1,554 dated October 28, 2019 and published in the Official Gazette on December 18, 2019, to submit, and has irrevocably submitted, to the non-exclusive jurisdiction of the New York courts and has validly and irrevocably appointed Cogency Global Inc. as its authorized agent for the purpose described in Section 14 hereof, in the Indenture and in the Securities under the laws of Chile; the irrevocable submission of the Company to the non-exclusive jurisdiction of the New York courts and the waivers by the Company of any objection to the venue of the proceeding in a New York court herein, in the Indenture and in the Securities are legal, valid and binding under the laws of Chile and such counsel knows of no reason why the courts of Chile would not give effect to such submission and waivers; service of process in the manner set forth in Section 14 hereof, in the Indenture and in the Securities will be effective to confer valid personal jurisdiction over the Company under the laws of Chile; and the courts in Chile will recognize as valid and final, and will enforce, any final and conclusive judgment against the Company obtained in a New York court arising out of or in relation to the obligations of the Company under this Agreement, the Indenture or the Securities, subject only to the conditions and qualifications described in each of the Time of Sale Memorandum and the Final Memorandum under the caption “Enforceability of Civil Liabilities”;

(xv) to the knowledge of such counsel, the Company and its subsidiaries (i) are in compliance with any and all Environmental Laws, (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a material adverse effect on the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business;

(xvi) except as disclosed in each of the Time of Sale Memorandum and the Final Memorandum, there are no transaction, stamp or other issuance or transfer taxes or duties or other similar fees or withholdings or charges required to be paid in connection with the execution and delivery of this Agreement, the Indenture, the issuance or sale by the Company of the Securities or the enforcement of the Securities, other than (i) a 0.8% stamp tax on the incurrence of the indebtedness evidenced by the Securities, which will be paid by the Company upon the issuance of the Securities, and (ii) a 4% withholding tax on interest payments, and all other payments deemed to be interest payments, with respect to the Securities to the extent paid to a person domiciled or residing outside of Chile. If thin capitalization rules apply, as described in the Time of Sale Memorandum and the Final Memorandum, such interest payments would be subject to a 35% penalty tax that would be payable by the Company. The withholding tax applicable to the interest payments made by the Company can be credited against such 35% penalty tax. Payments of fees, compensations and reimbursement of costs contemplated in this Agreement or in the Indenture, made to persons domiciled or residing outside of Chile are (or may be, in the case of reimbursement of costs) subject to a withholding tax at a rate of up to 35%; *provided, however*, that any such payment (A) is exempted from withholding tax if it is deemed a "*comisión mercantil*" pursuant to the Commercial Code of Chile and the interpretation of the SII or (B) subject to a 15% withholding tax if it is deemed payment for a professional or technical assistance service, *provided* that the payment is not made to a party organized, domiciled or resident in one of the countries which falls under the scope of article 41H of the Chilean Income Tax Law. The withholding tax rate applicable to payments of fees, compensation, services and reimbursement of costs to a person not domiciled in, or resident of, Chile may be reduced or may be exempted if there is a double taxation treaty in force between Chile and the country of such person's residency that contemplates a reduced or exempt regime applicable to such payments;

(xvii) none of the holders of the Securities, the Initial Purchasers or the Trustee will be deemed resident, domiciled, carrying on business or subject to any tax liability in Chile solely by reason of the holding of the Securities or the execution, delivery, performance or enforcement of this Agreement, the Indenture or the Securities, assuming that none of such persons is domiciled or is a resident of Chile or has a permanent establishment in Chile;

(xviii) the Company has validly and irrevocably waived pursuant to Section 17 hereof and to the provisions of the Indenture and the Securities for itself and its revenues and assets, to the full extent permitted by Chilean law, 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, respectively, under this Agreement, the Indenture and the Securities that it may be entitled or become entitled whether or not claimed, including sovereign immunity, except that (i) for the attachment and judicial sale of mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to such mining concessions, except with respect to mortgages, the consent of the Company will be required and shall be given in the same judicial proceeding in which the attachment and sale is sought (as set forth in article 226 of the Mining Code of Chile); and (ii) pursuant to the Chilean Constitution, the mining concessions corresponding to mining deposits exploited by the Company upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by the Company. Each such waiver is binding under Chilean law and remains in full force and effect; and

(xix) this Agreement, the Indenture and the Securities are in proper legal form under the laws of Chile for the enforcement thereof against the Company in Chile without the need to obtain any other consent, approval or authorization, to file any notification or to take any further action on the part of the Initial Purchasers or the Trustee and to ensure the legality, validity, enforceability or admissibility in evidence of any of this Agreement, the Indenture and the Securities, and except for their translation into Spanish for their presentation to a Chilean court and subject to the payment of the applicable stamp tax, if any (and applicable readjustments and penalties, if any), it is not necessary that any other document be filed or recorded with any court or other authority in Chile or that any stamp or similar tax be paid on or in respect of any such document or the Securities.

In rendering such opinion, such counsel may rely (A) as to matters involving the application of laws of any jurisdiction other than Chile, to the extent they deem proper and specified in such opinion, upon the opinion of other counsel of good standing whom they believe to be reliable and who are satisfactory to counsel for the Initial Purchasers; and (B) as to matters of fact, to the extent they deem proper, on certificates of responsible officers of the Company and public officials. References to the Final Memorandum in this Section 6(d) include any amendment or supplement thereto at the Closing Date.

(e) The Representatives shall have received from Davis Polk & Wardwell LLP, U.S. counsel for the Representatives, such opinion or opinions, dated the Closing Date and addressed to the Representatives, with respect to the issuance and sale of the Securities, the Indenture, the Time of Sale Memorandum and the Final Memorandum (as amended or supplemented at the Closing Date) and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(f) The Representatives shall have received from Philippi, Prietocarrizosa Ferrero DU & Uría, Chilean counsel for the Representatives, such opinion or opinions, dated the Closing Date and addressed to the Representatives, with respect to the issuance and sale of the Securities, the Indenture, the Time of Sale Memorandum, the Final Memorandum (as amended or supplemented at the Closing Date) and other related matters as the Representatives may reasonably require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(g) The Company shall have furnished to the Representatives a certificate of the Company, signed by the Head of Finance of the Company, dated the Closing Date, to the effect that the signatory of such certificate has carefully examined each of the Time of Sale Memorandum, the Final Memorandum, any amendment or supplement to the Final Memorandum and this Agreement and that:

(i) the representations and warranties of the Company in this Agreement are true and correct in all material respects on and as of the Closing Date with the same effect as if made on the Closing Date, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date; and

(ii) since the date of the most recent financial statements included in each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto), there has been no development giving rise to a current or prospective material adverse change in the condition (financial or otherwise), earnings, business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated by each of the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(h) At the Execution Time, the Company shall have requested and caused Ernst & Young Servicios Profesionales de Auditoría y Asesorías SpA, independent audit firm with respect to the Company, to furnish to the Representatives a letter, dated as of the Execution Time, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the full-year 2016 financial statements and certain financial and other information contained in each of the Preliminary Memorandum and the Final Memorandum.

(i) At the Execution Time and at the Closing Date, the Company shall have requested and caused Deloitte Auditores y Consultores Ltda., independent audit firm with respect to the Company, to furnish to the Representatives letters, dated respectively as of the Execution Time and as of the Closing Date, in form and substance satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the full-year 2017 and 2018 financial statements, the interim unaudited consolidated financial statements as of and for the nine months ended September 30, 2018 and September 30, 2019 and certain financial and other information contained in each of the Preliminary Memorandum and the Final Memorandum; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than three business days prior to the date thereof.

References to the Final Memorandum in this Section 6(h) include any amendment or supplement thereto at the date of the applicable letter.

(j) Subsequent to the Execution Time or, if earlier, the dates as of which information is given in each of the Time of Sale Memorandum and the Final

Memorandum (exclusive of any amendment or supplement thereto), there shall not have been (i) any change or decrease specified in the letter or letters referred to in paragraph 6(h) of this Section 6; or (ii) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), business or properties of the Company and its subsidiaries, taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth or contemplated in the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto) the effect of which, in any case referred to in clause (i) or (ii) above, is, in the reasonable judgment of the Representatives, so material and adverse as to make it impractical or inadvisable to proceed with the offering, sale or delivery of the Securities as contemplated by the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

(k) Subsequent to the Execution Time, there shall not have been any decrease in the rating accorded the Company or any of the Company's foreign-currency denominated debt securities by any "nationally recognized statistical rating organization" (as such term is defined in Section 3(a)(62) of the Exchange Act) or any notice given of any intended or potential decrease in any such rating or of a possible change in any such rating that does not indicate the direction of the possible change.

(l) At the Execution Time and on the Closing Date, the Representatives shall have received a written certificate executed by the Chief Financial Officer of the Company, in form and substance reasonably satisfactory to the Representatives, with respect to certain financial information contained in the Offering Memorandum.

(m) Prior to the Closing Date, the Company shall have furnished to the Representatives such further information, certificates and documents as the Representatives may reasonably request.

If any of the conditions specified in this Section 6 shall not have been fulfilled in all material respects when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not have been delivered in form and substance reasonably satisfactory to the Representatives and counsel for the Initial Purchasers, this Agreement and all obligations of the Initial Purchasers hereunder may be canceled at, or at any time prior to, the Closing Date by the Representatives. Notice of such cancellation shall be given to the Company in writing or by telephone or facsimile confirmed in writing.

The documents required to be delivered by this Section 6 will be delivered at the office of counsel for the Initial Purchasers, Davis Polk & Wardwell LLP, at 450 Lexington Avenue, New York, New York 10017, on the Closing Date.

7. Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless each Initial Purchaser, the directors, officers, employees, affiliates and agents of each Initial Purchaser and each person who controls any Initial Purchaser within the meaning of either the Act or the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the Act, the Exchange Act or any other federal or state statutory law or regulation, at common law or otherwise, insofar as

such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Time of Sale Memorandum, any Additional Written Offering Communication prepared by or on behalf of, used by, or referred to by the Company, any "road show" as defined in Rule 433(h) under the Act (a "road show"), or the Final Memorandum or any information provided by the Company to any holder or prospective purchaser of Securities pursuant to Section 5(j), or in any amendment thereof or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and agrees to reimburse each such indemnified party, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action, as such expenses are incurred; *provided*, *however*, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement or alleged untrue statement or omission or alleged omission made in the Time of Sale Memorandum or the Final Memorandum, or in any amendment thereof or supplement thereto, or in any Additional Written Offering Communication, in reliance upon and in conformity with written information furnished to the Company by or on behalf of any Initial Purchasers through the Representatives specifically for inclusion therein.

(b) Each Initial Purchaser severally and not jointly agrees to indemnify and hold harmless the Company, each of its directors, each of its officers, and each person who controls the Company within the meaning of either the Act or the Exchange Act, to the same extent as the foregoing indemnity from the Company to each Initial Purchaser, but only with reference to information relating to such Initial Purchaser furnished to the Company in writing by or on behalf of such Initial Purchaser through the Representatives specifically for inclusion in the Time of Sale Memorandum, road show or the Final Memorandum (or in any amendment or supplement thereto). The indemnity agreement under this Section 7 will be in addition to any liability which any Initial Purchaser may otherwise have. The Company acknowledges that (i) the names of the Representatives set forth on the cover page, (ii) the statements set forth in the last paragraph of the cover page regarding delivery of the Securities and (iii) under the heading "Plan of Distribution": (A) the names of the Representatives and the amounts in the table, (B) the single sentence following the second full paragraph regarding the purchase price, (C) the fifth sentence of the eighth paragraph regarding market making activities, (D) the ninth paragraph related to stabilization and syndicate covering transactions and (E) the third sentence of the eleventh paragraph regarding hedging activity, constitute the only information furnished in writing by or on behalf of the Initial Purchasers for inclusion in the Time of Sale Memorandum or the Final Memorandum (or in any amendment or supplement thereto).

(c) Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this Section 7, notify the indemnifying party in writing of the commencement thereof; but the failure so to notify the indemnifying party (i) will not relieve it from liability under paragraphs (a) or (b) above unless and to the extent it did not otherwise learn of such action and such failure results in the forfeiture by the indemnifying party of substantive rights and defenses; and (ii) will not, in any event, relieve the indemnifying party from any obligations to any indemnified party other than the indemnification obligation provided in paragraphs (a) or (b) above. The indemnifying party shall be entitled to appoint counsel of the indemnifying party's choice at the indemnifying party's expense to represent the indemnified party in any action for which indemnification is sought (in which case the indemnifying party shall not thereafter be responsible for the fees and expenses of any separate counsel (including local counsel) retained by the indemnified party or parties except as set forth below); *provided*, *however*, that such counsel shall be satisfactory to the indemnified party. Notwithstanding the indemnifying party's election to appoint counsel to represent the indemnified party in an action, the indemnified party shall have the right to employ separate counsel (including local counsel), and the indemnifying party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of counsel chosen by the indemnifying party to represent the indemnified party would present such counsel with a conflict of interest; (ii) the actual or potential defendants in, or targets of, any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party; (iii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of the institution of such action; or (iv) the indemnifying party shall authorize the indemnified party to employ separate counsel at the expense of the indemnifying party. It is understood, however, that the indemnifying party shall, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of only one such separate firm of attorneys (in addition to any local counsel) at any time for all such indemnified parties and controlling persons, which firm shall be designated in writing by the indemnified parties. An indemnifying party will not, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding; and (ii) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) In the event that the indemnity provided in paragraphs (a) or (b) of this Section 7 is unavailable to or insufficient to hold harmless an indemnified party for any reason, the Company and the Initial Purchasers agree to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with investigating or defending same) (collectively "**Losses**") to which the Company and one or more of the Initial Purchasers may be subject in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and by the Initial Purchasers on the other from the offering of the Securities; *provided*, *however*, that in no case shall any Initial Purchaser (except as may be provided in any agreement among the Initial Purchasers relating to the offering of the Securities) be responsible for any amount in excess of the purchase discount or commission applicable to the Securities purchased by such Initial Purchaser hereunder. If the allocation provided by the immediately preceding sentence is unavailable for any reason, the Company and the Initial Purchasers shall contribute in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and of the Initial Purchasers on the other in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. Benefits received by the Company shall be deemed to be equal to the total net proceeds from the offering (before deducting expenses) received by it, and benefits received by the Initial Purchasers shall be deemed to be equal to the total purchase discounts and commissions in each case set forth on the cover of the Final Memorandum. Relative fault shall be determined by reference to, among other things, (i) whether any untrue or any alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information provided by the Company on the one hand or the Initial Purchasers on the other, (ii) the intent of the parties and (iii) their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Company and the Initial Purchasers agree that it would not be just and equitable if contribution were determined by *pro rata* allocation or any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this paragraph (d), no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 7, each person who controls an Initial Purchaser within the meaning of either the Act or the Exchange Act and each director, officer, employee, affiliate and agent of an Initial Purchaser shall have the same rights to contribution as such Initial Purchaser, and each person who controls the Company within the meaning of either the Act or the Exchange Act and each officer and director of the Company shall have the same rights to contribution as the Company, subject in each case to the applicable terms and conditions of this paragraph (d). Notwithstanding the provisions of this Section 7, no Initial Purchaser shall be required to contribute any amount in excess of the discounts received by such Initial Purchaser in connection with the Securities distributed by it. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several, and not joint, in proportion to their respective commitments as set forth opposite their names in SCHEDULE I.

8. Default by an Initial Purchaser. If any one or more Initial Purchasers shall fail to purchase and pay for any of the Securities agreed to be purchased by such Initial Purchaser hereunder and such failure to purchase shall constitute a default in the performance of its or their obligations under this Agreement, the remaining Initial Purchasers shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of Securities set forth opposite their names in SCHEDULE I hereto bears to the aggregate principal amount of Securities set forth opposite the names of all the remaining Initial Purchasers) the Securities which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase; *provided*, *however*, that in the event that the aggregate principal amount of Securities which the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase shall exceed 10% of the aggregate principal amount of Securities set forth in SCHEDULE I hereto, the remaining

Initial Purchasers shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Securities, and if such nondefaulting Initial Purchasers do not purchase all the Securities, this Agreement will terminate without liability to any nondefaulting Initial Purchaser or the Company. In the event of a default by any Initial Purchaser as set forth in this Section 8, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the Representatives shall determine in order that the required changes in the Final Memorandum or in any other documents or arrangements may be effected. Nothing contained in this Agreement shall relieve any defaulting Initial Purchaser of its liability, if any, to the Company or any nondefaulting Initial Purchaser for damages occasioned by its default hereunder.

9. Termination. This Agreement shall be subject to termination in the absolute discretion of the Representatives, by notice given to the Company prior to delivery of and payment for the Securities, if at any time prior to such time (i) trading in securities generally on the Santiago Stock Exchange, the New York Stock Exchange or the Nasdaq National Market shall have been suspended or limited or minimum prices shall have been established on either such exchange or the Nasdaq National Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a banking moratorium shall have been declared in New York either by federal or New York state authorities or in Chile by the Chilean Central Bank or other competent government regulator; or (iv) there shall have occurred any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis the effect of which on financial markets is such as to make it, in the reasonable judgment of the Representatives, impracticable or inadvisable to proceed with the offering, sale or delivery of the Securities as contemplated by this Agreement, the Time of Sale Memorandum and the Final Memorandum (exclusive of any amendment or supplement thereto).

10. Representations, Covenants and Indemnities to Survive. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers and of the Initial Purchasers set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of the Initial Purchasers or the Company or any of the officers, directors or controlling persons referred to in Section 7 hereof, and will survive delivery of and payment for the Securities. The provisions of Sections 5(p) and 7 hereof shall survive the termination or cancellation of this Agreement.

11. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Initial Purchaser that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Initial Purchaser of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Initial Purchaser that is a Covered Entity or a BHC Act Affiliate of such Initial Purchaser becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Initial Purchaser are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

12. Notices. All communications hereunder will be in writing and effective only upon receipt, and, if sent to the Representatives, will be mailed, delivered or telefaxed to BofA Securities, Inc., 50 Rockefeller Plaza, NY1-050-12-02, New York, New York 10020, (fax: (646) 855-5958), Attention: High Grade Transaction Management/Legal; HSBC Securities (USA) Inc. (fax no.: 212-525-0238), 452 Fifth Avenue, New York, New York 10018; J.P. Morgan Securities LLC (fax no.: 212-834-6326), 383 Madison Avenue, New York, New York 10179, Attention: Latin America Debt Capital Markets; and Scotia Capital (USA) Inc. (email: us.legal@scotiabank.com), 250 Vesey Street, New York, New York 10281, Attention: Debt Capital Markets, or, if sent to the Company, will be mailed, delivered or telefaxed to the Corporación Nacional del Cobre de Chile, c/o María Francisca Domínguez Meza, Acting General Counsel (fax no.: 562-2690-3021) Huérfanos 1270, Santiago, Chile, Attention: Legal Department.

13. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 7 hereof, and, except as expressly set forth in Section 5(j) hereof, no other person will have any right or obligation hereunder.

14. Jurisdiction. The Company agrees that any suit, action or proceeding against the Company brought by any Initial Purchaser, the directors, officers, employees, affiliates and agents of any Initial Purchaser, or by any person who controls any Initial Purchaser, arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in any New York state or U.S. federal court located in the Borough of Manhattan, the City of New York, New York, and waives, to the extent legally permitted, any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The Company has appointed Cogency Global Inc. as its authorized agent (the "**Authorized Agent**") upon whom process may be served in any suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated herein which may be instituted in any state or federal court in the City of New York, New York, by any Initial Purchaser, the directors, officers, employees, affiliates and agents of any Initial Purchaser, or by any person who controls any Initial Purchaser, and expressly accepts the non-exclusive jurisdiction of any such court in respect of any such suit, action or proceeding. The Company hereby represents and warrants that the Authorized Agent has accepted such appointment and has agreed to act as said agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Company. Notwithstanding the foregoing, any action arising out of or based upon this Agreement may be instituted by any Initial Purchaser, the directors, officers, employees, affiliates and agents of any Initial Purchaser, or by any person who controls any Initial Purchaser, in any court of competent jurisdiction in Chile. The Company hereby irrevocably waives trial by jury in any legal action or proceeding relating to

this Agreement and for any counterclaim relating thereto. The Company acknowledges that each Initial Purchaser is entering into this Agreement in reliance upon such waiver.

15. Applicable Law. This Agreement and any claim, controversy or dispute arising under or related to this Agreement will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed within the State of New York.

16. Currency. Each reference in this Agreement to U.S. dollars (the "**relevant currency**") is of the essence. To the fullest extent permitted by law, the obligation of the Company in respect of any amount due under this Agreement will, notwithstanding any payment in any other currency (whether pursuant to a judgment or otherwise), be discharged only to the extent of the amount in the relevant currency that the party entitled to receive such payment may, in accordance with its normal procedures, purchase with the sum paid in such other currency (after any premium and costs of exchange) on the Business Day immediately following the day on which such party receives such payment. If the amount in the relevant currency that may be so purchased for any reason falls short of the amount originally due, the Company will pay such additional amounts, in the relevant currency, as may be necessary to compensate for the shortfall. Any obligation of the Company not discharged by such payment will, to the fullest extent permitted by applicable law, be due as a separate and independent obligation and, until discharged as provided herein, will continue in full force and effect.

17. Waiver of Immunity. To the extent that the Company may be entitled in any jurisdiction in which judicial proceedings may at any time be commenced hereunder, to claim for itself or its revenues or assets any immunity, including sovereign immunity, from suit, jurisdiction, attachment in aid of execution of a judgment or prior to a judgment, execution of a judgment or any other legal process with respect to its obligations hereunder, and to the extent that in any such jurisdiction there may be attributed to the Company such an immunity (whether or not claimed), the Company hereby irrevocably agrees not to claim and irrevocably waives such immunity to the maximum extent permitted by law, except that (i) for the attachment and judicial sale of mining concessions and installations and other goods permanently dedicated to exploration or extraction of minerals relating to such mining concessions, except with respect to mortgages, the consent of the Company will be required and shall be given in the same judicial proceeding in which the attachment and sale is sought (as set forth in article 226 of the Mining Code of Chile); and (ii) pursuant to the Chilean Constitution, the mining concessions corresponding to mining deposits exploited by the Company upon its creation in 1976 cannot be subject to attachment nor to any act of disposition by the Company. Each such waiver is binding under Chilean law and remains in full force and effect. Notwithstanding the foregoing, any action based on this Agreement may be instituted by the Initial Purchasers in any competent court in Chile.

18. Payment Free and Clear. All payments to be made by the Company under this Agreement shall be paid free and clear of, and without deduction or withholding for or on account of, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature (including any amounts that result from the payment of fees, compensation or reimbursement of costs contemplated in this Agreement or in the Indenture), imposed by Chile, or by any department, agency or other political subdivision or taxing authority thereof, and all

interest, penalties or similar liabilities with respect thereto (collectively, "**Chilean Taxes**"). If any Chilean Taxes are required by law to be deducted or withheld in connection with such payments, the Company will pay such additional amounts as may be necessary so that the full amount of such payment is received by the Initial Purchasers, except that no additional amounts shall be paid with respect to any such taxes, levies, imposts, duties, fees, assessments or charges (i) imposed by reason of an Initial Purchaser having some connection with the jurisdiction imposing the tax other than solely as a result of its participation as an Initial Purchaser hereunder or (ii) imposed by virtue of an Initial Purchaser's failure to comply with any certification, identification or other reporting requirement, if such compliance is required under applicable law as a precondition to relief or exemption from such taxes, levies, imposts, duties, fees, assessments or charges.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same instrument.

20. Headings. The section headings used herein are for convenience only and shall not affect the construction hereof.

21. Definitions. The terms which follow, when used in this Agreement, shall have the meanings indicated.

"**Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Affiliate**" shall have the meaning specified in Rule 501(b) of Regulation D.

"**Business Day**" shall mean any day other than a Saturday, a Sunday or a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in the City of New York, New York, U.S.A. or Santiago, Chile.

"**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"**Chile**" shall mean the Republic of Chile.

"**Commission**" shall mean the Securities and Exchange Commission.

"**Covered Entity**" means any of the following:

(i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Execution Time**" shall mean 4:05 P.M., New York City time, on January 7, 2020.

"**Investment Company Act**" shall mean the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Regulation D**" shall mean Regulation D under the Act.

"**Regulation S**" shall mean Regulation S under the Act.

"**Trust Indenture Act**" shall mean the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**U.S. Special Resolution Regime**" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this Agreement and your acceptance shall represent a binding agreement between the Company and the several Initial Purchasers.

Very truly yours,

Corporación Nacional del Cobre de Chile

By: ______________________________
Name: Alejandro Sanhueza Díaz
Title: Head of Finance

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

BofA Securities, Inc.

By: ______________________

Name: **Matthew Radley**

Title: **Managing Director**

For themselves and the other several
Initial Purchasers named in
Schedule I to the foregoing Agreement.

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

HSBC Securities (USA) Inc.

By: ______________________
Name: Diane Kenna
Title: Managing Director

For themselves and the other several
Initial Purchasers named in
Schedule I to the foregoing Agreement.

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

J.P. Morgan Securities LLC

By: ______________________

Name: Ana Silva-Klarish
Title: Executive Director

For themselves and the other several Initial Purchasers named in Schedule I to the foregoing Agreement.

The foregoing Agreement is hereby
confirmed and accepted as of the
date first above written.

Scotia Capital (USA) Inc.

By:______________________
Name: Juan Fullaondo
Title: Managing Director & Head

For themselves and the other several
Initial Purchasers named in
Schedule I to the foregoing Agreement.

SCHEDULE I

Initial Purchasers	Principal Amount of 2030 Notes to be Purchased	Principal Amount of 2050 Notes to be Purchased
BofA Securities, Inc.	U.S.$250,000,000	U.S.$250,000,000
HSBC Securities (USA) Inc.	U.S.$250,000,000	U.S.$250,000,000
J.P. Morgan Securities LLC	U.S.$250,000,000	U.S.$250,000,000
Scotia Capital (USA) Inc.	U.S.$250,000,000	U.S.$250,000,000
Total	U.S.$1,000,000,000	U.S.$1,000,000,000

SCHEDULE II

Time of Sale Memorandum

1. Preliminary Memorandum, dated January 7, 2020.

2. Pricing Term Sheets, dated January 7, 2020.

Selling Restrictions for Offers and Sales outside the United States

(1) (a) The Securities have not been and will not be registered under the Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Act. Each Initial Purchaser represents and agrees that, except as permitted by Section 4(a)(i) of the Agreement to which this is an exhibit, it has not offered or sold, and will not offer or sell, any Securities constituting part of its allotment to U.S. persons (which term shall not include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)). Accordingly, each Initial Purchaser represents and agrees that neither it, nor any of its Affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities. Terms used in this paragraph have the meanings given to them by Regulation S.

(b) Each Initial Purchaser also represents and agrees that it has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined by Regulation S) with respect to the distribution of the Securities, except with its Affiliates or with the prior written consent of the Company.

(2) Each Initial Purchaser, severally and not jointly, represents, warrants and agrees that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 any Securities which are the subject of the offering contemplated by the Offering Memorandum in circumstances in which Section 21(1) of the FSMA does not apply to the Company;

(b) 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; and

(c) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the European Economic Area. For the purposes of this provision:

A. the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"); and

B. the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes.

For purposes of this provision, the expression “Prospectus Directive” means Directive 2003/71/EC (including Directive 2010/73/EU) and includes any relevant implementing measure in any Member State of the European Economic Area.

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Corporación Nacional del Cobre de Chile

U.S.$1,000,000,000 3.150% Notes due 2030

Pricing Term Sheet

Issuer:	Corporación Nacional del Cobre de Chile
Security Description:	3.150% Notes due 2030 (the “Notes”)
Type of Offering:	Rule 144A / Regulation S
Size:	U.S.$1,000,000,000
Maturity Date:	January 14, 2030
Coupon:	3.150%
Price to Public:	99.787% of principal amount, plus accrued interest, if any, from January 14, 2020
Yield to Maturity:	3.175%
Spread to Benchmark Treasury:	+135 bps
Benchmark Treasury:	1.750% due November 2029
Benchmark Treasury Price and Yield:	99-10+; 1.825%
Gross Proceeds to Issuer:	U.S.$997,870,000
Interest Payment Dates:	January 14 and July 14, of each year, commencing July 14, 2020
Trade Date:	January 7, 2020
Settlement Date:	January 14, 2020 (T+5)
Optional Redemption:	Make-whole Call: Prior to October 14, 2029 (the date that is three months prior to the maturity date), at T+25 bps Par Call: On or after October 14, 2029 (the date that is three months prior to the maturity date)

Tax Redemption:	In the event of certain changes in the withholding tax treatment relating to payments on the Notes, redeemable in whole but not in part, at 100% of their principal amount, plus accrued and unpaid interest to the date of redemption, and any additional amounts due thereon.
Additional Amounts:	In the event of withholding on account of certain taxes imposed by Chile, Issuer will pay additional amounts.
Day Count Convention:	30 / 360
Minimum Denominations:	U.S.$200,000 / U.S.$1,000
Expected Listing:	Luxembourg Euro MTF
Expected Ratings*:	A3, stable / A+, negative (Moody's / S&P)
Joint Book-Running Managers:	BofA Securities, Inc. HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Scotia Capital (USA) Inc.
144A CUSIP / ISIN:	21987BBB3 / US21987BBB36
Regulation S CUSIP / ISIN:	P3143NBH6 / USP3143NBH63

***A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

This communication is intended for the sole use of the person to whom it is provided by the sender.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and are being offered only (i) to qualified institutional buyers under Rule 144A of the Securities Act and (ii) outside the United States in compliance with Regulation S under the Securities Act.

Delivery of the Notes is expected on or about January 14, 2020 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 two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes 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 prior to their date of delivery hereunder should consult their own advisor.

The information in this term sheet supplements the Issuer's Preliminary Offering Memorandum dated January 7, 2020 (the "Preliminary Offering Memorandum") and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. This term sheet should be read in conjunction with the Preliminary Offering Memorandum.

ANY DISCLAIMER OR OTHER NOTICE THAT MAY APPEAR BELOW IS NOT APPLICABLE TO THIS COMMUNICATION AND SHOULD BE DISREGARDED. SUCH DISCLAIMER OR NOTICE WAS AUTOMATICALLY GENERATED AS A RESULT OF THIS COMMUNICATION BEING SENT BY BLOOMBERG OR ANOTHER E-MAIL SYSTEM.

Corporación Nacional del Cobre de Chile

U.S.$1,000,000,000 3.700% Notes due 2050

Pricing Term Sheet

Issuer:	Corporación Nacional del Cobre de Chile
Security Description:	3.700% Notes due 2050 (the "Notes")
Type of Offering:	Rule 144A / Regulation S
Reopening Principal Amount:	U.S.$1,000,000,000
Reopening:	The Notes will constitute a further issuance of and will form a single series with the Issuer's U.S.$900,000,000 3.700% Notes due 2050 (the "Original Notes") (for a total aggregate principal amount of U.S.$1,900,000,000). The Notes will have substantially identical terms as the Original Notes and will become fully fungible with the Original Notes following the termination of certain U.S. selling restrictions. During the periods subject to certain U.S. selling restrictions, the Notes offered pursuant to Regulation S will have temporary CUSIPs and ISINs.
Maturity Date:	January 30, 2050
Coupon:	3.700%
Reoffer Price to Public:	95.489% of principal amount, plus accrued interest in the amount of U.S.$ 10.68889 per U.S.$1,000 principal amount of Notes for the period from and including September 30, 2019 up to but excluding January 14, 2020
Yield to Maturity:	3.958%
Spread to Benchmark Treasury:	+165 bps
Benchmark Treasury:	2.250% due August 2049
Benchmark Treasury Price and Yield:	98-24; 2.308%

Gross Proceeds to Issuer (excluding accrued interest):	U.S.$954,890,000
Interest Payment Dates:	January 30 and July 30 of each year, commencing January 30, 2020. Interest accrues from September 30, 2019.
Trade Date:	January 7, 2020
Settlement Date:	January 14, 2020 (T+5)
Optional Redemption:	Make-whole Call: Prior to July 30, 2049 (the date that is six months prior to the maturity date), at T+25 bps Par Call: On or after July 30, 2049 (the date that is six months prior to the maturity date)
Tax Redemption:	In the event of certain changes in the withholding tax treatment relating to payments on the Notes, redeemable in whole but not in part, at 100% of their principal amount, plus accrued and unpaid interest to the date of redemption, and any additional amounts due thereon.
Additional Amounts:	In the event of withholding on account of certain taxes imposed by Chile, Issuer will pay additional amounts.
Day Count Convention:	30 / 360
Minimum Denominations:	U.S.$200,000 / U.S.$1,000
Expected Listing:	Luxembourg Euro MTF
Expected Ratings*:	A3, stable / A+, negative (Moody's / S&P)
Joint Book-Running Managers:	BofA Securities, Inc. HSBC Securities (USA) Inc. J.P. Morgan Securities LLC Scotia Capital (USA) Inc.
144A CUSIP / ISIN:	21987BBA5 / US21987BBA52
Regulation S CUSIP / ISIN:	P3143NBF0 / USP3143NBF08

Temporary Regulation S CUSIP / ISIN for the 40-day distribution period:	P3143NBJ2 / USP3143NBJ20

***A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.**

This communication is intended for the sole use of the person to whom it is provided by the sender.

The Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and are being offered only (i) to qualified institutional buyers under Rule 144A of the Securities Act and (ii) outside the United States in compliance with Regulation S under the Securities Act.

Delivery of the Notes is expected on or about January 14, 2020 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 two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the delivery of the Notes 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 prior to their date of delivery hereunder should consult their own advisor.

The information in this term sheet supplements the Issuer's Preliminary Offering Memorandum dated January 7, 2020 (the "Preliminary Offering Memorandum") and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum. This term sheet should be read in conjunction with the Preliminary Offering Memorandum.

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