

# **CORPORACION NACIONAL DEL COBRE DE CHILE**

Unaudited interim consolidated financial statements  
As of June 30, 2018 and for the six-month and three-month periods ended  
June 30, 2018 and 2017

## INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying interim consolidated financial statements of Corporación Nacional del Cobre de Chile and its subsidiaries (the "Company"), which comprise the interim consolidated statement of financial position as of June 30, 2018, the interim consolidated statements of comprehensive income for the six-month and three-month periods ended June 30, 2018 and 2017, the interim consolidated statements of changes in equity and cash flows for the six-month periods then ended, and the related notes to the interim consolidated financial statements.

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

The Company's management is responsible for the preparation and fair presentation of the interim consolidated financial statements in accordance with IAS 34 "*Interim Financial Reporting*" incorporated in the International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB). This responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim consolidated financial statements in accordance with the applicable financial reporting framework.

### Auditors' Responsibility

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

### Conclusion


Based on our reviews, we are not aware of any material modifications that should be made to the interim consolidated financial information referred to above for it to be in accordance with IAS 34 "*Interim Financial Reporting*" incorporated in the International Financial Reporting Standards.

**Other matter - Consolidated Financial Information at December 31, 2017**

On March 29, 2018, based on our audit, we issued an unmodified opinion on the Company's consolidated financial statements as of December 31, 2017, which includes the consolidated statement of financial position as of December 31, 2017, which is presented in the accompanying interim consolidated financial statements, along with its related notes.

**Other matter – Translation into English**

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

  
August 30, 2018  
Santiago, Chile

  
Mario Muñoz V.



# **CODELCO – CHILE**

**Unaudited interim consolidated financial statements as of June 30, 2018 and for the six-month and three – month periods ended June 30, 2018 and 2017**

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

**TABLE OF CONTENTS**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

|   |           |
|---|-----------|
| <b>INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b> .....                          | <b>5</b>  |
| <b>INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION</b> .....                          | <b>6</b>  |
| <b>INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b> .....                        | <b>7</b>  |
| <b>INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME</b> .....                        | <b>8</b>  |
| <b>INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS – DIRECT METHOD</b> .....                  | <b>9</b>  |
| <b>INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY</b> .....                           | <b>10</b> |
| <b>I. GENERAL INFORMATION</b> .....   | <b>11</b> |
| 1. Corporate Information .....  | 11        |
| 2. Basis of Presentation of the Consolidated Financial Statements.....                      | 12        |
| <b>II. SIGNIFICANT ACCOUNTING POLICIES</b> .....  | <b>13</b> |
| 1. Significant Judgments and Key Estimates .....  | 13        |
| 2. Significant accounting policies .....  | 17        |
| 3. New standards and interpretations adopted by the Corporation .....                       | 35        |
| 4. New accounting pronouncements .....  | 37        |
| <b>III. EXPLANATORY NOTES</b> .....   | <b>41</b> |
| 1. Cash and cash equivalents .....  | 41        |
| 2. Trade and other receivables.....   | 41        |
| 3. Balance and transactions with related parties .....                                      | 43        |
| 4. Inventories .....  | 49        |
| 5. Income taxes and deferred taxes.....   | 50        |
| 6. Current and non-current tax assets and liabilities.....                                  | 53        |
| 7. Non-current assets or groups of assets for disposition classified as held for sale ..... | 53        |
| 8. Property, Plant and Equipment .....  | 54        |
| 9. Investments accounted for using the equity method.....                                   | 58        |
| 10. Intangible assets other than goodwill .....   | 65        |
| 11. Subsidiaries .....  | 67        |
| 12. Other non-current non-financial assets.....   | 68        |
| 13. Current and non-current financial assets .....  | 68        |
| 14. Interest-bearing borrowings.....  | 69        |
| 15. Fair Value of financial assets and liabilities .....                                    | 79        |
| 16. Fair value hierarchy.....   | 79        |
| 17. Trade and other payables .....  | 80        |
| 18. Other provisions .....  | 80        |
| 19. Employee benefits .....   | 81        |
| 20. Equity .....  | 84        |
| 21. Revenue .....   | 87        |
| 22. Expenses by nature.....   | 88        |
| 23. Impairment of Assets .....  | 88        |
| 24. Other income and expenses by function .....   | 88        |
| 25. Finance costs .....   | 89        |
| 26. Operating segments.....   | 89        |
| 27. Foreign exchange differences .....  | 97        |
| 28. Statement of cash flows .....   | 97        |
| 29. Financial risk management, objectives and policies .....                                | 98        |
| 30. Derivatives contracts .....   | 102       |

31. Contingencies and restrictions..... 105  
32. Guarantees ..... 110  
33. Balances in foreign currency ..... 112  
34. Sanctions ..... 117  
35. Environmental Expenditures..... 117  
36. Subsequent events ..... 120

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As of June 30, 2018 (Unaudited) and December 31, 2017  
(In thousands of US dollars - ThUS\$)

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

|   | Notes | 6/30/2018         | 12/31/2017        |
|---|-------|-------------------|-------------------|
| <b>Assets</b>   |       |                   |                   |
| <b>Current Assets</b>   |       |                   |                   |
| Cash and cash equivalents   | 1     | 2,013,099         | 1,448,835         |
| Other current financial assets  | 13    | 64,138            | 1,327             |
| Other current non-financial assets  |       | 25,318            | 25,638            |
| Trade and other current receivables   | 2     | 1,996,785         | 2,815,352         |
| Accounts receivable from related parties, current   | 3     | 126,253           | 64,344            |
| Inventories   | 4     | 2,068,167         | 1,829,698         |
| Current tax assets  | 6     | 12,884            | 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 |       | 6,306,644         | 6,206,817         |
| Non-current assets or groups of assets for disposition classified as held for sale  | 7     | 2,804             | 4,236             |
| <b>Total current assets</b>   |       | <b>6,309,448</b>  | <b>6,211,053</b>  |
| <b>Non-current assets</b>   |       |                   |                   |
| Other non-current financial assets  | 13    | 157,695           | 149,526           |
| Other non-current non-financial assets  | 12    | 7,497             | 11,575            |
| Non-current receivables   | 2     | 113,187           | 91,442            |
| Accounts receivable from related parties, non-current   | 3     | 25,325            | 25,830            |
| Non-current inventories   | 4     | 441,879           | 428,447           |
| Investments accounted for using equity method   | 9     | 3,614,263         | 3,665,601         |
| Intangible assets other than goodwill   | 10    | 44,109            | 219,117           |
| Property, plant and equipment   | 8     | 26,032,844        | 25,275,512        |
| Investment property   |       | 981               | 981               |
| Non-current tax assets  | 6     | 177,093           | 233,772           |
| Deferred tax assets   | 5     | 32,413            | 43,285            |
| <b>Total non-current assets</b>   |       | <b>30,647,286</b> | <b>30,145,088</b> |
| <b>Total Assets</b>   |       | <b>36,956,734</b> | <b>36,356,141</b> |

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 June 30, 2018 (Unaudited) and December 31, 2017  
(In thousands of US dollars - ThUS\$)

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

|   | Notes | 6/30/2018         | 12/31/2017        |
|---|-------|-------------------|-------------------|
| <b>Liabilities and Equity</b>                         |       |                   |                   |
| <b>Liabilities</b>                                    |       |                   |                   |
| <b>Current liabilities</b>                            |       |                   |                   |
| Other current financial liabilities                   | 14    | 943,741           | 324,388           |
| Trade and other current payables                      | 17    | 1,321,155         | 1,915,768         |
| Accounts payable to related parties, current          | 3     | 123,513           | 123,791           |
| Other current provisions                              | 18    | 976,280           | 324,631           |
| Current tax liabilities                               | 6     | 36,338            | 58,690            |
| Current provisions for employee benefits              | 19    | 333,859           | 516,681           |
| Other current non-financial liabilities               |       | 49,032            | 51,507            |
| <b>Total current liabilities</b>                      |       | <b>3,783,918</b>  | <b>3,315,456</b>  |
| <b>Non-current liabilities</b>                        |       |                   |                   |
| Other non-current financial liabilities               | 14    | 14,450,764        | 14,648,004        |
| Non-current payables                                  |       | 35,791            | 44,983            |
| Other accounts payable to non-current related parties | 3     | -                 | -                 |
| Other non-current provisions                          | 18    | 1,721,071         | 1,711,802         |
| Deferred tax liabilities                              | 5     | 4,711,571         | 4,314,237         |
| Non-current provisions for employee benefits          | 19    | 1,338,779         | 1,392,659         |
| Other non-current non-financial liabilities           |       | 3,358             | 3,662             |
| <b>Total non-current liabilities</b>                  |       | <b>22,261,334</b> | <b>22,115,347</b> |
| <b>Total liabilities</b>                              |       | <b>26,045,252</b> | <b>25,430,803</b> |
| <b>Equity</b>   |       |                   |                   |
| Issued capital  |       | 4,619,423         | 4,619,423         |
| Accumulated deficit                                   |       | (37,902)          | (36,672)          |
| Other reserves  | 20    | 5,359,343         | 5,335,092         |
| <b>Equity attributable to owners of the parent</b>    |       | <b>9,940,864</b>  | <b>9,917,843</b>  |
| Non-controlling interests                             | 20    | 970,618           | 1,007,495         |
| <b>Total equity</b>                                   |       | <b>10,911,482</b> | <b>10,925,338</b> |
| <b>Total liabilities and equity</b>                   |       | <b>36,956,734</b> | <b>36,356,141</b> |

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



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
For the six month and three month periods ended June 30, 2018 and 2017 (Unaudited)  
(In thousands of US dollars - ThUS\$)

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

|  | Notes<br>N° | 1/1/2018<br>6/30/2018 | 1/1/2017<br>6/30/2017 | 4/1/2018<br>6/30/2018 | 4/1/2017<br>6/30/2017 |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Revenue  | 21          | 7,426,464             | 5,989,650             | 3,906,611             | 2,961,455             |
| Cost of sales  |             | (5,577,274)           | (4,533,889)           | (2,969,801)           | (2,302,228)           |
| <b>Gross profit</b>  |             | <b>1,849,190</b>      | <b>1,455,761</b>      | <b>936,810</b>        | <b>659,227</b>        |
| Other Income, by function  | 24.a        | 65,511                | 72,725                | 7,823                 | 45,781                |
| Impairment gain and reversal of impairment loss determined in accordance with IFRS 9 |             | 1,315                 | -                     | 542                   | -                     |
| Distribution costs   |             | (9,746)               | (5,272)               | (4,076)               | (2,916)               |
| Administrative expenses  |             | (232,345)             | (207,781)             | (127,664)             | (114,517)             |
| Other expenses   | 24.b        | (964,409)             | (605,341)             | (488,696)             | (299,585)             |
| Other gains (losses)   |             | 8,248                 | 3,010                 | 822                   | (6,362)               |
| <b>Profit from operating activities</b>  |             | <b>717,764</b>        | <b>713,102</b>        | <b>325,561</b>        | <b>281,628</b>        |
| Finance income   |             | 24,709                | 11,842                | 14,608                | 6,830                 |
| Finance costs  | 25          | (237,609)             | (262,040)             | (114,203)             | (128,333)             |
| Share of profit of associates and joint ventures accounted for using equity method   | 9           | 73,723                | 118,658               | 56,680                | 105,309               |
| Foreign exchange difference  | 27          | 95,645                | (25,493)              | 127,454               | (2,170)               |
| <b>Profit for the period before tax</b>  |             | <b>674,232</b>        | <b>556,069</b>        | <b>410,100</b>        | <b>263,264</b>        |
| Tax expense  | 5           | (430,318)             | (349,740)             | (234,317)             | (99,373)              |
| <b>Profit for the period</b>   |             | <b>243,914</b>        | <b>206,329</b>        | <b>175,783</b>        | <b>163,891</b>        |
| Profit attributable to owners of parent  |             | 223,307               | 169,863               | 159,311               | 130,985               |
| Profit attributable to non-controlling interests                                     | 20.b        | 20,607                | 36,466                | 16,472                | 32,906                |
| <b>Profit for the period</b>   |             | <b>243,914</b>        | <b>206,329</b>        | <b>175,783</b>        | <b>163,891</b>        |

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**  
**CONTINUED**

For the six month and three month periods ended June 30, 2018 and 2017 (Unaudited)

(In thousands of US dollars - ThUS\$)

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

|  | Notes<br>N° | 1/1/2018<br>6/30/2018 | 1/1/2017<br>6/30/2017 | 4/1/2018<br>6/30/2018 | 4/1/2017<br>6/30/2017 |
|--|-------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Profit for the period</b>   |             | 243,914               | 206,329               | 175,783               | 163,891               |
| <b>Components of other comprehensive income that will not be reclassified to profit or loss, before tax:</b>   |             |                       |                       |                       |                       |
| Losses on remeasurement of defined benefit plans, before tax   | 19          | (5,288)               | (10,457)              | (1,834)               | (6,532)               |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, before tax |             | 635                   | (22)                  | -                     | 649                   |
| <b>Other comprehensive income (loss) that will not be reclassified to profit or loss, before tax</b>   |             | <b>(4,653)</b>        | <b>(10,479)</b>       | <b>(1,834)</b>        | <b>(5,883)</b>        |
| <b>Components of other comprehensive income that will be reclassified to profit or loss, before tax:</b>   |             |                       |                       |                       |                       |
| <b>Exchange differences on translation:</b>  |             |                       |                       |                       |                       |
| Gains on exchange difference on translation, before tax  |             | 225                   | 3,622                 | (1,203)               | 2,867                 |
| <b>Other comprehensive income, before tax, exchange difference on translation</b>  |             | <b>225</b>            | <b>3,622</b>          | <b>(1,203)</b>        | <b>2,867</b>          |
| <b>Cash flow hedges:</b>   |             |                       |                       |                       |                       |
| Gains (losses) on cash flow hedges, before tax   |             | 75,196                | (22,080)              | 21,274                | 3,148                 |
| <b>Other comprehensive income (loss), before tax, cash flow hedges</b>   |             | <b>75,196</b>         | <b>(22,080)</b>       | <b>21,274</b>         | <b>3,148</b>          |
| 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     |             | (668)                 | (334)                 | (991)                 | (329)                 |
| <b>Other comprehensive income (loss) that will be reclassified to profit or loss, before tax</b>   |             | <b>74,753</b>         | <b>(18,792)</b>       | <b>19,080</b>         | <b>5,686</b>          |
| <b>Other comprehensive income (loss), before tax</b>   |             | <b>70,100</b>         | <b>(29,271)</b>       | <b>17,246</b>         | <b>(197)</b>          |
| Income tax effect relating to remeasurement of defined benefit plans of other comprehensive income   | 5           | 3,028                 | 7,299                 | 1,359                 | 5,072                 |
| <b>Income tax effect of components of other comprehensive income which will not be reclassified to profit or loss</b>  |             | <b>3,028</b>          | <b>7,299</b>          | <b>1,359</b>          | <b>5,072</b>          |
| <b>Income tax effect of components of other comprehensive income which will be reclassified to profit or loss</b>  |             |                       |                       |                       |                       |
| Income (loss) tax relating to cash flow hedges of the other comprehensive income   | 5           | (48,877)              | 14,016                | (13,828)              | (2,382)               |
| <b>Income (loss) tax of components of other comprehensive income which will be reclassified to profit or loss</b>  |             | <b>(48,877)</b>       | <b>14,016</b>         | <b>(13,828)</b>       | <b>(2,382)</b>        |
| <b>Total other comprehensive income (loss)</b>   |             | <b>24,251</b>         | <b>(7,956)</b>        | <b>4,777</b>          | <b>2,493</b>          |
| <b>Total Comprehensive Income</b>  |             | <b>268,165</b>        | <b>198,373</b>        | <b>180,560</b>        | <b>166,384</b>        |
| <b>Comprehensive income attributable to:</b>   |             |                       |                       |                       |                       |
| Comprehensive income attributable to owners of the parent  |             | 247,558               | 161,907               | 164,088               | 133,478               |
| Comprehensive income attributable to non-controlling interests   | 20.b        | 20,607                | 36,466                | 16,472                | 32,906                |
| <b>Total Comprehensive Income</b>  |             | <b>268,165</b>        | <b>198,373</b>        | <b>180,560</b>        | <b>166,384</b>        |

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 six month periods ended June 30, 2018 and 2017 (Unaudited)

(In thousands of US dollars - ThUS\$)

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

|  | Notes    | 1/1/2018<br>6/30/2018 | 1/1/2017<br>6/30/2017 |
|--|----------|-----------------------|-----------------------|
| <b>Cash flows from (used in) operating activities:</b>                       |          |                       |                       |
| Receipts from sales of goods and rendering of services                       |          | 8,366,174             | 6,352,238             |
| Other cash receipts from operating activities                                | 28       | 858,939               | 1,040,836             |
| Payments to suppliers for goods and services                                 |          | (4,634,204)           | (3,688,784)           |
| Payments to and on behalf of employees                                       |          | (1,041,767)           | (911,337)             |
| Other cash payments from operating activities                                | 28       | (701,726)             | (1,036,651)           |
| Dividends received   |          | 59,971                | 44,743                |
| Income taxes paid  |          | (27,973)              | (8,672)               |
| <b>Cash flows from operating activities</b>                                  |          | <b>2,879,414</b>      | <b>1,792,373</b>      |
| <b>Cash flows from (used in) investing activities:</b>                       |          |                       |                       |
| Purchase of property, plant and equipment                                    |          | (1,855,342)           | (1,648,758)           |
| Interest received  |          | 16,458                | 3,262                 |
| Other (outflows) inflows of cash   |          | (131,338)             | (8,280)               |
| <b>Cash flows used in investing activities</b>                               |          | <b>(1,970,222)</b>    | <b>(1,653,776)</b>    |
| <b>Cash flows (used in) financing activities:</b>                            |          |                       |                       |
| Total proceeds from borrowings   |          | 626,807               | 319,826               |
| Repayment of borrowings  |          | (185,219)             | (345,794)             |
| Payments of finance lease liabilities classified as financing activities     |          | (11,966)              | (12,017)              |
| Dividends paid   |          | (445,245)             | -                     |
| Interest paid  |          | (292,622)             | (277,450)             |
| Other cash inflow  |          | 1,832                 | 488,424               |
| <b>Cash flows used in financing activities</b>                               |          | <b>(306,413)</b>      | <b>172,989</b>        |
| Increase in cash and cash equivalents before effect of exchange rate changes |          | 602,779               | 311,586               |
| Effect of exchange rate changes on cash and cash equivalents                 |          | (38,515)              | 315                   |
| <b>Increase (decrease) in cash and cash equivalents</b>                      |          | <b>564,264</b>        | <b>311,901</b>        |
| Cash and cash equivalents at beginning of period                             | 1        | 1,448,835             | 576,726               |
| <b>Cash and cash equivalents at end of period</b>                            | <b>1</b> | <b>2,013,099</b>      | <b>888,627</b>        |

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 six month period ended June 30, 2018 and 2017 (Unaudited)

(In thousands of US dollars - ThUS\$)

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

| June 30, 2018  | Issued capital | Reserve of<br>ex change<br>difference on<br>translation | Reserve of cash<br>flow hedges | Reserve of<br>actuarial gains<br>or losses on<br>defined<br>benefits plans<br><br>Note 19 | Other<br>miscellaneous<br>reserves | Total other<br>reserves<br><br>Note 20 | Accumulated<br>deficit | Equity<br>attributable to<br>owners of the<br>parent | Non-controlling<br>interests<br><br>Note 20 | Total Equity |
|--|----------------|---|--------------------------------|---|------------------------------------|--|------------------------|--|---|--------------|
| <b>Initial balance as of 1/1/2018</b>                      | 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        |
| <b>Initial balance restated</b>                            | 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:   |                |   |                                |   |                                    |  |                        |  |   |              |
| Profit   |                |   |                                |   |                                    |  | 223,307                | 223,307  | 20,607                                      | 243,914      |
| Other comprehensive income (loss)                          |                | 225   | 26,319                         | (2,260)   | (33)                               | 24,251                                 |                        | 24,251   | -   | 24,251       |
| Comprehensive income                                       |                |   |                                |   |                                    |  |                        | 247,558  | 20,607                                      | 268,165      |
| Dividends  |                |   |                                |   |                                    |  | (223,307)              | (223,307)  |   | (223,307)    |
| Capital Increases  | -              | -   | -                              | -   | -                                  | -                                      | -                      | -  | -   | -            |
| Increase (decrease) through transfers and other changes    | -              | -   | -                              | -   | -                                  | -                                      | (3,512)                | (3,512)  | (57,484)                                    | (60,996)     |
| <b>Total changes in equity</b>                             | -              | 225   | 26,319                         | (2,260)   | (33)                               | 24,251                                 | (3,512)                | 20,739   | (36,877)                                    | (16,138)     |
| <b>Final balance as of 6/30/2018</b>                       | 4,619,423      | (5,790)   | 37,655                         | (261,262)   | 5,588,740                          | 5,359,343                              | (37,902)               | 9,940,864  | 970,618                                     | 10,911,482   |

| June 30, 2017   | Issued capital | Reserve of<br>ex change<br>difference on<br>translation | Reserve of cash<br>flow hedges | Reserve of<br>actuarial gains<br>or losses on<br>defined<br>benefits plans<br><br>Note 19 | Other<br>miscellaneous<br>reserves | Total other<br>reserves<br><br>Note 20 | Accumulated<br>deficit | Equity<br>attributable to<br>owners of the<br>parent | Non-controlling<br>interests<br><br>Note 20 | Total Equity |
|---|----------------|---|--------------------------------|---|------------------------------------|--|------------------------|--|---|--------------|
| <b>Initial balance as of 1/1/2017</b>                   | 3,624,423      | (10,607)  | 12,342                         | (267,171)   | 5,582,828                          | 5,317,392                              | (30,072)               | 8,911,743  | 978,666                                     | 9,890,409    |
| Changes in equity:                                      |                |   |                                |   |                                    |  |                        |  |   |              |
| Profit  |                |   |                                |   |                                    |  | 169,863                | 169,863  | 36,466                                      | 206,329      |
| Other comprehensive income (loss)                       |                | 3,622   | (8,064)                        | (3,158)   | (356)                              | (7,956)                                |                        | (7,956)  | -   | (7,956)      |
| Comprehensive income                                    |                |   |                                |   |                                    |  |                        | 161,907  | 36,466                                      | 198,373      |
| Dividends   |                |   |                                |   |                                    |  | (169,863)              | (169,863)  |   | (169,863)    |
| Capital Increases                                       | 475,000        | -   | -                              | -   | -                                  | -                                      | -                      | 475,000  | -   | 475,000      |
| Increase (decrease) through transfers and other changes | -              | -   | -                              | -   | 6,428                              | 6,428                                  | (5,261)                | 1,167  | (8,708)                                     | (7,541)      |
| <b>Total changes in equity</b>                          | 475,000        | 3,622   | (8,064)                        | (3,158)   | 6,072                              | (1,528)                                | (5,261)                | 468,211  | 27,758                                      | 495,969      |
| <b>Final balance as of 6/30/2017</b>                    | 4,099,423      | (6,985)   | 4,278                          | (270,329)   | 5,588,900                          | 5,315,864                              | (35,333)               | 9,379,954  | 1,006,424                                   | 10,386,378   |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

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**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 of the Corporation. In accordance with the statutory decree, Codelco is a government-owned mining, industrial and commercial company, which is a separate legal entity with its own equity, Codelco Chile currently carries out its mining business through its Chuquicamata, Radomiro Tomic, Ministro Hales, Gabriela Mistral, Salvador, Andina, El Teniente and Ventanas divisions. The Gabriela Mistral division is in charge of the ore deposit of the same name, whose operations were, until December 31, 2012, the responsibility of its subsidiary Minera Gaby SpA., a wholly owned subsidiary of the Corporation which was absorbed by Codelco on that date.

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

In accordance with letter e) of Article 10 of Law No. 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note I.2)

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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 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 unaudited interim consolidated statements of financial position as of June 30, 2018 and December 31, 2017, and the unaudited interim consolidated statements of comprehensive income for the six month and three month periods ended June 30, 2018 and 2017, changes in equity and of cash flows for the six month periods ended June 30, 2018 and 2017, have been prepared in accordance with International Accounting Standards (IAS) No. 34. Interim Financial Reporting, as incorporated in the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

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

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

The Board of Directors of the Corporation has been informed of the information included in these unaudited interim consolidated financial statements and expressly declares its responsibility for the consistent and reliable nature of the information included in such financial statements as of June 30, 2018, which fully comply with IFRS as issued by the IASB. These unaudited interim consolidated financial statements as of June 30, 2018 and for the six month and three month periods ended June 30, 2018 and 2017 were approved by the Board of Directors at meeting held on August 30, 2018.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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## **Accounting Principles**

These unaudited interim consolidated financial statements reflect the financial position of Codelco and its subsidiaries as of June 30, 2018 and December 31, 2017, and the results of their operations for the six month and three month periods ended June 30, 2018 and 2017, changes in equity and cash flows for the six month periods ended June 30, 2018 and 2017, 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 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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

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impairment losses, expected future disbursements related to decommissioning and restoration obligations, long term defined benefits plans and the accounting for financial derivative instruments.

The Corporation estimates its reserves and mineral resources based on the information certified by the Competent Persons of the Corporation, who are defined and regulated according to Law No. 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. 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 is performed by and for subsidiaries, associates and joint arrangements.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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- 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.

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. Any decommissioning and site restoration costs that arise as a result of the production phase of a mine are expensed as incurred.

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 the related fluctuations are recognized in profit or loss on an accrual basis or other comprehensive income, as applicable.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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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 retrospectively 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.

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note I.2)

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**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 statements of financial position as of June 30, 2018 and December 31, 2017.
- Unaudited interim consolidated statements of comprehensive income for the six month and three month periods ended June 30, 2018 and 2017.
- Unaudited interim consolidated statements of changes in equity for the six month periods ended June 30, 2018 and 2017.
- Unaudited interim consolidated statements of cash flows for the six month periods ended June 30, 2018 and 2017.

b) **Basis of preparation** - The unaudited interim consolidated financial statements of the Corporation as of June 30, 2018, and for the six month and three months periods ended June 30, 2018 y 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 six month and three month period ended June 30, 2017, the consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period ended June 30, 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 June 30, 2018, except for the adoption of the new IFRS standards and interpretations adopted by the Corporation as of and for the six-month period ended June 30, 2018, which are disclosed in note II.3.

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

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

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

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

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- 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

The companies included in the consolidation are as follows:

| Taxpayer ID Number | Company  | Country                  | Currency | 6/30/2018   |          |        | 12/31/2017 |
|--------------------|--|--------------------------|----------|-------------|----------|--------|------------|
|                    |  |                          |          | % Ownership |          |        | %          |
|                    |  |                          |          | Direct      | Indirect | Total  | Ownership  |
| 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 Rio 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    | 98.98  | 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 Rio Blanco S.A.                                | Chile                    | CLP      | 99.00       | 1.00     | 100.00 | 100.00     |
| 76.064.682-2       | Centro de Especialidades Médicas Rio Blanco Ltda.      | Chile                    | CLP      | 99.00       | 1.00     | 100.00 | 100.00     |
| 77.773.260-9       | Inversiones Copperfield Ltda.                          | Chile                    | US\$     | 99.99       | 0.01     | 100.00 | 100.00     |
| 76.043.396-9       | Innovaciones en Cobre S.A.                             | Chile                    | US\$     | 0.05        | 99.95    | 100.00 | 100.00     |
| 76.148.338-2       | Sociedad de Procesamiento de Molibdeno Ltda.           | Chile                    | US\$     | 99.90       | 0.10     | 100.00 | 100.00     |
| 76.173.357-5       | 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     |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

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On December 21, 2017, according to decree N ° 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 unaudited interim 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.

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.

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

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

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

---

- **Acquisitions and Disposals** - The results of businesses acquired are incorporated in the unaudited interim consolidated financial statements from the date when control is obtained; the results of businesses sold during the period are included into the unaudited interim consolidated financial statements up to the effective date of disposal. Gains or losses on disposal is the difference between the sale proceeds (net of expenses) and the carrying amount of the net assets attributable to the ownership interest that has been sold (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 liabilities is recognized as goodwill. Any excess of Codelco's share of the net fair value of the identifiable assets and liabilities, 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** - Transactions in currencies other than the Corporation's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise and are included in line item "Foreign exchange differences" in the consolidated statement of comprehensive income.

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

At the end of each reporting period, monetary assets and liabilities denominated in Unidades de Fomento (UF or inflation index-linked units of account) are translated into U.S. dollars at the closing exchange rates at that date (6/30/2018: US\$41.71; 12/31/2017: US\$43.59; 6/30/2017: US\$40.14). Income and expenses denominated in Chilean pesos have been translated into U.S. dollars at the exchange rate at the date of the transactions.

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

- Assets and liabilities are translated using the prevailing exchange rate on the closing date of the financial statements.
- Income and expenses for each statement of comprehensive income are translated at average exchange rates for the period.
- All resulting exchange differences are recognized in other comprehensive income and accumulated in equity under the heading “Reserve of exchange difference on translation”.

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

|            | Closing exchange rates |            |           |
|------------|------------------------|------------|-----------|
|            | 6/30/2018              | 12/31/2017 | 6/30/2017 |
| US\$ / CLP | 0.00154                | 0.00163    | 0.00151   |
| US\$ / GBP | 1.31926                | 1.35355    | 1.30124   |
| US\$ / BRL | 0.25874                | 0.30198    | 0.30249   |
| US\$ / EUR | 1.16754                | 1.20236    | 1.14155   |

- 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 when it is the intention of the Corporation to settle 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.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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

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

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

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

Additionally, depreciation method and estimated useful lives of assets, especially plants, facilities and infrastructure 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 or 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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***

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 and 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

---

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

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

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

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

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

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

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

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

Exploration and 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

Finally, costs for delimitation of new areas or deposit areas in exploitation and of mining operations (PP&E) are recognized in property, plant and equipment and are 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 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 provisionally calculated tax payment amount. .

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."

The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings.

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, which does not exceed net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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 remunerations which are contractually defined as the basis for the indemnity. This employee benefit has been classified as a defined benefit plan.

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

These plans continue to be unfunded as of June 30, 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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

- p) Provisions for decommissioning and site restoration costs** - The Corporation is obliged to incur in decommissioning and site restoration costs 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.

- 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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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 whose 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 according to the transfer of control of the related goods.

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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

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.

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.

Derivative 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 are recognized in profit or loss when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

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

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

- **Hedging policies for exchange rate risk:** The Corporation enters into exchange rate derivatives to hedge exchange rate variations between the U.S. dollar and the currencies of transactions the



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

Corporation undertakes. In accordance with the policies established by the Board of Directors, these hedge transactions are only entered into when there are recognized assets or liabilities, forecast of highly probable transactions or firm commitments. The Corporation does not enter into derivative transactions for non-hedging purposes.

Additionally to the disclosure above, changes in fair value are recognized in profit or loss when the hedging instrument expires or is sold, terminated, or exercised.

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

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

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

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

- **Embedded derivatives:** The Corporation has established a procedure that allows for evaluation of the existence of embedded derivatives in financial and non-financial contracts. Where there is an embedded derivative, and 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 report to the Chief Executive Officer, through the North and South Central Vice-Presidency Operations, respectively. Income and expenses of the Head Office are allocated to the defined operating segments.
- u) **Presentation of Financial Statements** - The Corporation presents (i) its statements of financial position classified as "current and non-current", (ii) its profit or loss and other comprehensive income in two statements and the classification of expenses within profit or loss by function, and (iii) its statement of cash flows using the direct method.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

---

- 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 held for trading or for the purpose of selling them in the near term. Derivative instruments are also classified as held for trading unless they are designated to apply hedge accounting. These instruments are measured 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 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 loss allowance.

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 principal and interest Payments" (SPIP) 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 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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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 in this category the hedge contracts in a future position 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 expenses 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 its trade receivables. For this, it uses the simplified approach as a practical expedient of IFRS 9 in the stratification of portfolio maturities.

The provision matrix is based on an entity's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Codelco considers that these financial assets are in default when: i) It is unlikely that the debtor will pay its credit obligations in full, without the Corporation resorting to actions such as insurance recovery, or ii) The financial asset has exceeded the expiration date agreed upon contractually.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

---

- 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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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.

**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".

### **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, 2017, except for the adoption of new standards, interpretations and amendments, effective from January 1, 2018, which are:

**a) IFRS 9, Financial Instruments:**

In relation to the application of IAS 39, effective for Codelco until December 31, 2017, 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 them, 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 Unaudited Interim Consolidated Financial Statements), did not result in any adjustment to the opening balances as of the date of transition of this standard.

As indicated in the previous paragraph, in relation to the classification of financial assets and liabilities, it did require modifying the characterization that was applied to those financial assets classified under Trade and other current receivables subject to the above-mentioned provisional price adjustments. In note 2 of the Significant Accounting Policies, letter r), those contracts which are considered as hybrid contracts according to the definition of IFRS 9, must be classified as financial assets at fair value through profit or loss, unlike the designation that Codelco applied under IAS 39, in which the embedded derivative was separated from the hybrid contract.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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), it resulted in the recognition of a loss allowance over the accounts receivable balances at the transition date as indicated below:

| <b>Effects of IFRS 9 on Trade and other current receivables as of January 1, 2018</b>                        | <b>ThUS\$</b> |
|--|---------------|
| 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  | (2,239)       |
| Trade and other current receivables balance as of January 1, 2018, adjusted by IFRS 9                        | 2,813,113     |

Another topic of the adoption of IFRS 9 that had an effect on Codelco is related to the financial liabilities renegotiated during July 2017, which generated gains and losses due to the non-substantial modification of contractual flows that, under IAS 39, were recognized as part of the cost of the transaction, and that under IFRS 9, are recognized in profit or loss for the year, 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:

| <b>Effects of IFRS 9 on Other non-current financial liabilities as of January 1, 2018</b>                        | <b>ThUS\$</b> |
|--|---------------|
| 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 by IFRS 9                        | 14,638,158    |

Finally, the net effect on initial application of IFRS 9 on Codelco's retained earnings, considering the amounts previously indicated, was as follows:

| <b>Effects of IFRS 9 on retained earnings as of January 1, 2018</b>                        | <b>ThUS\$</b> |
|--|---------------|
| Retained earnings balance as of January 1, 2018, under accounting criteria prior to IFRS 9 | (36,672)      |
| Transition adjustment to IFRS 9, net of deferred taxes                                     | 2,282         |
| Retained earnings balance as of January 1, 2018, adjusted for IFRS 9.                      | (34,390)      |

For the transition alternatives indicated in IFRS 9, the balances of the comparative periods corresponding to fiscal year 2017 have not been adjusted.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

---

In terms of hedge accounting established by IFRS 9, the Corporation has opted to continue applying the hedge accounting requirements of IAS 39 instead of the requirements of the new standard. Due to the foregoing, no effects were generated with respect to either accounting adjustments or disclosure.

b) IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes a new model for the revenue recognition, in which the concept of the transfer to the customer of the "control" of assets sold is highlighted instead of the "risk" transfer concept referred to in IAS 18. Additionally, it requires more detail in disclosures and refers in greater depth to contracts with the sale of multiple items. 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 Unaudited Interim 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:

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

| <b>New IFRS</b>              | <b>Date of mandatory application</b>                 | <b>Summary</b>   |
|------------------------------|--|--|
| IFRS 16 - Leases             | Annual periods beginning on or after January 1, 2019 | Requires lessees to recognize assets and liabilities for all rights and obligations originated by leases unless the lease term is 12 months or less or the underlying asset has a low value. Additionally, the Standard establishes new requirements of information to disclose related to the risk exposure on the part of lessors. |
| IFRS 17, Insurance Contracts | Annual periods beginning on or after January 1, 2021 | Establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participating features and supersedes IFRS 4 <i>Insurance contracts</i> .   |

| <b>Amendments to IFRS</b>  | <b>Date of mandatory application</b>                  | <b>Summary</b>   |
|--|---|--|
| 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, are partial (even if the assets are allocated to a subsidiary). |
| 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 cancellable in advance.   |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

|  |   |   |
|--|---|---|
| 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.<br>Amendments to IAS 12: Adds paragraphs on treatment of taxes related to dividends payable.<br>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, after the amendment, curtailment or settlement of the plan when the entity remeasures its liability (asset) for defined benefits.           |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

|   |  |   |
|---|--|---|
| Modifications to references to the Conceptual Framework in IFRS Standards | Annual periods beginning on or after January 1, 2020 | Along with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to the References to the Conceptual Framework in the IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. Not all amendments, however, update these pronouncements with respect to the references and citations of the framework to refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they refer to (the IASB framework adopted by the IASB in 2001, the 2010 IASB framework or the revised 2018 framework) or to indicate that the definitions in the standard have it has not been updated with the new definitions developed in the revised 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 | The Interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. |

With the exception of IFRS 16, Management does not expect significant impacts with respect to the standards, amendments and interpretations indicated above.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Regarding IFRS 16, Management is currently assessing the impact of application, however, it is not practicable to provide a reasonable estimate of the effects that these IFRSs will have until Management finalizes a detail review.

**III. EXPLANATORY NOTES**

**1. Cash and cash equivalents**

The detail of cash and cash equivalents as of June 30, 2018 and December 31, 2017, is as follows:

| Item                                   | 6/30/2018        | 12/31/2017       |
|--|------------------|------------------|
|  | ThUS\$           | ThUS\$           |
| Cash on hand                           | 4,019            | 3,300            |
| Bank balances                          | 101,300          | 124,275          |
| Time deposits                          | 1,903,020        | 1,306,476        |
| Mutual Funds - Money Market            | 499              | 651              |
| Resale agreements                      | 4,261            | 14,133           |
| <b>Total cash and cash equivalents</b> | <b>2,013,099</b> | <b>1,448,835</b> |

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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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 June 30, 2018 and December 31, 2017, trade and other current receivables include a negative adjustment for open invoices of ThUS\$103,520 and a positive accrual of ThUS\$244,265, respectively.

b) Trade and other receivables

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

| Items                                  | Current          |                  | Non-Current    |               |
|--|------------------|------------------|----------------|---------------|
|  | 6/30/2018        | 12/31/2017       | 6/30/2018      | 12/31/2017    |
|  | ThUS\$           | ThUS\$           | ThUS\$         | ThUS\$        |
| Trade receivables (1)                  | 1,472,777        | 2,178,788        | 1,600          | 1,887         |
| Allowance for doubtful accounts (3)    | (32,995)         | (28,684)         | -              | -             |
| <b>Subtotal trade receivables, net</b> | <b>1,439,782</b> | <b>2,150,104</b> | <b>1,600</b>   | <b>1,887</b>  |
| Other receivables (2)                  | 561,005          | 674,425          | 111,587        | 89,555        |
| Allowance for doubtful accounts (3)    | (4,002)          | (9,177)          | -              | -             |
| <b>Subtotal other receivables, net</b> | <b>557,003</b>   | <b>665,248</b>   | <b>111,587</b> | <b>89,555</b> |
| <b>Total</b>                           | <b>1,996,785</b> | <b>2,815,352</b> | <b>113,187</b> | <b>91,442</b> |

(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:

- Accounts receivable related to short-term loans and mortgage loans granted to employees.
- Reimbursements from insurance companies.
- Settlements to the Chilean Central Bank under Law 13196.
- Advance payments to suppliers and contractors, which are deducted from the corresponding payment statements.
- Accounts receivable for tolling services (Ventanas Smelter).
- VAT credit and other refundable taxes of ThUS\$177,030 and ThUS\$147,589 as of June 30, 2018 and December 31, 2017, respectively.

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

The reconciliation of changes in the allowance for doubtful accounts in the period ended June 30, 2018 and in the year ended December 31, 2017, were as follows:

| Items                     | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|---------------------------|---------------------|----------------------|
| <b>Opening balance</b>    | <b>37,861</b>       | <b>9,035</b>         |
| Initial adjustment NIIF 9 | 2,239               | -                    |
| Initial balance adjusted  | <b>40,100</b>       | <b>9,035</b>         |
| Increases                 | 383                 | 29,160               |
| Write-offs/applications   | (3,486)             | (334)                |
| <b>Total movements</b>    | <b>(3,103)</b>      | <b>28,826</b>        |
| <b>Closing balance</b>    | <b>36,997</b>       | <b>37,861</b>        |

As of June 30, 2018 and December 31, 2017, the balance of past due but not impaired trade receivables, is as follows:

| Maturity   | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|--|---------------------|----------------------|
| Less than 90 days  | 16,138              | 16,851               |
| Between 90 days and 1 year                               | 12,305              | 1,615                |
| More than 1 year   | 6,810               | 10,389               |
| <b>Total trade receivables past-due but not impaired</b> | <b>35,253</b>       | <b>28,855</b>        |

### 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 set the requirements regarding transactions with related parties in publicly traded companies and their subsidiaries.

Notwithstanding the foregoing, pursuant to the provisions of the final paragraph of Article 147 b) of Title XVI, which contains exceptions to the approval process for transactions with related parties, the Corporation has established a general customary policy (which was informed through a significant event notice to the 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
1.2)

---

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:

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

| Entity  | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 1/1/2018  | 1/1/2017  | 1/4/2017  | 1/4/2017  |
|---|-----------------|---------|----------------------------|--------------------------------|-----------|-----------|-----------|-----------|
|   |                 |         |                            |                                | 6/30/2018 | 6/30/2017 | 6/30/2017 | 6/30/2017 |
|   |                 |         |                            |                                | Amount    | Amount    | Amount    | Amount    |
|   |                 |         |                            |                                | ThUS\$    | ThUS\$    | ThUS\$    | 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   | Associated                 | Supplies                       | 55        | 3         | 55        | 3         |
| Arcadis Chile S.A.  | 89.371.200-3    | Chile   | Employee's relative        | Services                       | 3,511     | -         | 3,511     | -         |
| Asociación Chilena de Seguridad   | 70.360.100-6    | Chile   | Member of directory        | Services                       | 852       | -         | 852       | -         |
| B. Bosch S.A.   | 84.716.400-K    | Chile   | Employee's relative        | Services                       | -         | 46        | -         | 13        |
| Centro de Capacitación y Recreación Radomiro Tomic.                           | 75.985.550-7    | Chile   | Other related              | Services                       | 847       | -         | -         | -         |
| Consultor Jannet Troncoso Carvajal E.I.R. L.                                  | 76.174.237-K    | Chile   | Employee's relative        | Supplies                       | -         | 32        | -         | -         |
| Ecometales Limited agencia en Chile.  | 59.087.530-9    | Chile   | Affiliate                  | Services                       | -         | 462       | -         | 462       |
| Exploraciones Mineras Andinas S.A.  | 99.569.520-0    | Chile   | Affiliate                  | Services                       | 358,130   | -         | 358,130   | -         |
| Fundación de Salud El Teniente.   | 70.905.700-6    | Chile   | Affiliate                  | Services                       | -         | 13        | -         | 13        |
| Fundación Orquesta Sinfónica Infantil de los Andes.                           | 65.018.784-9    | Chile   | Founder                    | Services                       | 297       | 247       | -         | 247       |
| Fundación Sewell  | 65.493.830-K    | Chile   | Founder                    | Services                       | -         | 421       | -         | 288       |
| 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       | -         | 218       |
| Industrial y Comercial Artimatemb Ltda.                                       | 76.108.720-7    | Chile   | Employee's relative        | Services                       | 28        | 40        | -         | 26        |
| Inoxa S.A.  | 99.513.620-1    | Chile   | Employee's relative        | Services                       | 468       | 14        | 468       | -         |
| Institución de Salud Previsional Chuquicamata Ltda.                           | 79.566.720-2    | Chile   | Affiliate                  | Services                       | 101       | -         | 101       | -         |
| Kaefer Buildteck SpA  | 76.105.206-3    | Chile   | Employee's relative        | Services                       | -         | 97        | -         | -         |
| Komatsu Chile S.A.  | 96.843.130-7    | Chile   | Employee's relative        | Services and Supplies          | 2,347     | 882       | -         | 200       |
| 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        | -         | 82        |
| San Lorenzo Isapre Limitada   | 76.521.250-2    | Chile   | Affiliate                  | Services                       | 25,945    | -         | 25,945    | -         |
| Servicios de Ingeniería IMA S.A.  | 76.523.610-K    | Chile   | Employee's relative        | Services                       | 125       | -         | 125       | -         |
| Sociedad Contractual Minera El Abra.  | 96.701.340-4    | Chile   | Associated                 | Supplies                       | -         | 134       | -         | 133       |
| Sodimac S.A.  | 96.792.430-K    | Chile   | Employee's relative        | Supplies                       | -         | 2,121     | -         | 2,087     |
| Sonda S.A.  | 83.628.100-4    | Chile   | Employee's relative        | Services                       | -         | 1,443     | -         | -         |
| Teléfono Chile S.A.   | 90.635.000-9    | Chile   | Employee's relative        | Services                       | -         | 99        | -         | -         |
| Transec Norte S.A.  | 99.521.950-6    | Chile   | Member of directory        | 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, 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 six month and three month periods ended June 30, 2018 and 2017, the members of the Board of Directors have received the following amounts as per diems, salaries and fees:

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

| Name                         | Taxpayer number | Country | Nature of the relationship | Description of the transaction | 1/1/2018  | 1/1/2017  | 1/4/2017  | 1/4/2017  |
|------------------------------|-----------------|---------|----------------------------|--------------------------------|-----------|-----------|-----------|-----------|
|                              |                 |         |                            |                                | 6/30/2018 | 6/30/2017 | 6/30/2017 | 6/30/2017 |
|                              |                 |         |                            |                                | Amount    | Amount    | Amount    | Amount    |
|                              |                 |         |                            |                                | ThUS\$    | ThUS\$    | ThUS\$    | ThUS\$    |
| Blas Tomic Errázuriz         | 5.390.891-8     | Chile   | Director                   | Directors' s fees              | 63        | 58        | 31        | 28        |
| Dante Contreras Guajardo     | 9.976.475-9     | Chile   | Director                   | Directors' s fees              | 34        | 47        | 8         | 23        |
| Gerardo Jofré Miranda        | 5.672.444-3     | Chile   | Director                   | Directors' s fees              | -         | 38        | -         | 14        |
| Ghassan Dayoub Pseli         | 14.695.762-5    | Chile   | Director                   | Directors' s fees              | 51        | 23        | 25        | 23        |
| Ghassan Dayoub Pseli         | 14.695.762-5    | Chile   | Director                   | Payroll                        | 65        | 17        | 18        | 17        |
| Hernán de Solminiñac Tampier | 6.263.304-2     | Chile   | Director                   | Directors' s fees              | 16        | -         | 16        | -         |
| Ignacio Briones Rojas        | 12.232.813-9    | Chile   | Director                   | Directors' s fees              | 16        | -         | 16        | -         |
| Isidoro Palma Penco          | 4.754.025-9     | Chile   | Director                   | Directors' s fees              | 51        | 47        | 25        | 23        |
| Juan Benavides Feliú         | 5.633.221-9     | Chile   | Chairman of the Board      | Directors' s fees              | 25        | -         | 25        | -         |
| Juan Morales Jaramillo       | 5.078.923-3     | Chile   | Director                   | Directors' s fees              | 51        | 47        | 25        | 23        |
| Laura Alborno Pollmann       | 10.338.467-2    | Chile   | Director                   | Directors' s fees              | 34        | 47        | 8         | 23        |
| Oscar Landerretche Moreno    | 8.366.611-0     | Chile   | Chairman of the Board      | Directors' s fees              | 51        | 70        | 13        | 34        |
| Paul Schiodtz Oblinovich     | 7.170.719-9     | Chile   | Director                   | Directors' s fees              | 51        | 15        | 25        | 15        |
| Raimundo Espinoza Concha     | 6.512.182-4     | Chile   | Director                   | Directors' s fees              | 51        | 47        | 25        | 23        |
| Raimundo Espinoza Concha     | 6.512.182-4     | Chile   | Director                   | Payroll                        | 28        | 19        | 10        | 9         |

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 six month periods ended June 30, 2018 and 2017, were ThUS\$8,549 and ThUS\$6,502, respectively.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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 six month periods ended June 30, 2018 y 2017, severance indemnities were paid to key management of the Corporation for ThUS\$1,135 and ThUS\$439, respectively.

There were no payments to key management for other non-current benefits during the six month periods ended June 30, 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 June 30, 2018 and December 31, 2017, is as follows:

Accounts receivable from related companies:

| Taxpayer number | Name                                | Country | Nature of the relationship | Indexation currency | Current             |                      | Non-current         |                      |
|-----------------|-------------------------------------|---------|----------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
|                 |                                     |         |                            |                     | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
| 77.762.940-9    | Anglo American Sur S.A.             | Chile   | Associate                  | US\$                | 125,960             | 63,596               | -                   | -                    |
| 76.063.022-5    | Inca de Oro S.A.                    | Chile   | Associate                  | US\$                | 255                 | 199                  | -                   | -                    |
| 76.255.054-7    | Planta Recuperadora de Metales SpA  | Chile   | Associate                  | US\$                | -                   | -                    | 25,101              | 25,581               |
| 96.701.340-4    | Sociedad Contractual Minera El Abra | Chile   | Associate                  | US\$                | 16                  | 549                  | -                   | -                    |
| 96.801.450-1    | Agua de la Falda S.A.               | Chile   | Associate                  | US\$                | 22                  | -                    | 224                 | 249                  |
| <b>Totals</b>   |                                     |         |                            |                     | <b>126,253</b>      | <b>64,344</b>        | <b>25,325</b>       | <b>25,830</b>        |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

Accounts payable to related companies:

| Taxpayer number | Name                                | Country | Nature of the relationship | Indexation currency | Current             |                      | Non-current         |                      |
|-----------------|-------------------------------------|---------|----------------------------|---------------------|---------------------|----------------------|---------------------|----------------------|
|                 |                                     |         |                            |                     | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
| 77.762.940-9    | Anglo American Sur S.A.             | Chile   | Associate                  | US\$                | 76,995              | 92,315               | -                   | -                    |
| 96.701.340-4    | Sociedad Contractual Minera El Abra | Chile   | Associate                  | US\$                | 45,103              | 25,370               | -                   | -                    |
| Foreign         | Deutsche Geissdraht GmbH            | Germany | Associate                  | EURO                | 1,415               | 6,106                | -                   | -                    |
| <b>Totals</b>   |                                     |         |                            |                     | <b>123,513</b>      | <b>123,791</b>       | <b>-</b>            | <b>-</b>             |

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 six month and three month periods ended June 30, 2018 and 2017:

| Taxpayer number | Entity                             | Nature of the transaction | Country | Index. Currency | 1/1/2018<br>6/30/2018 |   | 1/1/2017<br>6/30/2017 |   | 4/1/2018<br>6/30/2018 |   | 4/1/2017<br>6/30/2017 |   |
|-----------------|------------------------------------|---------------------------|---------|-----------------|-----------------------|---|-----------------------|---|-----------------------|---|-----------------------|---|
|                 |                                    |                           |         |                 | Amount<br>ThUS\$      | Effects on net<br>income (charges) /<br>credits<br>ThUS\$ | Amount<br>ThUS\$      | Effects on net<br>income (charges) /<br>credits<br>ThUS\$ | Amount<br>ThUS\$      | Effects on net<br>income (charges) /<br>credits<br>ThUS\$ | Amount<br>ThUS\$      | Effects on net<br>income (charges) /<br>credits<br>ThUS\$ |
|                 |                                    |                           |         |                 |                       |   |                       |   |                       |   |                       |   |
| 96.801.450-1    | Agua de la Falda S.A.              | Sales of services         | Chile   | CLP             | 3                     | 3   | 3                     | 3   | 1                     | 1   | 1                     | 1   |
| 77.762.940-9    | Anglo American Sur S.A.            | Dividends received        | Chile   | US\$            | 59,003                | -   | 26,551                | -   | -                     | -   | 26,551                | -   |
| 77.762.940-9    | Anglo American Sur S.A.            | Dividends receivable      | Chile   | US\$            | 123,900               | -   | 147,503               | -   | 123,900               | -   | 147,503               | -   |
| 77.762.940-9    | Anglo American Sur S.A.            | Sales of goods            | Chile   | US\$            | 57,048                | 57,048  | -                     | -   | -                     | -   | -                     | -   |
| 77.762.940-9    | Anglo American Sur S.A.            | Bonded services           | Chile   | US\$            | 3,923                 | 3,297   | -                     | -   | 3,919                 | 3,293   | -                     | -   |
| 77.762.940-9    | Anglo American Sur S.A.            | Purchase of goods         | Chile   | US\$            | 362,487               | (362,487)   | 276,119               | (276,119)   | 206,748               | (206,748)   | 161,837               | (161,837)   |
| Extranjera      | Deutsche Geissdraht GmbH           | Dividends received        | Germany | EURO            | 968                   | -   | 1,090                 | -   | 968                   | -   | 17                    | -   |
| 76.063.022-5    | Inca de Oro S.A.                   | Sales of services         | Chile   | US\$            | 71                    | 71  | -                     | -   | 28                    | 28  | -                     | -   |
| 76.255.054-7    | Planta Recuperadora de Metales SpA | Interest loans            | Chile   | US\$            | 510                   | 510   | -                     | -   | 257                   | 257   | -                     | -   |
| 76.255.054-7    | Planta Recuperadora de Metales SpA | Services                  | Chile   | US\$            | 9,669                 | (9,669)   | 13,637                | (13,637)  | 6,145                 | (6,145)   | 5,881                 | (5,881)   |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Dividends received        | Chile   | US\$            | -                     | -   | 39,200                | -   | -                     | -   | 24,500                | -   |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Purchase of goods         | Chile   | US\$            | 156,444               | (156,444)   | 108,963               | (108,963)   | 82,705                | (82,705)  | 47,269                | (47,269)  |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Sales of goods            | Chile   | US\$            | 12,695                | 12,695  | 5,402                 | 5,402   | 9,196                 | 9,196   | 1,844                 | 1,844   |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Other sales               | Chile   | US\$            | 373                   | 373   | 746                   | 746   | -                     | -   | 373                   | 373   |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Perceived commissions     | Chile   | US\$            | 56                    | 56  | 46                    | 46  | 29                    | 29  | 20                    | 20  |
| 96.701.340-4    | Soc. Contractual Minera El Abra    | Other purchases           | Chile   | US\$            | -                     | -   | 773                   | (773)   | -                     | -   | 390                   | (390)   |
| 76.028.880-2    | Sociedad Contractual Minera Puren  | Dividends received        | Chile   | US\$            | -                     | -   | 178                   | -   | -                     | -   | 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

**4. Inventories**

The detail of inventories as of June 30, 2018 and December 31, 2017, is as follows:

| Items  | Current          |                  | Non-current    |                |
|--|------------------|------------------|----------------|----------------|
|  | 6/30/2018        | 12/31/2017       | 6/30/2018      | 12/31/2017     |
|  | ThUS\$           | ThUS\$           | ThUS\$         | ThUS\$         |
| Finished products                                    | 368,312          | 348,083          | -              | -              |
| <b>Subtotal finished products, net</b>               | <b>368,312</b>   | <b>348,083</b>   | -              | -              |
| Products in process                                  | 1,264,695        | 1,105,590        | 441,879        | 428,447        |
| <b>Subtotal products in process, net</b>             | <b>1,264,695</b> | <b>1,105,590</b> | <b>441,879</b> | <b>428,447</b> |
| Material in warehouse and other                      | 536,798          | 470,108          | -              | -              |
| Obsolescence allowance adjustment                    | (101,638)        | (94,083)         | -              | -              |
| <b>Subtotal material in warehouse and other, net</b> | <b>435,160</b>   | <b>376,025</b>   | -              | -              |
| <b>Total Inventories</b>                             | <b>2,068,167</b> | <b>1,829,698</b> | <b>441,879</b> | <b>428,447</b> |

The amount of inventories of finished goods transferred to cost of sales for the six month periods ended June 30, 2018 and 2017 were ThUS\$5,550,856 and ThUS\$4,518,597, respectively.

For the period ended June 30, 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 | 6/30/2018        | 12/31/2017      |
|---------------------------------------|------------------|-----------------|
|                                       | ThUS\$           | ThUS\$          |
| <b>Opening Balance</b>                | <b>(94,083)</b>  | <b>(90,930)</b> |
| Period provision                      | (7,555)          | (3,153)         |
| <b>Closing Balance</b>                | <b>(101,638)</b> | <b>(94,083)</b> |

For the six month periods ended June 30, 2018 and 2017, the Corporation recognized write-offs of damaged inventories for ThUS\$785 and ThUS\$1,840 respectively.

The amount of write-down of inventories to their net realizable value was ThUS\$29,133 for the six months ended June 30, 2018 (ThUS\$16,970 for the six months ended June 30, 2017).

During the six month periods ended June 30, 2018 and 2017, decreases in the provision for net realizable value were ThUS\$18,388 and ThUS\$8,924, respectively.

As of June 30, 2018 and 2017, there are no unrealized gains or losses recognized on the intercompany sales of inventories of finished products.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

As of June 30, 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         | 1/1/2017         | 4/1/2018         | 4/1/2017        |
|--|------------------|------------------|------------------|-----------------|
|  | 6/30/2018        | 6/30/2017        | 6/30/2018        | 6/30/2017       |
|  | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$          |
| Current income tax                               | (71,322)         | (14,632)         | (33,523)         | (216)           |
| Effect of Deferred Taxes                         | (362,357)        | (338,903)        | (208,322)        | (100,379)       |
| Adjustments to current tax from the prior period | 2,922            | -                | 2,922            | (2,573)         |
| Other  | 439              | 3,795            | 4,606            | 3,795           |
| <b>Total tax expense</b>                         | <b>(430,318)</b> | <b>(349,740)</b> | <b>(234,317)</b> | <b>(99,373)</b> |

b) Deferred tax assets and liabilities:

The following table details deferred tax assets and liabilities:

| Deferred tax assets              | 6/30/2018        | 12/31/2017       |
|----------------------------------|------------------|------------------|
|                                  | ThUS\$           | ThUS\$           |
| Provisions                       | 1,501,046        | 1,264,736        |
| Financial leasing                | 14,166           | 24,983           |
| Customers advance                | 223,428          | 1,013,438        |
| Other                            | 11,455           | 23,690           |
| <b>Total deferred tax assets</b> | <b>1,750,095</b> | <b>2,326,847</b> |

| Deferred tax liabilities                  | 6/30/2018        | 12/31/2017       |
|---|------------------|------------------|
|   | ThUS\$           | ThUS\$           |
| Tax on mining activity                    | 166,698          | 183,571          |
| Property, plant and equipment variations  | 1,032,694        | 1,058,609        |
| Post-employment benefit obligations       | 20,031           | 21,532           |
| Accelerated depreciation for tax purposes | 5,043,913        | 5,168,062        |
| Fair value of mining properties acquired  | 108,518          | 108,518          |
| Hedging derivatives – future contracts    | 12,587           | 5,635            |
| Undistributed profits of subsidiaries     | 38,603           | 45,177           |
| Other                                     | 6,209            | 6,695            |
| <b>Total deferred tax liabilities</b>     | <b>6,429,253</b> | <b>6,597,799</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

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

| Deferred taxes          | 6/30/2018        | 12/31/2017       |
|-------------------------|------------------|------------------|
|                         | ThUS\$           | ThUS\$           |
| Non-current assets      | 32,413           | 43,285           |
| Non-current liabilities | 4,711,571        | 4,314,237        |
| <b>Net</b>              | <b>4,679,158</b> | <b>4,270,952</b> |

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

| Deferred taxes on components of other comprehensive income                     | 6/30/2018       | 6/30/2017     |
|--|-----------------|---------------|
|  | ThUS\$          | ThUS\$        |
| (Charge) credit cash flow hedge  | (48,877)        | 14,016        |
| Defined Benefit Plans  | 3,028           | 7,299         |
| <b>Total deferred taxes on components of other comprehensive income (loss)</b> | <b>(45,849)</b> | <b>21,315</b> |

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

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.

| Reconciliation of tax rate                                   | 6/30/2018       |                 |              |                  |                  |                 | Total<br>ThUS\$  |
|--|-----------------|-----------------|--------------|------------------|------------------|-----------------|------------------|
|  | Taxable Base    |                 |              | At the Tax rate  |                  |                 |                  |
|  | 25.0%<br>ThUS\$ | 40.0%<br>ThUS\$ | 5%<br>ThUS\$ | 25.0%<br>ThUS\$  | 40.0%<br>ThUS\$  | 5%<br>ThUS\$    |                  |
| Profit (loss) before taxes                                   | 637,011         | 637,011         | 637,011      | (159,253)        | (254,804)        | (31,851)        | (445,908)        |
| Profit (loss) before taxes of subsidiaries                   | 37,221          | 37,221          | 37,221       | (9,305)          | (14,888)         | (1,862)         | (26,055)         |
| Consolidated profit (loss) before taxes                      | 674,232         | 674,232         | 674,232      | (168,558)        | (269,692)        | (33,713)        | (471,963)        |
| <b>Permanent differences:</b>                                |                 |                 |              |                  |                  |                 |                  |
| First category income tax (25%)                              |                 | (67,704)        |              | 16,926           |                  |                 | 16,926           |
| Specific tax for state-owned entities Art. 2 D.L. 2398 (40%) |                 |                 | (106,779)    |                  | 42,712           |                 | 42,712           |
| Specific tax on mining activities                            |                 |                 | 389,816      |                  |                  | (19,491)        | (19,491)         |
| Single Tax Art. 21 Inc. N°1                                  |                 |                 |              |                  |                  |                 | (1,424)          |
| Others   |                 |                 |              |                  |                  |                 | 2,922            |
| <b>TOTAL TAX EXPENSE</b>                                     |                 |                 |              | <b>(151,632)</b> | <b>(226,980)</b> | <b>(53,204)</b> | <b>(430,318)</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

| Reconciliation of tax rate                                    | 6/30/2017       |                 |              |                  |                  |                 |                  | Total<br>ThUS\$ |
|---|-----------------|-----------------|--------------|------------------|------------------|-----------------|------------------|-----------------|
|   | Taxable Base    |                 |              | At the Tax rate  |                  |                 |                  |                 |
|   | 25.0%<br>ThUS\$ | 40.0%<br>ThUS\$ | 5%<br>ThUS\$ | 25.0%<br>ThUS\$  | 40.0%<br>ThUS\$  | 5%<br>ThUS\$    |                  |                 |
| Profit (loss) before taxes                                    | 523,384         | 523,384         | 523,384      | (130,846)        | (209,354)        | (26,169)        | (366,369)        |                 |
| Profit (loss) before taxes of subsidiaries                    | 32,685          | 32,685          | 32,685       | (8,171)          | (13,074)         | (1,633)         | (22,878)         |                 |
| Consolidated profit (loss) before taxes                       | 556,069         | 556,069         | 556,069      | (139,017)        | (222,428)        | (27,802)        | (389,247)        |                 |
| <b>Permanent differences:</b>                                 |                 |                 |              |                  |                  |                 |                  |                 |
| First category income tax (25% )                              | (92,999)        |                 |              | 23,250           |                  |                 | 23,250           |                 |
| Specific tax for state-owned entities Art. 2 D.L. 2398 (40% ) |                 | (24,952)        |              |                  | 9,981            |                 | 9,981            |                 |
| Specific tax on mining activities                             |                 |                 | 111,190      |                  |                  | (5,559)         | (5,559)          |                 |
| Tax effect of non-usable tax loss                             |                 |                 |              |                  |                  |                 | 11,835           |                 |
| <b>TOTAL TAX EXPENSE</b>                                      |                 |                 |              | <b>(115,767)</b> | <b>(212,447)</b> | <b>(33,361)</b> | <b>(349,740)</b> |                 |

### 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note 1.2)

**6. Current and non-current tax assets and liabilities**

The detail of current tax assets and liabilities as of June 30, 2018 and December 31, 2017, is as follows:

| Current Tax Assets              | 6/30/2018     | 12/31/2017    |
|---------------------------------|---------------|---------------|
|                                 | ThUS\$        | ThUS\$        |
| Taxes to be recovered           | 12,884        | 21,623        |
| <b>Total Current Tax Assets</b> | <b>12,884</b> | <b>21,623</b> |

| Current Tax Liabilities                     | 6/30/2018     | 12/31/2017    |
|---|---------------|---------------|
|   | ThUS\$        | ThUS\$        |
| Provision Specific tax on mining activities | 14,238        | 46,710        |
| Provision Single Tax Art. 21 Inc. N°1       | 1,424         | -             |
| PPM Provision                               | 6,538         | 4,418         |
| Provision Tax                               | 14,138        | 7,562         |
| <b>Total Current Tax Liabilities</b>        | <b>36,338</b> | <b>58,690</b> |

| Items                               | 6/30/2018      | 12/31/2017     |
|-------------------------------------|----------------|----------------|
|                                     | ThUS\$         | ThUS\$         |
| <b>Non-Current Tax Assets</b>       | <b>177,093</b> | <b>233,772</b> |
| <b>Total Non-Current Tax Assets</b> | <b>177,093</b> | <b>233,772</b> |

Current tax balances are presented net of monthly provisional tax payments.

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\$319,275.

**7. Non-current assets or groups of assets for disposition classified as held for sale**

As of June 30, 2018 and 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.

Codelco Kupferhandel GmbH is in the process of selling its stake in Deutsche Giessdraht GmbH, the realization of this option is subject to the decision of the Germany free competition court regarding the sale.

On January 19, 2018, Codelco Chile through a subsidiary Codelco Kupferhandel GmbH (CK) signed a share sale agreement with Aurubis AG, with respect to the shareholding held by CK in the company Deutsche Giessdraht GmbH. The execution of this agreement is subject to the authorization of the German antitrust authority (Note 36).

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
 1.2)

**8. Property, Plant and Equipment**

a) The items of property, plant and equipment as of June 30, 2018 and December 31, 2017, are as follows:

| <b>Property, Plant and Equipment, gross</b>       | <b>6/30/2018</b>  | <b>12/31/2017</b> |
|---|-------------------|-------------------|
|   | ThUS\$            | ThUS\$            |
| Construction in progress                          | 7,837,966         | 7,004,522         |
| Land  | 174,498           | 175,039           |
| Buildings   | 5,405,221         | 5,375,235         |
| Plant and equipment                               | 15,511,089        | 15,150,823        |
| Fixtures and fittings                             | 58,812            | 58,839            |
| Motor vehicles                                    | 2,038,646         | 2,018,740         |
| Land improvements                                 | 5,528,486         | 5,296,402         |
| Mining operations                                 | 6,883,443         | 6,785,364         |
| Mine development                                  | 4,082,767         | 4,183,572         |
| Other assets                                      | 1,377,347         | 1,346,712         |
| <b>Total Property, Plant and Equipment, gross</b> | <b>48,898,275</b> | <b>47,395,248</b> |

| <b>Property, Plant and Equipment, accumulated depreciation</b>       | <b>6/30/2018</b>  | <b>12/31/2017</b> |
|--|-------------------|-------------------|
|  | ThUS\$            | ThUS\$            |
| Construction in progress   | -                 | -                 |
| Land   | 8,458             | 7,953             |
| Buildings  | 2,961,299         | 2,884,706         |
| Plant and equipment  | 9,810,138         | 9,490,638         |
| Fixtures and fittings  | 42,485            | 40,997            |
| Motor vehicles   | 1,332,237         | 1,275,198         |
| Land improvements  | 3,157,784         | 3,048,921         |
| Mining operations  | 4,282,255         | 4,178,325         |
| Mine development   | 736,062           | 688,342           |
| Other assets   | 534,713           | 504,656           |
| <b>Total Property, Plant and Equipment, accumulated depreciation</b> | <b>22,865,431</b> | <b>22,119,736</b> |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the unaudited interim consolidated financial statements originally issued in Spanish – see Note  
 1.2)

| <b>Property, Plant and Equipment, net</b>       | <b>6/30/2018</b><br>ThUS\$ | <b>12/31/2017</b><br>ThUS\$ |
|---|----------------------------|-----------------------------|
| Construction in progress                        | 7,837,966                  | 7,004,522                   |
| Land  | 166,040                    | 167,086                     |
| Buildings                                       | 2,443,922                  | 2,490,529                   |
| Plant and equipment                             | 5,700,951                  | 5,660,185                   |
| Fixtures and fittings                           | 16,327                     | 17,842                      |
| Motor vehicles                                  | 706,409                    | 743,542                     |
| Land improvements                               | 2,370,702                  | 2,247,481                   |
| Mining operations                               | 2,601,188                  | 2,607,039                   |
| Mine development                                | 3,346,705                  | 3,495,230                   |
| Other assets                                    | 842,634                    | 842,056                     |
| <b>Total Property, Plant and Equipment, net</b> | <b>26,032,844</b>          | <b>25,275,512</b>           |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

b) Movement of Property, plant and equipment:

| Movements<br>ThUS\$   | Construction in<br>progress | Land           | Buildings        | Plant and<br>equipment | Fixed installations<br>and accessories | Motor<br>vehicles | Ground<br>improvements | Mining<br>operations | Development<br>of mines | Other<br>assets | Total             |
|---|-----------------------------|----------------|------------------|------------------------|--|-------------------|------------------------|----------------------|-------------------------|-----------------|-------------------|
| <b>Reconciliation of changes in properties, plant and equipment</b>                               |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| 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        |
| <b>Changes in property, plant and equipment</b>   |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| Increases other than those from business, property, plant and equipment combinations              | 1,460,890                   | -              | 138              | 5,686                  | -                                      | 507               | 484                    | 266,794              | 1,124                   | 35,690          | 1,771,313         |
| Depreciation, property, plant and equipment   | -                           | (506)          | (81,575)         | (330,833)              | (1,830)                                | (57,110)          | (108,862)              | (388,160)            | (37,357)                | (35,137)        | (1,041,370)       |
| Impairment losses recognized in profit or loss for the period                                     | -                           | -              | -                | -                      | -                                      | -                 | -                      | -                    | -                       | -               | -                 |
| <b>Increases (decreases) in transfers and other changes, properties, plant and equipment</b>      |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| Increases (decreases) by transfers from constructions in process, properties, plant and equipment | (600,820)                   | -              | 23,885           | 357,564                | 357                                    | 19,178            | 100,919                | 8,598                | 90,319                  | -               | -                 |
| Increases (decreases) by other changes, properties, plant and equipment                           | 39,808                      | (540)          | 10,945           | 11,101                 | (38)                                   | 292               | 130,680                | 106,917              | (202,611)               | 31              | 96,585            |
| <b>Increase (decrease) by transfers and other changes, properties, plant and equipment</b>        | <b>(561,012)</b>            | <b>(540)</b>   | <b>34,830</b>    | <b>368,665</b>         | <b>319</b>                             | <b>19,470</b>     | <b>231,599</b>         | <b>115,515</b>       | <b>(112,292)</b>        | <b>31</b>       | <b>96,585</b>     |
| <b>Dispositions and withdrawals of service, property, plant and equipment</b>                     |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| Retirements, property, plant and equipment  | (66,434)                    | -              | -                | (2,752)                | (4)                                    | -                 | -                      | -                    | -                       | (6)             | (69,196)          |
| <b>Dispositions and withdrawals of service, property, plant and equipment</b>                     | <b>(66,434)</b>             | <b>-</b>       | <b>-</b>         | <b>(2,752)</b>         | <b>(4)</b>                             | <b>-</b>          | <b>-</b>               | <b>-</b>             | <b>-</b>                | <b>(6)</b>      | <b>(69,196)</b>   |
| <b>Increase (decrease) in properties, plant and equipment</b>                                     | <b>833,444</b>              | <b>(1,046)</b> | <b>(46,607)</b>  | <b>40,766</b>          | <b>(1,515)</b>                         | <b>(37,133)</b>   | <b>123,221</b>         | <b>(5,851)</b>       | <b>(148,525)</b>        | <b>578</b>      | <b>757,332</b>    |
| <b>Properties, plant and equipment at the end of the period. Closing balance 6/30/2018</b>        | <b>7,837,966</b>            | <b>166,040</b> | <b>2,443,922</b> | <b>5,700,951</b>       | <b>16,327</b>                          | <b>706,409</b>    | <b>2,370,702</b>       | <b>2,601,188</b>     | <b>3,346,705</b>        | <b>842,634</b>  | <b>26,032,844</b> |

| Movements<br>ThUS\$   | Construction in<br>progress | Land           | Buildings        | Plant and<br>equipment | Fixed installations<br>and accessories | Motor<br>vehicles | Ground<br>improvements | Mining<br>operations | Development<br>of mines | Other<br>assets | Total             |
|---|-----------------------------|----------------|------------------|------------------------|--|-------------------|------------------------|----------------------|-------------------------|-----------------|-------------------|
| <b>Reconciliation of changes in properties, plant and equipment</b>                               |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| 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        |
| <b>Changes in property, plant and equipment</b>   |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| 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                                       | -                           | -              | -                | -                      | -                                      | -                 | -                      | -                    | -                       | -               | -                 |
| <b>Increases (decreases) in transfers and other changes, properties, plant and equipment</b>      |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| 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             |
| <b>Increase (decrease) by transfers and other changes, properties, plant and equipment</b>        | <b>(2,231,135)</b>          | <b>20,986</b>  | <b>244,562</b>   | <b>850,252</b>         | <b>8,122</b>                           | <b>53,922</b>     | <b>363,937</b>         | <b>540,044</b>       | <b>167,167</b>          | <b>(15,457)</b> | <b>2,400</b>      |
| <b>Dispositions and withdrawals of service, property, plant and equipment</b>                     |                             |                |                  |                        |  |                   |                        |                      |                         |                 |                   |
| Retirements, property, plant and equipment  | (91,841)                    | -              | (2,387)          | (15,267)               | (19)                                   | (3,288)           | (832)                  | -                    | -                       | (4,898)         | (118,532)         |
| <b>Dispositions and withdrawals of service, property, plant and equipment</b>                     | <b>(91,841)</b>             | <b>-</b>       | <b>(2,387)</b>   | <b>(15,267)</b>        | <b>(19)</b>                            | <b>(3,288)</b>    | <b>(832)</b>           | <b>-</b>             | <b>-</b>                | <b>(4,898)</b>  | <b>(118,532)</b>  |
| <b>Increase (decrease) in properties, plant and equipment</b>                                     | <b>738,051</b>              | <b>22,671</b>  | <b>83,346</b>    | <b>257,527</b>         | <b>4,692</b>                           | <b>(63,525)</b>   | <b>157,615</b>         | <b>68,830</b>        | <b>87,524</b>           | <b>(58,480)</b> | <b>1,298,251</b>  |
| <b>Properties, plant and equipment at the end of the year. Closing balance 12/31/2017</b>         | <b>7,004,522</b>            | <b>167,086</b> | <b>2,490,529</b> | <b>5,660,185</b>       | <b>17,842</b>                          | <b>743,542</b>    | <b>2,247,481</b>       | <b>2,607,039</b>     | <b>3,495,230</b>        | <b>842,056</b>  | <b>25,275,512</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

- c) The balance of construction in progress, is directly associated with the operating activities of the Corporation, and relates to the acquisition of equipment and projects in construction.
- d) The Corporation has 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 the Management's opinion.
- e) Borrowing costs capitalized for the period ended June 30, 2018 and 2017 were ThUS\$143,014 and ThUS\$97,955, respectively. The annual capitalization average rate for the period ended June 30, 2018 and 2017 was 4.33% and 3.99%, 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  | 1/1/2017  |
|--|-----------|-----------|
|  | 6/30/2018 | 6/30/2017 |
|  | ThUS\$    | ThUS\$    |
| Recognized in profit /(loss)                       | 20,122    | 29,164    |
| Cash outflows disbursed                            | 29,779    | 21,926    |

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

| Other assets, net   | 6/30/2018      | 12/31/2017     |
|---|----------------|----------------|
|   | ThUS\$         | ThUS\$         |
| Leased assets   | 105,204        | 91,627         |
| Mining properties from the purchase of Anglo American Sur S.A. shares | 402,000        | 402,000        |
| Maintenances and other major repairs                                  | 250,288        | 254,253        |
| Other assets – Calama Plan  | 81,254         | 90,281         |
| Other   | 3,888          | 3,895          |
| <b>Total other assets, net</b>  | <b>842,634</b> | <b>842,056</b> |

- 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

- 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) As of June 30, 2018 and 2017, there were no impairment indicators for items of property, plant and equipment. Consequently, the Corporation has not recognized any impairment losses other than those indicated in h) above.

**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 |            | Equity Method    |                  | Net income (loss) |                | Net income (loss) |                |
|-------------------------------------|------------------|-----------------|-----------------|------------|------------------|------------------|-------------------|----------------|-------------------|----------------|
|                                     |                  |                 | 6/30/2018       | 12/31/2017 | 6/30/2018        | 12/31/2017       | 1/1/2018          | 1/1/2017       | 4/1/2018          | 4/1/2017       |
|                                     |                  |                 | %               | %          | ThUS\$           | ThUS\$           | ThUS\$            | ThUS\$         | ThUS\$            | ThUS\$         |
| Deutsche Geissdraht GmbH            | Foreign          | EURO            | 40.0%           | 40.0%      | -                | -                | -                 | 488            | -                 | 238            |
| Agua de la Falda S.A.               | 96.801.450-1     | US\$            | 42.26%          | 42.26%     | 4,785            | 4,943            | (158)             | (283)          | (80)              | (133)          |
| Sociedad Contractual Minera El Abra | 96.701.340-4     | US\$            | 49.0%           | 49.0%      | 614,266          | 605,769          | 9,037             | 5,808          | 5,308             | 3,223          |
| Minera Purén SCM                    | 76.028.880-2     | US\$            | 35.0%           | 35.0%      | 9,898            | 9,897            | 1                 | (28)           | 6                 | (11)           |
| Sociedad GNL Mejillones S.A.        | 76.775.710-7     | US\$            | 37.0%           | 37.0%      | 79,645           | 76,050           | 3,609             | 2,460          | 1,663             | 1,419          |
| Inca de Oro S.A.                    | 73.063.022-5     | US\$            | 33.19%          | 33.19%     | 12,942           | 12,942           | -                 | (23)           | -                 | -              |
| Anglo American Sur S.A.             | 77.762.940-9     | US\$            | 29.5%           | 29.5%      | 2,882,320        | 2,945,084        | 61,137            | 110,636        | 49,686            | 100,690        |
| Planta Recuperadora de Metales SpA  | 76.255.054-7     | US\$            | 34.0%           | 34.0%      | 10,407           | 10,916           | 97                | (400)          | 97                | (117)          |
| <b>TOTAL</b>                        |                  |                 |                 |            | <b>3,614,263</b> | <b>3,665,601</b> | <b>73,723</b>     | <b>118,658</b> | <b>56,680</b>     | <b>105,309</b> |

**a) Associates**

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

As of June 30, 2018, Codelco holds a 42.26% ownership interest in Agua de la Falda S.A., with the remaining 56.72% owned by Minera Meridian Limitada.

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

**Sociedad Contractual Minera El Abra**

Sociedad Contractual Minera El Abra was incorporated in 1994. As of March 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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**Sociedad Contractual Minera Purén**

As of June 30, 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 June 30, 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 June 30, 2018, Codelco holds a 33.19% ownership interest in this company.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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**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 June 30, 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 in commercial products and the selling and distribution of all class of goods or inputs derived from such process.

**Deutsche Giessdraht GmbH**

As of June 30, 2018 and 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.

Codelco Kupferhandel GmbH is in the process of selling its stake in Deutsche Giessdraht GmbH, the realization of this option is subject to the decision of the Germany free competition court regarding the sale.

The company signed a share sale agreement with Aurubis AG, with respect to the shareholding held by Codelco Kupferhandel in the company Deutsche Giessdraht GmbH, disclosed in Note 7 Non-current assets or groups of assets for disposition classified as held for sale.

**Anglo American Sur S.A.**

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

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

Investment Company Minera Becrux SpA ("Absorbing Company"), which will take effect as of December 22, 2017, where the Absorbing Company acquires all the assets and liabilities of the Absorbed Company, which will 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 June 30, 2018 and December 31, 2017, and their profit (loss) for the six-month and three-month periods ended June 30, 2018 and 2017:

| Assets and Liabilities  | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|-------------------------|---------------------|----------------------|
| Current Assets          | 1,880,596           | 1,595,687            |
| Non-current Assets      | 5,786,665           | 5,925,176            |
| Current Liabilities     | 1,129,055           | 766,986              |
| Non-current Liabilities | 1,675,000           | 1,724,512            |

| Net Income                   | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue                      | 1,605,473                       | 1,181,424                       | 892,645                         | 616,970                         |
| Cost of sales                | (1,349,058)                     | (954,335)                       | (696,842)                       | (436,766)                       |
| Profit (loss) for the period | 256,415                         | 227,089                         | 195,803                         | 180,204                         |

| Movements of Investment in Associates       | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ |
|---|---------------------------------|---------------------------------|
| Opening balances                            | <b>3,665,601</b>                | <b>3,753,974</b>                |
| Dividends                                   | (123,900)                       | (214,522)                       |
| Result of the period                        | 73,723                          | 65,913                          |
| Foreign exchange differences                | -                               | 282                             |
| Reverse/ Impairment Anglo American Sur S.A. | -                               | 52,745                          |
| Other comprehensive income                  | (540)                           | (27)                            |
| Other                                       | (621)                           | 6                               |
| <b>Final balance</b>                        | <b>3,614,263</b>                | <b>3,658,371</b>                |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

The following tables provide details of asset and liabilities of the principal associates as of June 30, 2018 and December 31, 2017, and their profit (loss) for the six-month and three-month periods ended June 30, 2018 and 2017:

**Anglo American Sur S.A.**

| Assets and liabilities  | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|-------------------------|---------------------|----------------------|
| Current Assets          | 1,269,951           | 1,055,740            |
| Non-current Assets      | 4,183,306           | 4,265,685            |
| Current Liabilities     | 982,086             | 635,033              |
| Non-current Liabilities | 1,186,032           | 1,209,904            |

| Net Income                   | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue                      | 1,232,726                       | 896,414                         | 731,369                         | 482,240                         |
| Cost of sales                | (1,004,076)                     | (685,847)                       | (551,194)                       | (311,766)                       |
| Profit (loss) for the period | 228,650                         | 210,567                         | 180,175                         | 170,474                         |

**Sociedad Contractual Minera El Abra**

| Assets and liabilities  | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|-------------------------|---------------------|----------------------|
| Current Assets          | 547,278             | 477,857              |
| Non-current Assets      | 1,058,925           | 1,110,167            |
| Current Liabilities     | 80,713              | 80,077               |
| Non-current Liabilities | 271,885             | 271,684              |

| Net Income                   | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue                      | 316,293                         | 221,959                         | 165,998                         | 93,004                          |
| Cost of sales                | (297,850)                       | (210,105)                       | (155,165)                       | (86,426)                        |
| Profit (loss) for the period | 18,443                          | 11,854                          | 10,833                          | 6,578                           |

**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 June 30, 2018 and December 31, 2017, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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Codelco enters into transactions for the purchase and sale of copper with Anglo American Sur S.A. As of June 30, 2018 and December 31, 2017, there were no unrealized profits (losses) recognized in the carrying amount of inventories of finished products.

For the six-month period ended June 30, 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 through business combinations**

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

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

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

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

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

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

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

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

In determining the recoverable amount, the Corporation applied the methodology of fair value less costs of disposal. The recoverable amount of the operating units was determined based on the life of mine by using a discounted cash flow model whose main assumptions included ore reserves declared

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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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 d) above.

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

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

As of December 31, 2016, the parent company of Anglo American Sur S.A. reviewed the discounted cash flow model of its cash generating units (CGU), determining an impairment loss for the *El Soldado* CGU of US\$200 million due to the uncertainty related to obtaining the required approval of its operational plan from the National Mining and Geology Service (“SERNAGEOMIN” in its Spanish acronym), which 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 June 30, 2018, there are no indicators of impairment, therefore, there have been no adjustments recognized to the carrying amounts of the assets.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

The share in profit or loss of the associate Anglo American Sur S.A. recognized for the six-month period ended June 30, 2018 was income of ThUS\$67,452 (income of ThUS\$62,117 for the period ended June 30, 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\$6,315 for the six-month period ended June 30, 2018 (an expense of ThUS\$4,227 for the six-month period ended June 30, 2017) recognized within line item “Share of profit or loss of associates and joint ventures accounted using the equity method” in the consolidated statements of comprehensive income.

**10. Intangible assets other than goodwill**

As of June 30, 2018 and December 31, 2017, the intangible assets other than goodwill are described as follows:

a) This item is composed of the following:

| Item  | 6/30/2018     | 12/31/2017     |
|---|---------------|----------------|
|   | ThUS\$        | ThUS\$         |
| Intangible assets with finite useful lives, net | 35,453        | 35,449         |
| Intangible assets with indefinite useful lives  | 8,656         | 183,668        |
| <b>Total</b>                                    | <b>44,109</b> | <b>219,117</b> |

b) Carrying amount and accumulated amortization:

| Item                                     | 6/30/2018     |                          |               |
|--|---------------|--------------------------|---------------|
|  | Gross         | Accumulated Amortization | Net           |
|  | ThUS\$        | ThUS\$                   | ThUS\$        |
| Trademarks, patents and licenses         | 28            | -                        | 28            |
| Water rights                             | 7,958         | -                        | 7,958         |
| Software                                 | 5,877         | (4,001)                  | 1,876         |
| Technological development and innovation | 698           | -                        | 698           |
| Other                                    | 33,549        | -                        | 33,549        |
| <b>Total</b>                             | <b>48,110</b> | <b>(4,001)</b>           | <b>44,109</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Item                                     | 12/31/2017     |                             |                |
|--|----------------|-----------------------------|----------------|
|  | Gross          | Accumulated<br>Amortization | Net            |
|  | ThUS\$         | ThUS\$                      | 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                                    | 33,727         | -                           | 33,727         |
| <b>Total</b>                             | <b>222,650</b> | <b>(3,533)</b>              | <b>219,117</b> |

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

| Movements  | Trademarks,<br>patents and<br>licenses | Water<br>rights | Software     | Technological<br>development and<br>innovation | Other         | Total            |
|--|--|-----------------|--------------|--|---------------|------------------|
| <b>Reconciliation of changes in intangible assets other than goodwill</b>                            |  |                 |              |  |               |                  |
| Intangible assets other than goodwill. Opening balance (1/1/2018)                                    | 28                                     | 7,959           | 1,693        | 175,710  | 33,727        | 219,117          |
| <b>Changes in intangible assets other than goodwill</b>  |  |                 |              |  |               |                  |
| Increases other than those arising from business combinations, intangible assets other than goodwill | -                                      | -               | 481          | 374  | -             | 855              |
| Amortization, intangible assets other than goodwill  | -                                      | -               | (200)        | -  | (176)         | (376)            |
| <b>Increases (decreases) in transfers and other changes, intangible assets other than goodwill</b>   |  |                 |              |  |               |                  |
| 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)             | (50)         | -  | (2)           | (53)             |
| <b>Increase (decrease) in transfers and other changes, intangible assets other than goodwill</b>     | <b>-</b>                               | <b>(1)</b>      | <b>(50)</b>  | <b>(103,638)</b>                               | <b>(2)</b>    | <b>(103,691)</b> |
| <b>Provisions and withdrawals of service, intangible assets other than goodwill</b>                  |  |                 |              |  |               |                  |
| Service retirements / retirements, intangible assets other than goodwill                             | -                                      | -               | (48)         | (71,748)                                       | -             | (71,796)         |
| <b>Provisions and withdrawals of service, intangible assets other than goodwill</b>                  | <b>-</b>                               | <b>-</b>        | <b>(48)</b>  | <b>(71,748)</b>                                | <b>-</b>      | <b>(71,796)</b>  |
| <b>Increase (decrease) in intangible assets other than goodwill</b>                                  | <b>-</b>                               | <b>(1)</b>      | <b>183</b>   | <b>(175,012)</b>                               | <b>(178)</b>  | <b>(175,008)</b> |
| <b>Intangible assets other than goodwill. Final Balance 6/30/2018</b>                                | <b>28</b>                              | <b>7,958</b>    | <b>1,876</b> | <b>698</b>                                     | <b>33,549</b> | <b>44,109</b>    |

| Movements  | Trademarks,<br>patents and<br>licenses | Water<br>rights | Software     | Technological<br>development and<br>innovation | Other         | Total          |
|--|--|-----------------|--------------|--|---------------|----------------|
| <b>Reconciliation of changes in intangible assets other than goodwill</b>                            |  |                 |              |  |               |                |
| Intangible assets other than goodwill. Opening balance (1/1/2017)                                    | 28                                     | 7,959           | 1,905        | 174,624  | 12,381        | 196,897        |
| <b>Changes in intangible assets other than goodwill</b>  |  |                 |              |  |               |                |
| 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)          |
| <b>Increases (decreases) in transfers and other changes, intangible assets other than goodwill</b>   |  |                 |              |  |               |                |
| Increases (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             |
| <b>Increase (decrease) in transfers and other changes, intangible assets other than goodwill</b>     | <b>-</b>                               | <b>-</b>        | <b>132</b>   | <b>-</b>                                       | <b>22,817</b> | <b>22,949</b>  |
| <b>Provisions and withdrawals of service, intangible assets other than goodwill</b>                  |  |                 |              |  |               |                |
| Increase (decrease) in intangible assets other than goodwill   | -                                      | -               | (1)          | -  | (1,123)       | (1,124)        |
| <b>Increase (decrease) in intangible assets other than goodwill</b>                                  | <b>-</b>                               | <b>-</b>        | <b>(212)</b> | <b>1,086</b>                                   | <b>21,346</b> | <b>22,220</b>  |
| <b>Intangible assets other than goodwill. Final Balance 12/31/2017</b>                               | <b>28</b>                              | <b>7,959</b>    | <b>1,693</b> | <b>175,710</b>                                 | <b>33,727</b> | <b>219,117</b> |

d) Additional Information

The Corporation has significant intangible assets for ThUS\$698 and ThUS\$175,710, as of June 30, 2018 and December 31, 2017, respectively, 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;

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

(2) increasing the pace of mineral extraction; and (3) simultaneous mineral extraction from different sections.

This project began in 2005, when the first conceptual tests were made, and in 2007 and 2008 it was applied as pilot level and from 2009 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 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 June 30, 2018, related to this project is US\$138.1 million (US\$48 million after taxes).

As of June 30, 2018 and December 31, 2017, there are no fully amortized intangible assets that are still in use.

For the six-month periods ended June 30, 2018 and 2017, research and technological development and innovation expenses were ThUS\$380 and ThUS\$387, respectively. On the other hand, research recognized in expense was ThUS\$412 and ThUS\$17,678 for the six-month periods ended June 30, 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:

| <b>Assets and liabilities</b> | <b>6/30/2018</b><br>ThUS\$ | <b>12/31/2017</b><br>ThUS\$ |
|-------------------------------|----------------------------|-----------------------------|
| Current assets                | 549,856                    | 596,285                     |
| Non Current Assets            | 3,672,111                  | 3,743,260                   |
| Current Liabilities           | 288,357                    | 307,223                     |
| Non Current Liabilities       | 1,244,789                  | 1,321,709                   |

| <b>Profit (loss)</b>    | <b>1/1/2018</b><br><b>6/30/2018</b><br>ThUS\$ | <b>1/1/2017</b><br><b>6/30/2017</b><br>ThUS\$ | <b>4/1/2018</b><br><b>6/30/2018</b><br>ThUS\$ | <b>4/1/2017</b><br><b>6/30/2017</b><br>ThUS\$ |
|-------------------------|---|---|---|---|
| Ordinary Income         | 1,121,776                                     | 1,040,073                                     | 587,777                                       | 597,964                                       |
| Ordinary Expenses       | (1,098,288)                                   | (966,873)                                     | (561,427)                                     | (513,337)                                     |
| Profit (loss) of period | 23,488  | 73,200  | 26,350  | 84,627  |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

**12. Other non-current non-financial assets**

Other non-current non-financial assets as of June 30, 2018 and December 31, 2017, are as follows:

| Other non-current non-financial assets | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|--|---------------------|----------------------|
| Advance payment (Law No.13196) (1)     | 5,350               | 6,266                |
| Other                                  | 2,147               | 5,309                |
| <b>Total</b>                           | <b>7,497</b>        | <b>11,575</b>        |

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

**13. Current and non-current financial assets**

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

| Classification in the statement of financial position | 6/30/2018                             |                  |                               |                               |                        |
|---|---------------------------------------|------------------|-------------------------------|-------------------------------|------------------------|
|   | At fair value through profit and loss | Amortized Cost   | Derivatives for hedging       |                               | Total financial assets |
|   | ThUS\$                                | ThUS\$           | Hedging derivatives<br>ThUS\$ | Cross currency swap<br>ThUS\$ | ThUS\$                 |
| Cash and cash equivalents                             | 499                                   | 2,012,600        | -                             | -                             | 2,013,099              |
| Trade and other current receivables                   | 1,146,017                             | 850,768          | -                             | -                             | 1,996,785              |
| Non – current receivables                             | -                                     | 113,187          | -                             | -                             | 113,187                |
| Current receivables from related parties              | -                                     | 126,253          | -                             | -                             | 126,253                |
| Non – current receivables from related parties        | -                                     | 25,325           | -                             | -                             | 25,325                 |
| Other current financial assets                        | 36,013                                | 5,342            | 22,783                        | -                             | 64,138                 |
| Other non - current financial assets                  | -                                     | 11,834           | -                             | 145,861                       | 157,695                |
| <b>TOTAL</b>  | <b>1,182,529</b>                      | <b>3,145,309</b> | <b>22,783</b>                 | <b>145,861</b>                | <b>4,496,482</b>       |

| Classification in the statement of financial position | 12/31/2017                            |                  |                               |                               |                        |
|---|---------------------------------------|------------------|-------------------------------|-------------------------------|------------------------|
|   | At fair value through profit and loss | Amortized Cost   | Derivatives for hedging       |                               | Total financial assets |
|   | ThUS\$                                | ThUS\$           | Hedging derivatives<br>ThUS\$ | Cross currency swap<br>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           | -                             | 138,399                       | 149,526                |
| <b>TOTAL</b>  | <b>244,916</b>                        | <b>4,213,341</b> | <b>-</b>                      | <b>138,399</b>                | <b>4,596,656</b>       |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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- **Fair value through profit or loss:** As of June 30, 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.

- **Fair value through other comprehensive income:** Corresponds to the balance for changes in fair value of derivative contracts to hedge existing transactions (cash flow hedges) and which affect profit or loss when the transactions are settled or when, to the extent required under accounting standards, an offsetting effect is charged (credited) to the profit or loss statement. The detail of derivative hedging transactions are included in Note 30.

As of June 30, 2018 and December 31, 2017, there were no reclassifications between the different categories of financial instruments.

#### **14. Interest-bearing borrowings**

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

The following tables set forth other current/non-current financial liabilities as of June 30, 2018 and December 31, 2017:

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Items                             | 6/30/2018      |                     |                |                   |                     |                   |
|-----------------------------------|----------------|---------------------|----------------|-------------------|---------------------|-------------------|
|                                   | Current        |                     |                | Non-current       |                     |                   |
|                                   | Amortized Cost | Hedging derivatives | Total          | Amortized Cost    | Hedging derivatives | Total             |
|                                   | ThUS\$         | ThUS\$              | ThUS\$         | ThUS\$            | ThUS\$              | ThUS\$            |
| Loans from financial institutions | 462,904        | -                   | 462,904        | 1,843,489         | -                   | 1,843,489         |
| Bonds issued                      | 441,729        | -                   | 441,729        | 12,353,070        | -                   | 12,353,070        |
| Financial Lease                   | 22,536         | -                   | 22,536         | 97,754            | -                   | 97,754            |
| Hedging derivatives               | -              | 16,026              | 16,026         | -                 | 90,211              | 90,211            |
| Other financial liabilities       | 546            | -                   | 546            | 66,240            | -                   | 66,240            |
| <b>Total</b>                      | <b>927,715</b> | <b>16,026</b>       | <b>943,741</b> | <b>14,360,553</b> | <b>90,211</b>       | <b>14,450,764</b> |

| Items                             | 12/31/2017               |                     |                |                          |                     |                   |
|-----------------------------------|--------------------------|---------------------|----------------|--------------------------|---------------------|-------------------|
|                                   | Current                  |                     |                | Non-current              |                     |                   |
|                                   | Loans and other payables | Hedging derivatives | Total          | Loans and other payables | Hedging derivatives | Total             |
|                                   | ThUS\$                   | ThUS\$              | ThUS\$         | ThUS\$                   | ThUS\$              | ThUS\$            |
| Loans from financial 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            |
| <b>Total</b>                      | <b>313,862</b>           | <b>10,526</b>       | <b>324,388</b> | <b>14,568,452</b>        | <b>79,552</b>       | <b>14,648,004</b> |

**- 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. Furthermore, Mitsui (through a subsidiary) held an option to acquire from GacruX an additional 15.25% of the shares of Inversiones Mineras Acrux SpA ("Acrux"), at a fixed price of approximately US\$998 million. These funds were fully allocated to a portion of GacruX's debt under the Credit Agreement.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

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 June 30, 2018, the outstanding balance of the credit agreements is ThUS\$650,435.

- ***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 amortized for an amount of ThUS\$333,155.

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

On November 3, 2011, the Corporation issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$1,150,000. These bonds are payable in a single

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

installment on November 4, 2021, at an annual interest rate of 3.875% and semi-annual interest payments. On August 3, 2017, principal was amortized for an amount of ThUS\$665,226.

On July 17, 2012, the Company issued and placed bonds in the U.S. market under Rule 144-A and Regulation S, for a nominal amount of ThUS\$2,000,000. These bonds are payable in two installments (i) ThUS\$1,250,000 at an annual interest rate of 3%, On August 22, 2017, principal was amortized 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 amortized for an amount of ThUS\$162,502.

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

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

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

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

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

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

The above bond issue by the Corporation did not consider any increase in the net debt. These operations allowed the maturity profile of Codelco's debt to be optimized, and, to that end, on July 25, 2017, the Corporation made an offer in New York to purchase its bonds issued in US dollars maturing from 2019

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

to 2025. As a result of these transactions involving the US\$ 2,750 million, in nominal terms, 86% of the funds from the new issue (US\$ 2,367 million of US\$ 2,750 million) were used to refinance the old debt. The published average rate of the refinanced funds decreased from 4.36% to 4.02%.

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

On May 18, 2018, Codelco issue 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 June 30, 2018 and December 31, 2017, the Corporation is not required to comply with any financial covenant related to borrowings from financial institutions and bond obligations.

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

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

- ***Finance leases:***

Finance lease contracts mainly corresponds to buildings and machinery.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

As of June 30, 2018, the details of loans from financial institutions and bond obligations are as follows:

| 6/30/2018          |               |                               |                                      |            |               |          |                  |  |                     |                       |                         |                        |                            |
|--------------------|---------------|-------------------------------|--------------------------------------|------------|---------------|----------|------------------|--|---------------------|-----------------------|-------------------------|------------------------|----------------------------|
| 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\$ |
| Foreign            | USA           | Bilateral Credit              | Bank of Tokyo Mitsubishi Ltd.        | 9-30-2021  | Floating      | US\$     | 250,000,000      | Maturity   | Quarterly           | 3.11%                 | 3.21%                   | 1,574                  | 249,548                    |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 11-3-2021  | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.97%                 | 3.15%                   | 1,437                  | 298,723                    |
| Foreign            | Cayman Island | Bilateral Credit              | Scotiabank & Trust (Cayman) Ltd      | 4-13-2022  | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.99%                 | 3.20%                   | 1,945                  | 298,240                    |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 7-17-2022  | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 3.01%                 | 3.10%                   | 1,680                  | 299,342                    |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 6-16-2019  | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.95%                 | 3.09%                   | 301,674                | -                          |
| 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         | 3.05%                 | 3.47%                   | 24,019                 | -                          |
| 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         | 2.95%                 | 3.15%                   | 32,388                 | 95,590                     |
| Foreign            | Japan         | 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%                 | 5.42%                   | 48,389                 | 602,046                    |
| Foreign            | Germany       | Credit Line                   | HSBC Trinkaus &                      |            | Floating      | Euro     |                  |  |                     | 1.25%                 | 1.25%                   | 32,936                 | -                          |
| Foreign            | Germany       | Credit Line                   | HSBC Trinkaus & Otras instituciones  |            | Floating      | Euro     |                  |  |                     | 1.22%                 | 1.22%                   | 16,628                 | -                          |
| <b>TOTAL</b>       |               |                               |                                      |            |               |          |                  |  |                     |                       |                         | <b>462,904</b>         | <b>1,843,489</b>           |

| Taxpayer ID Number | Country    | Maturity   | Interest Rate | Currency | Principal Amount | Type of amortization   | Payment of interest | Nominal Interest Rate | Effective Interest Rate | Current balance ThUS\$ | Non-current balance ThUS\$ |
|--------------------|------------|------------|---------------|----------|------------------|--|---------------------|-----------------------|-------------------------|------------------------|----------------------------|
| 144-A REG.S        | Luxembourg | 01-15-2019 | Fixed         | US\$     | 600,000,000      | At Maturity  | Semi-annual         | 7.50%                 | 7.78%                   | 275,689                | -                          |
| 144-A REG.S        | Luxembourg | 11-04-2020 | Fixed         | US\$     | 1,000,000,000    | At Maturity  | Semi-annual         | 3.75%                 | 3.97%                   | 3,399                  | 582,402                    |
| 144-A REG.S        | Luxembourg | 11-04-2021 | Fixed         | US\$     | 1,150,000,000    | At Maturity  | Semi-annual         | 3.88%                 | 4.06%                   | 2,910                  | 482,043                    |
| 144-A REG.S        | Luxembourg | 07-17-2022 | Fixed         | US\$     | 1,250,000,000    | At Maturity  | Semi-annual         | 3.00%                 | 3.17%                   | 11,521                 | 832,120                    |
| 144-A REG.S        | Luxembourg | 08-13-2023 | Fixed         | US\$     | 750,000,000      | At Maturity  | Semi-annual         | 4.50%                 | 4.75%                   | 10,005                 | 580,975                    |
| 144-A REG.S        | Luxembourg | 07-09-2024 | Fixed         | EUR      | 600,000,000      | At Maturity  | Annual              | 2.25%                 | 2.48%                   | 15,373                 | 691,780                    |
| BCODE-B            | Chile      | 04-01-2025 | Fixed         | U.F.     | 6,900,000        | At Maturity  | Semi-annual         | 4.00%                 | 3.24%                   | 2,862                  | 300,919                    |
| 144-A REG.S        | Luxembourg | 09-16-2025 | Fixed         | US\$     | 2,000,000,000    | At Maturity  | Semi-annual         | 4.50%                 | 4.77%                   | 21,016                 | 1,595,381                  |
| BCODE-C            | Chile      | 08-24-2026 | Fixed         | U.F.     | 10,000,000       | At Maturity  | Semi-annual         | 2.50%                 | 2.48%                   | 3,607                  | 439,306                    |
| 144-A REG.S        | Luxembourg | 08-01-2027 | Fixed         | US\$     | 1,500,000,000    | At Maturity  | Semi-annual         | 3.63%                 | 4.21%                   | 22,381                 | 1,434,421                  |
| 144-A REG.S        | Luxembourg | 09-21-2035 | Fixed         | US\$     | 500,000,000      | At Maturity  | Semi-annual         | 5.63%                 | 5.78%                   | 7,796                  | 491,668                    |
| 144-A REG.S        | Luxembourg | 10-24-2036 | Fixed         | US\$     | 500,000,000      | At Maturity  | Semi-annual         | 6.15%                 | 6.22%                   | 5,881                  | 496,375                    |
| 144-A REG.S        | Luxembourg | 07-17-2042 | Fixed         | US\$     | 750,000,000      | At Maturity  | Semi-annual         | 4.25%                 | 4.41%                   | 14,617                 | 732,823                    |
| 144-A REG.S        | Luxembourg | 10-18-2043 | Fixed         | US\$     | 950,000,000      | At Maturity  | Semi-annual         | 5.63%                 | 5.76%                   | 10,658                 | 933,103                    |
| 144-A REG.S        | Luxembourg | 11-04-2044 | Fixed         | US\$     | 980,000,000      | At Maturity  | Semi-annual         | 4.88%                 | 5.01%                   | 7,400                  | 960,871                    |
| 144-A REG.S        | Luxembourg | 08-01-2047 | Fixed         | US\$     | 1,250,000,000    | At Maturity  | Annual              | 4.50%                 | 4.73%                   | 23,153                 | 1,204,530                  |
| REG.S              | Luxembourg | 05-15-2048 | Fixed         | US\$     | 600,000,000      | Expiration or right is can exercise from the fifth year to its par value | Semi-annual         | 4.85%                 | 4.91%                   | 3,461                  | 594,353                    |
| <b>TOTAL</b>       |            |            |               |          |                  |  |                     |                       |                         | <b>441,729</b>         | <b>12,353,070</b>          |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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.        | 09/30/2021 | Floating      | US\$     | 250,000,000      | Maturity   | Quarterly           | 2.10%                 | 2.16%                   | 1,081                  | 249,483                    |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 11/03/2021 | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.00%                 | 2.17%                   | 969                    | 298,480                    |
| Foreign            | Cayman Island | Bilateral Credit              | Scotiabank & Trust (Cayman) Ltd      | 04/13/2022 | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.01%                 | 2.20%                   | 1,323                  | 297,935                    |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 07/17/2022 | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 2.01%                 | 2.09%                   | 1,142                  | 299,253                    |
| Foreign            | USA           | Bilateral Credit              | Mizuho Corporate Bank Ltd            | 06/05/2019 | Floating      | US\$     | 95,000,000       | Maturity   | Quarterly           | 2.14%                 | 2.35%                   | 130                    | 94,740                     |
| Foreign            | USA           | Bilateral Credit              | Export Dev Canada                    | 06/16/2019 | Floating      | US\$     | 300,000,000      | Maturity   | Quarterly           | 1.97%                 | 2.03%                   | 1,346                  | 299,480                    |
| Foreign            | Japan         | Bilateral Credit              | Bank of Tokyo Mitsubishi Ltd.        | 05/24/2019 | 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 | 05/24/2022 | 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       | 05/26/2022 | 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                  | -                          |
| <b>TOTAL</b>       |               |                               |                                      |            |               |          |                  |  |                     |                       |                         | <b>130,727</b>         | <b>2,329,657</b>           |

| Taxpayer ID Number | Country    | Maturity   | Interest Rate | Currency | Principal Amount | Type of amortization | Payment of interest | Nominal Interest Rate | Effective Interest Rate | Current balance ThUS\$ | Non-current balance ThUS\$ |
|--------------------|------------|------------|---------------|----------|------------------|----------------------|---------------------|-----------------------|-------------------------|------------------------|----------------------------|
| 144-A REG.S        | Luxembourg | 01-15-2019 | Fixed         | US\$     | 600,000,000      | Maturity             | Semi-annual         | 7.50%                 | 7.78%                   | 9,162                  | 266,111                    |
| 144-A REG.S        | Luxembourg | 11-04-2020 | Fixed         | US\$     | 1,000,000,000    | Maturity             | Semi-annual         | 3.75%                 | 3.97%                   | 3,456                  | 581,833                    |
| 144-A REG.S        | Luxembourg | 11-04-2021 | Fixed         | US\$     | 1,150,000,000    | Maturity             | Semi-annual         | 3.88%                 | 4.06%                   | 2,993                  | 481,661                    |
| 144-A REG.S        | Luxembourg | 07-17-2022 | Fixed         | US\$     | 1,250,000,000    | Maturity             | Semi-annual         | 3.00%                 | 3.17%                   | 11,385                 | 831,500                    |
| 144-A REG.S        | Luxembourg | 08-13-2023 | Fixed         | US\$     | 750,000,000      | Maturity             | Semi-annual         | 4.50%                 | 4.75%                   | 10,058                 | 580,420                    |
| 144-A REG.S        | Luxembourg | 07-09-2024 | Fixed         | EUR      | 600,000,000      | Maturity             | Annual              | 2.25%                 | 2.48%                   | 7,782                  | 711,734                    |
| BCODE-B            | Chile      | 04-01-2025 | Fixed         | U.F.     | 6,900,000        | Maturity             | Semi-annual         | 4.00%                 | 3.24%                   | 3,797                  | 316,327                    |
| 144-A REG.S        | Luxembourg | 09-16-2025 | Fixed         | US\$     | 2,000,000,000    | Maturity             | Semi-annual         | 4.50%                 | 4.77%                   | 21,364                 | 1,593,900                  |
| BCODE-C            | Chile      | 08-24-2026 | Fixed         | U.F.     | 10,000,000       | Maturity             | Semi-annual         | 2.50%                 | 2.48%                   | 3,008                  | 460,495                    |
| 144-A REG.S        | Luxembourg | 08-01-2027 | Fixed         | US\$     | 1,500,000,000    | Maturity             | Semi-annual         | 3.63%                 | 4.14%                   | 22,485                 | 1,439,403                  |
| 144-A REG.S        | Luxembourg | 09-21-2035 | 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 | 07-17-2042 | 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 | 11-04-2044 | Fixed         | US\$     | 980,000,000      | Maturity             | Semi-annual         | 4.88%                 | 5.01%                   | 7,523                  | 960,696                    |
| 144-A REG.S        | Luxembourg | 08-01-2047 | Fixed         | US\$     | 1,250,000,000    | Maturity             | Annual              | 4.50%                 | 4.72%                   | 23,260                 | 1,206,110                  |
| <b>TOTAL</b>       |            |            |               |          |                  |                      |                     |                       |                         | <b>165,784</b>         | <b>12,083,622</b>          |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

| Creditor Name                        | 6/30/2018 |                         |                       |                      | Current           |                   |                  | Non-current      |                  |                   |                   |
|--------------------------------------|-----------|-------------------------|-----------------------|----------------------|-------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|
|                                      | 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 |
| Bank of Tokyo Mitsubishi Ltd.        | US\$      | 3.21%                   | 3.11%                 | Quarterly            | 1,962             | 5,908             | 7,870            | 15,763           | 253,903          | -                 | 269,666           |
| Export Dev Canada                    | US\$      | 3.15%                   | 2.97%                 | Quarterly            | 2,280             | 6,765             | 9,045            | 18,115           | 304,560          | -                 | 322,675           |
| Scotiabank & Trust (Cayman) Ltd      | US\$      | 3.20%                   | 2.99%                 | Quarterly            | 2,269             | 4,637             | 6,906            | 18,299           | 311,219          | -                 | 329,518           |
| Export Dev Canada                    | US\$      | 3.10%                   | 3.01%                 | Quarterly            | 2,282             | 6,871             | 9,153            | 18,331           | 311,260          | -                 | 329,591           |
| Export Dev Canada                    | US\$      | 3.09%                   | 2.95%                 | Quarterly            | 2,238             | 308,926           | 311,164          | -                | -                | -                 | -                 |
| Bank of Tokyo-Mitsubishi Ltd.        | US\$      | 3.47%                   | 3.05%                 | Semi-annual          | -                 | 24,558            | 24,558           | -                | -                | -                 | -                 |
| Japan Bank International Cooperation | US\$      | 3.15%                   | 2.95%                 | Semi-annual          | -                 | 35,590            | 35,590           | 68,317           | 32,720           | -                 | 101,037           |
| BONO 144-A REG. S 2019               | US\$      | 7.78%                   | 7.50%                 | Semi-annual          | 10,007            | 276,852           | 286,859          | -                | -                | -                 | -                 |
| BONO 144-A REG. S 2020               | US\$      | 3.97%                   | 3.75%                 | Semi-annual          | -                 | 21,946            | 21,946           | 618,157          | -                | -                 | 618,157           |
| BONO 144-A REG. S 2021               | US\$      | 4.06%                   | 3.88%                 | Semi-annual          | -                 | 18,785            | 18,785           | 37,570           | 494,166          | -                 | 531,736           |
| BONO 144-A REG. S 2022               | US\$      | 3.17%                   | 3.00%                 | Semi-annual          | 12,562            | 12,562            | 25,124           | 50,249           | 875,173          | -                 | 925,422           |
| BONO 144-A REG. S 2023               | US\$      | 4.75%                   | 4.50%                 | Semi-annual          | 13,219            | 13,219            | 26,438           | 52,875           | 52,875           | 600,717           | 706,467           |
| BONO 144-A REG. S 2025               | US\$      | 4.77%                   | 4.50%                 | Semi-annual          | 36,480            | 72,961            | 109,441          | 145,922          | 145,922          | 1,803,757         | 2,095,601         |
| BONO 144-A REG. S 2027               | US\$      | 4.21%                   | 3.63%                 | Semi-annual          | 27,188            | 27,188            | 54,376           | 108,750          | 108,750          | 1,744,688         | 1,962,188         |
| BONO 144-A REG. S 2035               | US\$      | 5.78%                   | 5.63%                 | Semi-annual          | 14,063            | 14,063            | 28,126           | 56,250           | 56,250           | 851,563           | 964,063           |
| BONO 144-A REG. S 2036               | US\$      | 6.22%                   | 6.15%                 | Semi-annual          | -                 | 30,750            | 30,750           | 61,500           | 61,500           | 915,125           | 1,038,125         |
| BONO 144-A REG. S 2042               | US\$      | 4.41%                   | 4.25%                 | Semi-annual          | 15,938            | 15,938            | 31,876           | 63,750           | 63,750           | 1,371,563         | 1,499,063         |
| BONO 144-A REG. S 2043               | US\$      | 5.76%                   | 5.63%                 | Semi-annual          | -                 | 53,438            | 53,438           | 106,875          | 106,875          | 2,045,469         | 2,259,219         |
| BONO 144-A REG. S 2044               | US\$      | 5.01%                   | 4.88%                 | Semi-annual          | -                 | 47,775            | 47,775           | 95,550           | 95,550           | 2,007,163         | 2,198,263         |
| BONO 144-A REG. S 2047               | US\$      | 4.73%                   | 4.50%                 | Semi-annual          | 28,125            | 28,125            | 56,250           | 112,500          | 112,500          | 2,628,125         | 2,853,125         |
| BONO REG. S 2048                     | US\$      | 4.91%                   | 4.85%                 | Semi-annual          | -                 | 29,100            | 29,100           | 58,200           | 58,200           | 1,327,500         | 1,443,900         |
| Oriente Copper Netherlands B.V.      | US\$      | 5.42%                   | 3.25%                 | Semi-annual          | -                 | 73,260            | 73,260           | 142,590          | 136,773          | 570,987           | 850,350           |
| <b>Total ThUS\$</b>                  |           |                         |                       |                      | <b>168,613</b>    | <b>1,129,217</b>  | <b>1,297,830</b> | <b>1,849,563</b> | <b>3,581,946</b> | <b>15,866,657</b> | <b>21,298,166</b> |
| BONO BCODE-B 2025                    | U.F.      | 3.24%                   | 4.00%                 | Semi-annual          | 138,000           | 138,000           | 276,000          | 552,000          | 552,000          | 7,452,000         | 8,556,000         |
| BONO BCODE-C 2026                    | U.F.      | 2.48%                   | 2.50%                 | Semi-annual          | 124,228           | 124,228           | 248,456          | 496,913          | 496,913          | 10,869,599        | 11,863,425        |
| Total U.F.                           |           |                         |                       |                      | 262,228           | 262,228           | 524,456          | 1,048,913        | 1,048,913        | 18,321,599        | 20,419,425        |
| <b>Subtotal ThUS\$</b>               |           |                         |                       |                      | <b>10,936</b>     | <b>10,936</b>     | <b>21,872</b>    | <b>43,745</b>    | <b>43,745</b>    | <b>764,104</b>    | <b>851,594</b>    |
| BONO 144-A REG. S 2024               | EUR       | 2.48%                   | 2.25%                 | Annual               | 13,500,000        | 13,500,000        | 27,000,000       | 13,500,000       | 27,000,000       | 627,000,000       | 667,500,000       |
| Total EUR                            |           |                         |                       |                      | 13,500,000        | 13,500,000        | 27,000,000       | 13,500,000       | 27,000,000       | 627,000,000       | 667,500,000       |
| <b>Subtotal ThUS\$</b>               |           |                         |                       |                      | <b>15,762</b>     | <b>15,762</b>     | <b>31,524</b>    | <b>15,762</b>    | <b>31,524</b>    | <b>732,049</b>    | <b>779,339</b>    |
| <b>Total ThUS\$</b>                  |           |                         |                       |                      | <b>195,311</b>    | <b>1,155,915</b>  | <b>1,351,226</b> | <b>1,909,070</b> | <b>3,657,215</b> | <b>17,362,810</b> | <b>22,929,099</b> |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| 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. 2019                 | US\$     | 7.78%                   | 7.50%        | Semi-annual          | 10,007            | 10,007            | 20,014            | 276,852           | -                 | -                  | 276,852            |
| BONO 144-A REG. 2020                 | US\$     | 3.97%                   | 3.75%        | Semi-annual          | -                 | 21,946            | 21,946            | 629,130           | -                 | -                  | 629,130            |
| BONO 144-A REG. 2021                 | US\$     | 4.06%                   | 3.88%        | Semi-annual          | -                 | 18,785            | 18,785            | 37,570            | 503,559           | -                  | 541,129            |
| BONO 144-A REG. 2022                 | US\$     | 3.17%                   | 3.00%        | Semi-annual          | 12,562            | 12,562            | 25,124            | 50,249            | 887,735           | -                  | 937,984            |
| BONO 144-A REG. 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. 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. 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. 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. 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. 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. 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. 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. 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             |
| <b>Total ThUS\$</b>                  |          |                         |              |                      | <b>167,128</b>    | <b>524,418</b>    | <b>691,546</b>    | <b>2,472,670</b>  | <b>3,605,692</b>  | <b>14,773,740</b>  | <b>20,852,102</b>  |
| 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         |
| <b>Total U.F.</b>                    |          |                         |              |                      | <b>386,457</b>    | <b>262,228</b>    | <b>648,685</b>    | <b>1,048,913</b>  | <b>1,048,913</b>  | <b>18,583,827</b>  | <b>20,681,654</b>  |
| <b>Subtotal ThUS\$</b>               |          |                         |              |                      | <b>16,846</b>     | <b>11,431</b>     | <b>28,277</b>     | <b>45,724</b>     | <b>45,724</b>     | <b>810,105</b>     | <b>901,553</b>     |
| 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        |
| <b>Total EUR</b>                     |          |                         |              |                      | <b>-</b>          | <b>13,500,000</b> | <b>13,500,000</b> | <b>27,000,000</b> | <b>27,000,000</b> | <b>627,000,000</b> | <b>681,000,000</b> |
| <b>Subtotal ThUS\$</b>               |          |                         |              |                      | <b>-</b>          | <b>16,232</b>     | <b>16,232</b>     | <b>32,464</b>     | <b>32,464</b>     | <b>753,879</b>     | <b>818,806</b>     |
| <b>Total ThUS\$</b>                  |          |                         |              |                      | <b>183,974</b>    | <b>552,081</b>    | <b>736,055</b>    | <b>2,550,858</b>  | <b>3,683,880</b>  | <b>16,337,724</b>  | <b>22,572,461</b>  |

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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
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The present value of future lease payments for financial lease obligations are detailed in the following table:

| Financial Leases           | 6/30/2018       |                    |                         | 12/31/2017      |                    |                         |
|----------------------------|-----------------|--------------------|-------------------------|-----------------|--------------------|-------------------------|
|                            | Gross<br>ThUS\$ | Interest<br>ThUS\$ | Present Value<br>ThUS\$ | Gross<br>ThUS\$ | Interest<br>ThUS\$ | Present Value<br>ThUS\$ |
| Less than 90 days          | 7,712           | (1,926)            | 5,786                   | 6,745           | (2,857)            | 3,888                   |
| Between 90 days and 1 year | 22,428          | (5,678)            | 16,750                  | 20,877          | (8,401)            | 12,476                  |
| Between 1 and 2 years      | 26,222          | (6,651)            | 19,571                  | 23,807          | (8,222)            | 15,585                  |
| Between 2 and 3 years      | 22,105          | (5,546)            | 16,559                  | 17,114          | (5,729)            | 11,385                  |
| Between 3 and 4 years      | 17,732          | (4,374)            | 13,358                  | 11,733          | (3,993)            | 7,740                   |
| Between 4 and 5 years      | 10,235          | (2,996)            | 7,239                   | 10,426          | (3,196)            | 7,230                   |
| More than 5 years          | 51,632          | (10,605)           | 41,027                  | 57,181          | (12,774)           | 44,407                  |
| <b>Total</b>               | <b>158,066</b>  | <b>(37,776)</b>    | <b>120,290</b>          | <b>147,883</b>  | <b>(45,172)</b>    | <b>102,711</b>          |

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 | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|--|---------------------|----------------------|
| Less than one year                         | 748,536             | 536,105              |
| Between one and five years                 | 398,896             | 331,495              |
| More than five years                       | 74,365              | 47,239               |
| <b>TOTAL</b>                               | <b>1,221,797</b>    | <b>914,839</b>       |

| Rental fees recognized in the statement of comprehensive income | 6/30/2018<br>ThUS\$ | 6/30/2017<br>ThUS\$ |
|---|---------------------|---------------------|
| Rental expenses   | 112,220             | 118,270             |

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 six months ended June 30, 2018:

| Liabilities for financing activities               | Initial Balance at<br>1/1/2018<br>ThUS\$ | Flows of cash  |                  |                  | Changes that do not represent cash flow |                                   |                                    |   | Final Balance<br>at 6/30/2018<br>ThUS\$ |
|--|--|----------------|------------------|------------------|---|-----------------------------------|------------------------------------|---|---|
|  |  | From<br>ThUS\$ | Used<br>ThUS\$   | Total<br>ThUS\$  | Financial Cost<br>(1)<br>ThUS\$         | Difference of<br>Change<br>ThUS\$ | Adjustment<br>Reasonable<br>ThUS\$ | Reclassification<br>of balances<br>ThUS\$ |   |
|  |  |                |                  |                  |   |                                   |                                    |   |   |
| Loans with financial institutions                  | 2,460,384                                | 25,202         | (220,656)        | (195,454)        | 44,135                                  | (2,672)                           | -                                  | -   | 2,306,393                               |
| Bond Obligations                                   | 12,249,406                               | 600,000        | (255,689)        | 344,311          | 279,985                                 | (67,042)                          | -                                  | (11,861)                                  | 12,794,799                              |
| Obligations for coverage                           | 83,896                                   | -              | -                | -                | 7,564                                   | 20,892                            | (6,389)                            | -   | 105,963                                 |
| Paid Dividends                                     | -  | -              | (445,245)        | (445,245)        | -                                       | -                                 | -                                  | -   | -                                       |
| Financial assets for hedge derivatives             | (137,544)                                | (11,785)       | 13,156           | 1,371            | 1,566                                   | 31,887                            | (39,261)                           | -   | (141,991)                               |
| Capital contribution                               | 102,711                                  | -              | (11,966)         | (11,966)         | 6,560                                   | 22,985                            | -                                  | -   | 120,290                                 |
| Other  | 69,813                                   | 570            | -                | 570              | 1,972                                   | (5,569)                           | -                                  | -   | 66,786                                  |
| <b>Total liabilities from financing activities</b> | <b>14,828,666</b>                        | <b>613,987</b> | <b>(920,400)</b> | <b>(306,413)</b> | <b>341,772</b>                          | <b>481</b>                        | <b>(45,650)</b>                    | <b>(11,861)</b>                           | <b>15,252,240</b>                       |

(1) The finance costs consider the capitalization of interest, which for the six-month period ended June 30, 2018 amounts to ThUS\$143,014 and they are not part of the variation of the financial liabilities balances indicated in the previous table.



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

**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 June 30, 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<br>as of June 30, 2018 | Accounting treatment for<br>valuation | Carrying amount<br>ThUS\$ | Fair value<br>ThUS\$ |
|--|---------------------------------------|---------------------------|----------------------|
| <i>Financial liabilities:</i>                              |                                       |                           |                      |
| Bond Obligations   | Amortized cost                        | 12,794,799                | 12,701,901           |

**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 June 30, 2018:

| Financial instruments measured at fair<br>value | 6/30/2018         |                   |                   |                 |
|---|-------------------|-------------------|-------------------|-----------------|
|   | Level 1<br>ThUS\$ | Level 2<br>ThUS\$ | Level 3<br>ThUS\$ | Total<br>ThUS\$ |
| <b>Financial Assets</b>                         |                   |                   |                   |                 |
| Provisional price sales contracts               | -                 | 1,146,017         | -                 | 1,146,017       |
| Cross Currency Swap                             | -                 | 141,991           | -                 | 141,991         |
| Mutual fund units                               | 499               | -                 | -                 | 499             |
| Metal futures contracts                         | 26,653            | -                 | -                 | 26,653          |
| <b>Financial Liabilities</b>                    |                   |                   |                   |                 |
| Metal futures contracts                         | 273               | -                 | -                 | 273             |
| Cross Currency Swap                             | 15,753            | 90,211            | -                 | 105,964         |

There were no transfers between the different levels during the six-month period ended June 30, 2018.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

**17. Trade and other payables**

The detail of trade and other current payables as of June 30, 2018 and December 31, 2017, is as follows:

| Items                 | Currents         |                  |
|-----------------------|------------------|------------------|
|                       | 6/30/2018        | 12/31/2017       |
|                       | ThUS\$           | ThUS\$           |
| Trade payables        | 1,040,645        | 1,376,270        |
| Dividends payables    | 73,904           | 295,842          |
| Payables to employees | 17,700           | 17,177           |
| Withholdings          | 87,312           | 88,386           |
| Withholding taxes     | 30,326           | 36,020           |
| Other payables        | 71,268           | 102,073          |
| <b>Total</b>          | <b>1,321,155</b> | <b>1,915,768</b> |

**18. Other provisions**

The detail of other current and non-current provisions as of June 30, 2018 and December 31, 2017, is as follows:

| Other Provisions                    | Current        |                | Non-current      |                  |
|-------------------------------------|----------------|----------------|------------------|------------------|
|                                     | 6/30/2018      | 12/31/2017     | 6/30/2018        | 12/31/2017       |
|                                     | ThUS\$         | ThUS\$         | ThUS\$           | ThUS\$           |
| Sales-related provisions (1)        | 2,586          | 4,177          | -                | -                |
| Operating (2)                       | 171,395        | 152,075        | -                | -                |
| Law No. 13196                       | 731,092        | 134,013        | -                | -                |
| Other provisions                    | 68,007         | 31,166         | 18,464           | 18,790           |
| Onerous Contract (3)                | 3,200          | 3,200          | 6,134            | 7,734            |
| Decommissioning and restoration (4) | -              | -              | 1,628,591        | 1,636,695        |
| Legal proceedings                   | -              | -              | 67,882           | 48,583           |
| <b>Total</b>                        | <b>976,280</b> | <b>324,631</b> | <b>1,721,071</b> | <b>1,711,802</b> |

- (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 2.46% for the obligations in Chilean currency and 1.97% 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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

rate does not reflect risks for which future cash flow estimates have been made. The discount period varies between 7 and 70 years.

Changes in Other provisions, were as follows:

| Changes                      | 1/1/2018                                   |  |                         |                  |
|------------------------------|--|--|-------------------------|------------------|
|                              | 6/30/2018                                  |  |                         |                  |
|                              | Other Provisions,<br>non-current<br>ThUS\$ | Decommissioning<br>and restoration<br>ThUS\$ | Contingencies<br>ThUS\$ | Total<br>ThUS\$  |
| <b>Opening balance</b>       | <b>26,524</b>                              | <b>1,636,695</b>                             | <b>48,583</b>           | <b>1,711,802</b> |
| Financial expenses           | -  | 17,575                                       | -                       | 17,575           |
| Payment of liabilities       | -  | (155)  | (3,057)                 | (3,212)          |
| Foreign currency translation | (3,359)                                    | (25,308)                                     | (2,399)                 | (31,066)         |
| Provision increase           | (1,600)                                    | -  | -                       | (1,600)          |
| Other increases (decreases)  | 3,033                                      | (216)  | 24,755                  | 27,572           |
| <b>Closing Balance</b>       | <b>24,598</b>                              | <b>1,628,591</b>                             | <b>67,882</b>           | <b>1,721,071</b> |

## 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 regardless of the reason for employee's departure. The provision for medical care plans recognizes the contractual obligation that the Corporation has with its employees to cover their medical care costs.

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

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

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

Actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments are recognized in other comprehensive income and are not subsequently reclassified to profit or loss. For the six-month period ended June 30, 2018, there were no significant changes in post-employment benefits plans.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

| Assumptions   | 6/30/2018       |             | 12/31/2017      |             |
|---|-----------------|-------------|-----------------|-------------|
|   | Retirement plan | Health plan | Retirement plan | Health plan |
| Annual Discount Rate                                  | 4.86%           | 5.27%       | 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            | 17.00       | 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 and given the lack of comparable statistical series to develop independent studies. The weighted average duration corresponds to weighted average maturity of estimated cash flows of the respective defined benefit plans.

- b. The detail of current and non-current provisions for post-employment benefits as of June 30, 2018 and December 31, 2017, is as follows:

| Accrual for employee benefits               | Current        |                | Non-current      |                  |
|---|----------------|----------------|------------------|------------------|
|   | 6/30/2018      | 12/31/2017     | 6/30/2018        | 12/31/2017       |
|   | ThUS\$         | ThUS\$         | ThUS\$           | ThUS\$           |
| Employees' collective bargaining agreements | 103,438        | 218,167        | -                | -                |
| Employee termination benefit                | 28,795         | 31,468         | 819,349          | 850,622          |
| Bonus                                       | 30,624         | 62,921         | -                | -                |
| Vacation                                    | 153,253        | 176,489        | -                | -                |
| Medical care programs (1)                   | 461            | 443            | 501,459          | 523,206          |
| Retirement plans (2)                        | 3,011          | 7,987          | 8,777            | 9,494            |
| Other                                       | 14,277         | 19,206         | 9,194            | 9,337            |
| <b>Total</b>                                | <b>333,859</b> | <b>516,681</b> | <b>1,338,779</b> | <b>1,392,659</b> |

- (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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

| Movements                               | 1/1/2018<br>6/30/2018 |                | 1/1/2017<br>12/31/2017 |                |
|---|-----------------------|----------------|------------------------|----------------|
|   | Retirement plan       | Health plan    | Retirement plan        | Health plan    |
|   | ThUS\$                | ThUS\$         | ThUS\$                 | ThUS\$         |
| <b>Opening balance</b>                  | <b>882,090</b>        | <b>523,649</b> | <b>777,706</b>         | <b>538,237</b> |
| Service cost                            | 32,399                | 2,077          | 65,284                 | 936            |
| Financial cost                          | 7,983                 | 5,760          | 9,332                  | 8,666          |
| Paid contributions                      | (30,450)              | (17,845)       | (57,897)               | (37,678)       |
| Actuarial (gains)/losses                | 826                   | 2,750          | 7,178                  | (31,426)       |
| Transfer from other benefits            | 3,335                 | -              | 3,346                  | -              |
| Subtotal                                | 896,183               | 516,391        | 804,949                | 478,735        |
| (Gains) Losses on foreign exchange rate | (48,039)              | (14,471)       | 77,141                 | 44,914         |
| <b>Final Total</b>                      | <b>848,144</b>        | <b>501,920</b> | <b>882,090</b>         | <b>523,649</b> |

The technical revaluation of the liability for compensation benefits for years of service has been made, for the six-month period ended June 30, 2018, it was charged to equity, which consists of an actuarial loss of ThUS\$826, corresponding to an experience loss.

For the obligation generated by health benefit plans, an actuarial loss of ThUS\$2,750 has been determined, consisting of an adjustment for experience loss.

The balance of the defined benefit liability as of June 30, 2018, comprises a short term portion of ThUS\$28,795 and ThUS\$461 for the termination indemnities plan and the medical care plan, respectively. The expected amount of the defined benefit liability projected at June 30, 2019, consists of ThUS\$902,710 for the termination indemnities plan and ThUS\$404,409 for the medical care plan. The expected monthly average future disbursements related to defined benefit plans are of ThUS\$2,400 for termination indemnities and of ThUS\$38 for medical care.

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

| Severance Benefits for Years of Service         | Low     | Medium           | High    | Reduction | Increase |
|---|---------|------------------|---------|-----------|----------|
| Financial effect on interest rates              | 3.864%  | 4.864%           | 5.864%  | 5.38%     | -4.72%   |
| Financial effect on the real increase in income | 3.530%  | 4.030%           | 4.530%  | -2.18%    | 2.31%    |
| Demographic effect of job rotations             | 3.340%  | 3.840%           | 4.340%  | 1.07%     | -1.02%   |
| Demographic effect on mortality tables          | -25.00% | CB14-RV14, Chile | 25.00%  | -0.07%    | 0.06%    |
| Health Benefits and Other                       | Low     | Medium           | High    | Reduction | Increase |
| Financial effect on interest rates              | 4.266%  | 5.266%           | 6.266%  | 14.93%    | -11.73%  |
| Financial effect on health inflation            | 4.550%  | 5.050%           | 5.550%  | -5.77%    | 6.42%    |
| Demographic effect, planned retirement age      | 58 / 57 | 60 / 59          | 62 / 61 | 3.91%     | -3.85%   |
| Demographic effect on mortality tables          | -25.00% | CB14-RV14, Chile | 25.00%  | 9.67%     | -6.83%   |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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c. Termination benefits

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 June 30, 2018 and December 31, 2017, the termination benefits current balance was ThUS\$3,011 and ThUS\$7,987, respectively, while the non-current balance was ThUS\$8,777 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 June 30, 2018 and December 31, 2017.

d. Employee benefits expenses

The employee benefit expenses recognized for the six-month periods ended June 31, 2018 and 2017, are as follows:

| Expense by Nature of Employee Benefits | 1/1/2018       | 1/1/2017       | 4/1/2018       | 4/1/2017       |
|--|----------------|----------------|----------------|----------------|
|  | 6/30/2018      | 6/30/2017      | 6/30/2018      | 6/30/2017      |
|  | ThUS\$         | ThUS\$         | ThUS\$         | ThUS\$         |
| Benefits - Short term                  | 869,827        | 768,552        | 429,348        | 382,782        |
| Benefits - Post employment             | 2,077          | (14)           | 372            | (259)          |
| Benefits - Termination                 | 17,918         | 16,476         | 5,419          | 5,689          |
| Benefits by years of service           | 32,399         | 31,601         | 17,636         | 17,117         |
| <b>Total</b>                           | <b>922,221</b> | <b>816,615</b> | <b>452,775</b> | <b>405,329</b> |

## 20. Equity

The Corporation's total equity as of June 30, 2018 is ThUS\$10,911,482 (ThUS\$10,925,338 as of December 31, 2017 and ThUS\$10,386,378 as of June 30, 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

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

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

On December 1, 2016, it was informed that, pursuant to Article 1 of Law No. 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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.

As of June 30, 2018, the dividends paid were ThUS\$445,245, is as follows:

|   | <b>ThUS\$</b>         |
|---|-----------------------|
| Dividends payable as of December 31, 2017       | 295,842               |
| Advance dividends as of June 30, 2018           | 149,403               |
| <b>Total dividends paid as of June 30, 2018</b> | <b><u>445,245</u></b> |

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\$3,207 and ThUS\$788 for the six-month periods ended June 30, 2018 and 2017, respectively.

a) Other reserves

The detail of other reserves as of June 30, 2018 and December 31, 2017, is as follows:

| Other Reserves                                       | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|--|---------------------|----------------------|
| Foreign exchange differences on translation reserves | (5,790)             | (6,015)              |
| Cash flow hedge reserves                             | 37,655              | 11,336               |
| Capitalization fund and reserves                     | 4,962,393           | 4,962,393            |
| Reserve of gains (losses) of defined benefit plans   | (261,262)           | (259,002)            |
| Other reserves                                       | 626,347             | 626,380              |
| <b>Total other reserves</b>                          | <b>5,359,343</b>    | <b>5,335,092</b>     |

b) Non-controlling interests

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

| Subsidiaries           | Non-controlling participation |            | Net equity     |                  | Gain (loss)           |                       |                       |                       |
|------------------------|-------------------------------|------------|----------------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                        | 6/30/2018                     | 12/31/2017 | 6/30/2018      | 12/31/2017       | 1/1/2018<br>6/30/2018 | 1/1/2017<br>6/30/2017 | 4/1/2018<br>6/30/2018 | 4/1/2017<br>6/30/2017 |
|                        | %                             | %          | ThUS\$         | ThUS\$           | ThUS\$                | ThUS\$                | ThUS\$                | ThUS\$                |
| Inversiones Gacrux SpA | 32.20%                        | 32.20%     | 970,616        | 1,007,493        | 20,598                | 36,458                | 16,471                | 32,908                |
| Others                 | -                             | -          | 2              | 2                | 9                     | 8                     | 1                     | (2)                   |
| <b>Total</b>           |                               |            | <b>970,618</b> | <b>1,007,495</b> | <b>20,607</b>         | <b>36,466</b>         | <b>16,472</b>         | <b>32,906</b>         |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

For the six-month period ended June 30, 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  | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|-------------------------|---------------------|----------------------|
| Current Assets          | 270,061             | 306,496              |
| Non-current assets      | 2,885,951           | 2,959,114            |
| Current liabilities     | 121,956             | 158,455              |
| Non-current liabilities | 611,409             | 676,208              |

| Results                     | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|-----------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenues                    | 443,981                         | 390,941                         | 256,259                         | 261,566                         |
| Expenses                    | (394,806)                       | (306,750)                       | (210,529)                       | (168,281)                       |
| Profit (loss) of the period | 49,175                          | 84,191                          | 45,730                          | 93,285                          |

| Cash flow                               | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ |
|---|---------------------------------|---------------------------------|
| Net cash flow from operating activities | 47,264                          | 63,659                          |
| Net cash flow from investing activities | -                               | (939)                           |
| Net cash flow from financing activities | (189,676)                       | (44,301)                        |

## 21. Revenue

Revenues as of June 30, 2018 and 2017, are as follows:

| Item                                     | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Revenue from sales of own copper         | 5,785,916                       | 4,594,036                       | 3,057,634                       | 2,211,838                       |
| Revenue from sales of third-party copper | 1,020,724                       | 927,108                         | 536,752                         | 493,865                         |
| Revenue from sales of molybdenum         | 347,275                         | 235,264                         | 169,487                         | 135,695                         |
| Revenue from sales of other products     | 264,108                         | 234,319                         | 136,055                         | 119,851                         |
| Gain (loss) in futures market            | 8,441                           | (1,077)                         | 6,683                           | 206                             |
| <b>Total</b>                             | <b>7,426,464</b>                | <b>5,989,650</b>                | <b>3,906,611</b>                | <b>2,961,455</b>                |

The Corporation's revenue is recognized at a point in time.

The breakdown of revenue is presented in explanatory note No.26 Operating Segments.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

**22. Expenses by nature**

Expenses by nature as of June 30, 2018 and 2017, are as follows:

| Item                             | 1/1/2018         | 1/1/2017         | 4/1/2018       | 4/1/2017       |
|----------------------------------|------------------|------------------|----------------|----------------|
|                                  | 6/30/2018        | 6/30/2017        | 6/30/2018      | 6/30/2017      |
|                                  | ThUS\$           | ThUS\$           | ThUS\$         | ThUS\$         |
| Short-term benefits to employees | 869,827          | 768,552          | 429,348        | 382,782        |
| Depreciation                     | 589,609          | 546,165          | 303,010        | 281,957        |
| Amortization                     | 453,818          | 458,049          | 221,715        | 239,143        |
| <b>Total</b>                     | <b>1,913,254</b> | <b>1,772,766</b> | <b>954,073</b> | <b>903,882</b> |

**23. Impairment of Assets**

As of June 30, 2018 and December 31, 2017, there were no impairment losses or reversals of impairment losses previously recognized. Consequently, there have been no adjustments to the carrying amount of the assets of the Corporation's CGUs.

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).

**24. Other income and expenses by function**

Other income and expenses by function for six-month periods ended June 30, 2018 and 2017, are as follows:

a) Other income by function

| Item                               | 1/1/2018      | 1/1/2017      | 4/1/2018     | 4/1/2017      |
|------------------------------------|---------------|---------------|--------------|---------------|
|                                    | 6/30/2018     | 6/30/2017     | 6/30/2018    | 6/30/2017     |
|                                    | ThUS\$        | ThUS\$        | ThUS\$       | ThUS\$        |
| Penalties to suppliers             | 10,508        | 5,641         | 5,110        | 2,772         |
| Delegated Administration           | 2,787         | 2,117         | 1,320        | 1,024         |
| Miscellaneous sales (net)          | 15,042        | 14,101        | 9,863        | 7,571         |
| Insurances recoveries by incidents | -             | 16,752        | -            | 16,745        |
| Other income                       | 37,174        | 34,114        | (8,470)      | 17,669        |
| <b>Total</b>                       | <b>65,511</b> | <b>72,725</b> | <b>7,823</b> | <b>45,781</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

b) Other expenses by function

| Item   | 1/1/2018         | 1/1/2017         | 4/1/2018         | 4/1/2017         |
|--|------------------|------------------|------------------|------------------|
|  | 6/30/2018        | 6/30/2017        | 6/30/2018        | 6/30/2017        |
|  | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           |
| Law No. 13196                                  | (598,330)        | (466,633)        | (302,857)        | (224,850)        |
| Research expenses                              | (56,493)         | (48,826)         | (21,730)         | (39,603)         |
| Bonus for the end of collective bargaining     | (67,941)         | (1,304)          | (34,131)         | (1,290)          |
| Expenses plan                                  | (17,918)         | (16,476)         | (5,419)          | (5,689)          |
| Write-off of investment projects (See Note 10) | (138,198)        | (547)            | (66,450)         | (547)            |
| Write-off of property, plant & equipment       | (2,162)          | (5,965)          | (2,158)          | (5,965)          |
| Medical care plan                              | (2,077)          | 14               | (372)            | 259              |
| Write-off inventories                          | (785)            | (1,840)          | (341)            | (1,606)          |
| Extraordinary gratification                    | -                | (3,312)          | -                | (633)            |
| Contingency expenses                           | (30,912)         | (11,684)         | (25,038)         | (6,441)          |
| Other  | (49,593)         | (48,768)         | (30,200)         | (13,220)         |
| <b>Total</b>                                   | <b>(964,409)</b> | <b>(605,341)</b> | <b>(488,696)</b> | <b>(299,585)</b> |

**25. Finance costs**

The detail of finance costs for the six-month and three-month periods ended June 30, 2018 and 2017, is as follows:

| Item  | 1/1/2018         | 1/1/2017         | 4/1/2018         | 4/1/2017         |
|---|------------------|------------------|------------------|------------------|
|   | 6/30/2018        | 6/30/2017        | 6/30/2018        | 6/30/2017        |
|   | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           |
| Bond interest   | (136,939)        | (174,049)        | (63,703)         | (85,263)         |
| Bank loan interest                                    | (36,187)         | (36,823)         | (18,652)         | (18,432)         |
| Exchange differences on severance indemnity provision | (8,790)          | (5,830)          | (4,458)          | (2,840)          |
| Exchange differences on other non-current provisions  | (23,267)         | (16,737)         | (11,678)         | (6,591)          |
| Other   | (32,426)         | (28,601)         | (15,712)         | (15,207)         |
| <b>Total</b>  | <b>(237,609)</b> | <b>(262,040)</b> | <b>(114,203)</b> | <b>(128,333)</b> |

**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 report to the Chief Executive Officer, through the North and South Central Vice-President of Operations, respectively.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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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

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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**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*

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

*Finance costs*

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

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

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

*Foreign exchange differences*

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

*Contribution to the Chilean Treasury under Law No. 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 income (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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

| Segments   | From 1/1/2018<br>to 6/30/2018 |                  |                  |                  |                  |                  |                  |                  |                    |   |                    |
|--|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|---|--------------------|
|  | Chuquicamata                  | R. Tomic         | Salvador         | Andina           | El Teniente      | Ventanas         | G. Mistral       | M. Hales         | Total Segments     | Subsidiaries, associates and Head Office, net | Total Consolidated |
|  | ThUS\$                        | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$             | ThUS\$  | ThUS\$             |
| Revenue from sales of own copper   | 1,539,789                     | 1,143,516        | 191,979          | 610,000          | 1,400,053        | 5,419            | 330,852          | 570,248          | 5,791,856          | (5,940)                                       | 5,785,916          |
| Revenue from sales of third-party copper   | -                             | -                | -                | -                | -                | 8,923            | -                | 23,123           | 32,046             | 988,678                                       | 1,020,724          |
| Revenue from sales of molybdenum   | 205,058                       | 4,015            | 9,564            | 43,754           | 85,510           | -                | -                | -                | 347,901            | (626)   | 347,275            |
| Revenue from sales of other products   | 76,941                        | -                | 21,599           | 2,060            | 41,851           | 92,964           | -                | 28,505           | 263,920            | 188   | 264,108            |
| Revenue from futures market  | 3,794                         | 3,116            | 256              | (84)             | 1,417            | (523)            | 338              | 127              | 8,441              | -   | 8,441              |
| Revenue between segments   | 66,749                        | -                | 42,918           | 475              | -                | 48,349           | -                | -                | 158,491            | (158,491)                                     | -                  |
| <b>Revenue</b>   | <b>1,892,331</b>              | <b>1,150,647</b> | <b>266,316</b>   | <b>656,205</b>   | <b>1,528,831</b> | <b>155,132</b>   | <b>331,190</b>   | <b>622,003</b>   | <b>6,602,655</b>   | <b>823,809</b>                                | <b>7,426,464</b>   |
| Cost of sales of own copper  | (1,451,420)                   | (693,765)        | (182,816)        | (466,765)        | (786,601)        | (2,309)          | (264,890)        | (399,322)        | (4,253,888)        | 3,562   | (4,250,326)        |
| Cost of sales of copper third-party copper   | -                             | -                | -                | -                | -                | (9,879)          | -                | (23,124)         | (33,003)           | (971,271)                                     | (1,004,274)        |
| Cost of sales of molybdenum  | (40,153)                      | (4,496)          | (5,110)          | (12,261)         | (27,477)         | -                | -                | -                | (89,497)           | 639   | (88,858)           |
| Cost of sales of other products  | (72,652)                      | -                | (13,156)         | (246)            | (34,693)         | (106,424)        | -                | (6,391)          | (233,562)          | (254)   | (233,816)          |
| Cost of sales between segments   | (100,136)                     | 22,926           | (44,367)         | 3,886            | 7,864            | (55,342)         | (531)            | 7,313            | (158,387)          | 158,387                                       | -                  |
| <b>Cost of sales</b>   | <b>(1,664,361)</b>            | <b>(681,335)</b> | <b>(245,449)</b> | <b>(475,386)</b> | <b>(840,907)</b> | <b>(173,954)</b> | <b>(265,421)</b> | <b>(421,524)</b> | <b>(4,768,337)</b> | <b>(808,937)</b>                              | <b>(5,577,274)</b> |
| <b>Gross profit</b>  | <b>227,970</b>                | <b>469,312</b>   | <b>20,867</b>    | <b>180,819</b>   | <b>687,924</b>   | <b>(18,822)</b>  | <b>65,769</b>    | <b>200,479</b>   | <b>1,834,318</b>   | <b>14,872</b>                                 | <b>1,849,190</b>   |
| Other income, by function  | 7,415                         | 921              | 6,464            | 6,486            | 8,529            | 1,281            | 2,375            | 538              | 34,009             | 31,502  | 65,511             |
| Impairment loss determined in accordance with IFRS 9                                       | -                             | -                | -                | -                | -                | -                | -                | -                | -                  | 1,315   | 1,315              |
| Distribution costs   | (1,395)                       | (176)            | (643)            | (668)            | (591)            | (199)            | (18)             | (1,097)          | (4,787)            | (4,959)                                       | (9,746)            |
| Administrative expenses  | (33,927)                      | (14,505)         | (9,420)          | (10,539)         | (34,794)         | (4,259)          | (11,883)         | (14,499)         | (133,826)          | (98,519)                                      | (232,345)          |
| Other expenses, by function  | (11,825)                      | (24,965)         | (24,524)         | (65,056)         | (32,438)         | (3,566)          | (5,199)          | (15,327)         | (182,900)          | (183,179)                                     | (366,079)          |
| Law No. 13.196   | (173,516)                     | (113,656)        | (17,130)         | (67,935)         | (134,130)        | (7,050)          | (33,509)         | (51,404)         | (598,330)          | -   | (598,330)          |
| Other gains (losses)   | -                             | -                | -                | -                | -                | -                | -                | -                | -                  | 8,248   | 8,248              |
| Finance income   | 259                           | 161              | (8)              | 15               | 1,373            | 33               | 9                | 50               | 1,892              | 22,817  | 24,709             |
| Finance costs  | (35,552)                      | (23,046)         | (6,344)          | (30,117)         | (77,850)         | (4,354)          | (9,154)          | (23,198)         | (209,615)          | (27,994)                                      | (237,609)          |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | 132                           | -                | 95               | (421)            | 1,101            | -                | -                | -                | 907                | 72,816  | 73,723             |
| Exchange differences   | 34,327                        | 5,873            | 6,753            | 14,576           | 26,883           | 5,760            | 3,983            | 5,173            | 103,328            | (7,683)                                       | 95,645             |
| <b>Profit (loss) before taxes</b>  | <b>13,888</b>                 | <b>299,919</b>   | <b>(23,890)</b>  | <b>27,160</b>    | <b>446,007</b>   | <b>(31,176)</b>  | <b>12,373</b>    | <b>100,715</b>   | <b>844,996</b>     | <b>(170,764)</b>                              | <b>674,232</b>     |
| Income tax expenses  | (10,678)                      | (196,994)        | 14,969           | (18,012)         | (290,704)        | 19,408           | (7,510)          | (67,211)         | (556,732)          | 126,414                                       | (430,318)          |
| <b>Profit (loss)</b>   | <b>3,210</b>                  | <b>102,925</b>   | <b>(8,921)</b>   | <b>9,148</b>     | <b>155,303</b>   | <b>(11,768)</b>  | <b>4,863</b>     | <b>33,504</b>    | <b>288,264</b>     | <b>(44,350)</b>                               | <b>243,914</b>     |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| From 1/1/2017<br>to 6/30/2017  |                  |                  |                  |                  |                  |                  |                  |                  |                    |   |                    |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|---|--------------------|
| Segments   | Chuquicamata     | R. Tomic         | Salvador         | Andina           | El Teniente      | Ventanas         | G. Mistral       | M. Hales         | Total Segments     | Subsidiaries, associates and Head Office, net | Total Consolidated |
|  | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$             | ThUS\$  | ThUS\$             |
| Revenue from sales of own copper   | 870,033          | 876,913          | 201,579          | 575,681          | 1,087,726        | 5,614            | 341,226          | 645,930          | 4,604,702          | (10,666)                                      | 4,594,036          |
| Revenue from sales of third-party copper   | (1,165)          | -                | (104)            | -                | -                | 22,702           | -                | 100,779          | 122,212            | 804,896                                       | 927,108            |
| Revenue from sales of molybdenum   | 141,446          | 21,305           | 9,390            | 20,503           | 42,492           | -                | -                | -                | 235,136            | 128   | 235,264            |
| Revenue from sales of other products   | 44,207           | -                | 22,004           | 3,323            | 35,885           | 96,819           | -                | 32,081           | 234,319            | -   | 234,319            |
| Revenue from futures market  | 227              | 93               | 118              | (11)             | 417              | (2,024)          | 104              | (1)              | (1,077)            | -   | (1,077)            |
| Revenue between segments   | 66,498           | -                | 53,121           | 402              | 194              | 48,217           | -                | -                | 168,432            | (168,432)                                     | -                  |
| <b>Revenue</b>   | <b>1,121,246</b> | <b>898,311</b>   | <b>286,108</b>   | <b>599,898</b>   | <b>1,166,714</b> | <b>171,328</b>   | <b>341,330</b>   | <b>778,789</b>   | <b>5,363,724</b>   | <b>625,926</b>                                | <b>5,989,650</b>   |
| Cost of sales of own copper  | (709,610)        | (608,279)        | (207,310)        | (416,963)        | (647,107)        | (5,586)          | (252,603)        | (498,153)        | (3,345,611)        | 7,305   | (3,338,306)        |
| Cost of sales of copper third-party copper   | -                | -                | -                | -                | -                | (23,561)         | -                | (100,811)        | (124,372)          | (800,397)                                     | (924,769)          |
| Cost of sales of molybdenum  | (43,084)         | (16,287)         | (5,740)          | (8,216)          | (18,067)         | -                | -                | -                | (91,394)           | (123)   | (91,517)           |
| Cost of sales of other products  | (26,471)         | -                | (13,325)         | (116)            | (33,908)         | (100,098)        | -                | (5,379)          | (179,297)          | -   | (179,297)          |
| Cost of sales between segments   | (167,243)        | 40,148           | (28,222)         | 5,800            | 5,209            | (57,611)         | -                | 33,487           | (168,432)          | 168,432                                       | -                  |
| <b>Cost of sales</b>   | <b>(946,408)</b> | <b>(584,418)</b> | <b>(254,597)</b> | <b>(419,495)</b> | <b>(693,873)</b> | <b>(186,856)</b> | <b>(252,603)</b> | <b>(570,856)</b> | <b>(3,909,106)</b> | <b>(624,783)</b>                              | <b>(4,533,889)</b> |
| <b>Gross profit</b>  | <b>174,838</b>   | <b>313,893</b>   | <b>31,511</b>    | <b>180,403</b>   | <b>472,841</b>   | <b>(15,528)</b>  | <b>88,727</b>    | <b>207,933</b>   | <b>1,454,618</b>   | <b>1,143</b>                                  | <b>1,455,761</b>   |
| Other income, by function  | 4,317            | 1,563            | 12,391           | 6,580            | 9,217            | 790              | 2,635            | 968              | 38,461             | 34,264  | 72,725             |
| Distribution costs   | (810)            | (40)             | (267)            | (123)            | (207)            | (299)            | -                | (407)            | (2,153)            | (3,119)                                       | (5,272)            |
| Administrative expenses  | (22,951)         | (10,399)         | (7,509)          | (12,515)         | (34,246)         | (3,920)          | (12,670)         | (10,928)         | (115,138)          | (92,643)                                      | (207,781)          |
| Other expenses, by function  | (50,200)         | (7,191)          | (13,377)         | (8,575)          | (10,785)         | (1,594)          | (3,884)          | (4,650)          | (100,256)          | (38,452)                                      | (138,708)          |
| Law No. 13.196   | (101,074)        | (87,012)         | (22,268)         | (55,738)         | (99,530)         | (7,692)          | (33,002)         | (60,317)         | (466,633)          | -   | (466,633)          |
| Other gains (losses)   | -                | -                | -                | -                | -                | -                | -                | -                | -                  | 3,010   | 3,010              |
| Finance income   | 567              | 302              | 267              | 197              | 736              | 78               | 415              | 174              | 2,736              | 9,106   | 11,842             |
| Finance costs  | (47,078)         | (21,994)         | (7,030)          | (40,596)         | (83,624)         | (3,542)          | (5,921)          | (26,619)         | (236,404)          | (25,636)                                      | (262,040)          |
| Share in the profit (loss) of associates and joint ventures accounted by the equity method | 263              | -                | 123              | (294)            | 430              | -                | -                | -                | 522                | 118,136                                       | 118,658            |
| Exchange differences   | (1,264)          | (8,806)          | (1,569)          | (2,302)          | (12,932)         | (1,539)          | (1,619)          | (461)            | (30,492)           | 4,999   | (25,493)           |
| <b>Profit (loss) before taxes</b>  | <b>(43,392)</b>  | <b>180,316</b>   | <b>(7,728)</b>   | <b>67,037</b>    | <b>241,900</b>   | <b>(33,246)</b>  | <b>34,681</b>    | <b>105,693</b>   | <b>545,261</b>     | <b>10,808</b>                                 | <b>556,069</b>     |
| Income tax expenses  | 19,938           | (120,270)        | 4,178            | (47,773)         | (161,857)        | 20,709           | (23,234)         | (79,169)         | (387,477)          | 37,737  | (349,740)          |
| <b>Profit (loss)</b>   | <b>(23,454)</b>  | <b>60,046</b>    | <b>(3,550)</b>   | <b>19,264</b>    | <b>80,043</b>    | <b>(12,537)</b>  | <b>11,447</b>    | <b>26,524</b>    | <b>157,784</b>     | <b>48,545</b>                                 | <b>206,329</b>     |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

The assets and liabilities related to each operating segment, including the Corporation's head office as of June 30, 2018 and December 31, 2017, are detailed in the following tables:

| 6/30/2018               |              |                |          |           |             |          |            |           |   |                    |
|-------------------------|--------------|----------------|----------|-----------|-------------|----------|------------|-----------|---|--------------------|
| Category                | Chuquicamata | Radomiro Tomic | Salvador | Andina    | El Teniente | Ventanas | G. Mistral | M. Hales  | Subsidiaries, associates and Head Office, net | Total Consolidated |
|                         | ThUS\$       | ThUS\$         | ThUS\$   | ThUS\$    | ThUS\$      | ThUS\$   | ThUS\$     | ThUS\$    | ThUS\$  | ThUS\$             |
| Current assets          | 1,178,335    | 764,460        | 202,871  | 173,500   | 632,940     | 92,101   | 226,119    | 376,025   | 2,663,097                                     | 6,309,448          |
| Non-current assets      | 7,121,916    | 1,984,428      | 735,969  | 4,402,318 | 6,309,741   | 353,458  | 1,151,081  | 3,374,528 | 5,213,847                                     | 30,647,286         |
| Current liabilities     | 629,150      | 157,837        | 79,763   | 167,719   | 335,534     | 56,232   | 83,980     | 95,440    | 2,178,263                                     | 3,783,918          |
| Non-current liabilities | 890,114      | 226,838        | 217,247  | 499,594   | 935,779     | 58,714   | 122,101    | 91,047    | 19,219,900                                    | 22,261,334         |

| 12/31/2017              |              |                |          |           |             |          |            |           |   |                    |
|-------------------------|--------------|----------------|----------|-----------|-------------|----------|------------|-----------|---|--------------------|
| Category                | Chuquicamata | Radomiro Tomic | Salvador | Andina    | El Teniente | Ventanas | G. Mistral | M. Hales  | Subsidiaries, associates and Head Office, net | Total Consolidated |
|                         | ThUS\$       | ThUS\$         | ThUS\$   | ThUS\$    | ThUS\$      | ThUS\$   | ThUS\$     | ThUS\$    | ThUS\$  | ThUS\$             |
| Current assets          | 1,209,431    | 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         | 1/1/2017         | 4/1/2018         | 4/1/2017         |
|---------------------------------------|------------------|------------------|------------------|------------------|
|                                       | 6/30/2018        | 6/30/2017        | 6/30/2018        | 6/30/2017        |
|                                       | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           |
| Total revenue from domestic customers | 586,794          | 330,933          | 304,226          | 165,099          |
| Total revenue from foreign customers  | 6,839,670        | 5,658,717        | 3,602,385        | 2,796,356        |
| <b>Total</b>                          | <b>7,426,464</b> | <b>5,989,650</b> | <b>3,906,611</b> | <b>2,961,455</b> |

| Revenue per geographical areas | 1/1/2018         | 1/1/2017         | 4/1/2018         | 4/1/2017         |
|--------------------------------|------------------|------------------|------------------|------------------|
|                                | 6/30/2018        | 6/30/2017        | 6/30/2018        | 6/30/2017        |
|                                | ThUS\$           | ThUS\$           | ThUS\$           | ThUS\$           |
| China                          | 2,151,133        | 1,283,545        | 1,109,616        | 589,994          |
| Rest of Asia                   | 1,043,363        | 917,174          | 486,619          | 448,758          |
| Europa                         | 705,033          | 1,880,195        | (179,569)        | 958,795          |
| América                        | 1,982,488        | 1,182,420        | 985,284          | 414,988          |
| Otros                          | 1,544,447        | 726,316          | 1,504,661        | 548,920          |
| <b>Total</b>                   | <b>7,426,464</b> | <b>5,989,650</b> | <b>3,906,611</b> | <b>2,961,455</b> |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

The main customers of the Corporation are listed in the following table:

| Principal Customers            | Country       | 1/1/2018<br>6/30/2018<br>ThUS\$ |
|--------------------------------|---------------|---------------------------------|
| Glencore International Ag.     | Switzerland   | 558,402                         |
| Southwire Company              | United States | 402,813                         |
| Nexans France                  | France        | 307,869                         |
| Wanxiang Resources (Singapore) | Singapore     | 245,866                         |
| Glencore Chile S.P.A.          | Chile         | 210,704                         |
| Trafigura Pte Ltd.             | Singapore     | 209,407                         |
| Jiangxi Copper Company Ltd.    | China         | 196,341                         |
| Triway International Limited   | Hong Kong     | 159,642                         |
| Concord Resources Limited      | Britain       | 158,457                         |
| Lobb Heng Pte. Ltd             | China         | 154,499                         |
| <b>Total</b>                   |               | <b>2,604,000</b>                |

**27. Foreign exchange differences**

The detail of foreign exchange differences for the six-month and three-month periods ended June 30, 2018 and 2017, is as follows:

| Gain (loss) from foreign exchange differences recognized<br>in income | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ | 4/1/2018<br>6/30/2018<br>ThUS\$ | 4/1/2017<br>6/30/2017<br>ThUS\$ |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Gain from foreign exchange differences                                | 187,242                         | 20,791                          | 158,869                         | 4,823                           |
| Loss from foreign exchange differences                                | (91,597)                        | (46,284)                        | (31,415)                        | (6,993)                         |
| <b>Total exchange difference, net</b>                                 | <b>95,645</b>                   | <b>(25,493)</b>                 | <b>127,454</b>                  | <b>(2,170)</b>                  |

**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<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ |
|---|---------------------------------|---------------------------------|
| VAT Refund                                  | 747,385                         | 639,307                         |
| Other                                       | 111,554                         | 401,529                         |
| <b>Total</b>                                | <b>858,939</b>                  | <b>1,040,836</b>                |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Other payments from operating activities             | 1/1/2018<br>6/30/2018<br>ThUS\$ | 1/1/2017<br>6/30/2017<br>ThUS\$ |
|--|---------------------------------|---------------------------------|
| Contribution to the Chilean Treasury (Law No. 13196) | -                               | (466,291)                       |
| Finance hedge and sales                              | 8,078                           | 644                             |
| VAT and other similar taxes paid                     | (709,804)                       | (571,004)                       |
| <b>Total</b>   | <b>(701,726)</b>                | <b>(1,036,651)</b>              |

## 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.

Taking into consideration the financial assets and liabilities as of June 30, 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\$21 million in gains or losses, 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 June 30, 2018, the balance of time deposits denominated in Chilean pesos was ThUS\$551,409 (ThUS\$252,161 as of December 31, 2017).

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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- 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 June 30, 2018, a 1% change in interest rates on the financial liabilities subject to variable interest rates would mean approximately a US\$9 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 June 30, 2018 corresponds to amounts of ThUS\$13,445,234 and ThUS\$1,655,958, respectively.

b. Market risks

- Commodity price risk:

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

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

For the six-month period ended June 30, 2018, if the future price of copper fluctuates by + / - 5% (with the other variables constant), the result would vary + / - US\$180 million before taxes as a result of setting the mark to market of sales revenue to provisional prices in effect as of June 30, 2018 (MTMF 537). 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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.

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

As of June 30, 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 ThUS\$25 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 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 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:

| <b>Maturity of financial liabilities as of<br/>6/30/2018</b> | <b>Less than<br/>one year<br/>ThUS\$</b> | <b>Between one<br/>and five years<br/>ThUS\$</b> | <b>More than<br/>five years<br/>ThUS\$</b> |
|--|--|--|--|
| Loans from financial institutions                            | 462,904                                  | 1,241,443  | 602,046                                    |
| Bonds  | 441,729                                  | 1,896,565  | 10,456,505                                 |
| Finance leases   | 22,536                                   | 56,727   | 41,027                                     |
| Derivatives  | 16,026                                   | -  | 90,211                                     |
| Other financial liabilities                                  | 546                                      | 66,240   | -  |
| <b>Total</b>   | <b>943,741</b>                           | <b>3,260,975</b>                                 | <b>11,189,789</b>                          |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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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 Commercialization.

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

The maximum exposure to credit risk as of June 30, 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.

The client items include allowances, which are not significant, designed to cover possible insolvencies. These provisions are determined based on review of the debt balances and the clients' characteristics, to cover possible insolvencies.

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

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

As of June 30, 2018 and December 31, 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

During the six-month periods ended June 30, 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. Exchange rate hedges**

The Corporation has taken measures to protect itself from exchange rate variations, whose negative exposure, net of taxes, amounts to ThUS\$28,175.

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

June 30, 2018

| Hedge item         | Bank                    | Type of derivative contract | Maturity  | Currency | Amount           | Financial obligation: hedging instrument | Exposure      | Asset            | Liability          |
|--------------------|-------------------------|-----------------------------|-----------|----------|------------------|--|---------------|------------------|--------------------|
|                    |                         |                             |           |          | ThUS\$           | ThUS\$                                   | ThUS\$        | ThUS\$           | ThUS\$             |
| Bond UF Mat. 2025  | Credit Suisse (USA)     | Swap                        | 4-1-2025  | US\$     | 287,765          | 208,519                                  | 98,835        | 349,639          | (250,804)          |
| Bond EUR Mat. 2024 | Santander (Chile)       | Swap                        | 7-9-2024  | US\$     | 350,262          | 409,650                                  | (45,352)      | 399,273          | (444,625)          |
| Bond EUR Mat. 2024 | Deutsche Bank (England) | Swap                        | 7-9-2024  | US\$     | 350,262          | 409,680                                  | (44,859)      | 399,273          | (444,132)          |
| Bond UF Mat. 2026  | Santander (Chile)       | Swap                        | 8-24-2026 | US\$     | 417,051          | 406,212                                  | 43,157        | 471,632          | (428,475)          |
| <b>Total</b>       |                         |                             |           |          | <b>1,405,340</b> | <b>1,434,061</b>                         | <b>51,781</b> | <b>1,619,817</b> | <b>(1,568,036)</b> |

As of June 30, 2018, the Corporation does not maintain guarantee balances of cash deposit.

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.

The non-discounted amounts owed by the Financial Derivatives Corporation are detailed below:

| June 30, 2018       | Notional amount of contract with final expiration date |                   |                   |               |              |              |                   | Non-current total |
|---------------------|--|-------------------|-------------------|---------------|--------------|--------------|-------------------|-------------------|
|                     | Currency   | Less than 90 days | More than 90 days | Current total | 1 to 3 years | 3 to 5 years | More than 5 years |                   |
| Currency derivative | US\$   | 13,156            | 75,425            | 88,581        | 83,758       | 114,892      | 1,570,279         | 1,768,929         |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

The Corporation enters into metals hedging activities. The results of such hedges are recorded at their maturity or when the instruments are sold. Such results increase or decrease the total sales revenue based on the market prices of the metals. As of June 30, 2018, these operations generated a gain of ThUS\$9,700.

**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 June 30, 2018, the Corporation performed derivative market transactions of copper that represent 365,450 metric tons of fine copper. These hedging operations are part of the Corporation's commercial policy.

The current contracts as of June 30, 2018, present a positive exposure of ThUS\$25,956 and their final result will only be known at their maturity, offsetting the hedging transactions with revenue from the sale of the hedged products.

The transactions settled during the six month period ended June 30, 2018 resulted in a net positive effect on net income of ThUS\$10,224, which is comprised of the amounts received for sales contracts for ThUS\$8,964 and the values paid for purchases contracts for ThUS\$1,260.

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

As of June 30, 2018, the Corporation maintains derivative contracts for the sale of gold for MOZT 15.3 and silver for MOZT 101.7.

The contracts outstanding as of June 30, 2018 show a positive exposure of ThUS\$423. The final result will only be known at the expiration of such operations, after offsetting between hedging and income from the sale of the goods.

The transactions settled during the six month period ended June 30, 2018 resulted in a negative effect on net income of ThUS\$524, which is comprised of the negative amounts received for sales contracts for ThUS\$523 and the negative values paid for purchases contracts for ThUS\$1. These hedging transactions mature in October 2018.

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

The Corporation does not possess cash flow hedges backed by future production as of June 30, 2018.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

| <b>June 30, 2018</b>       | <b>Maturity date</b> |               |             |             |             |                 |               |
|----------------------------|----------------------|---------------|-------------|-------------|-------------|-----------------|---------------|
| <b>ThUS\$</b>              | <b>2018</b>          | <b>2019</b>   | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>Upcoming</b> | <b>Total</b>  |
| Flex Com Cobre (Asset)     | 14,933               | 11,007        | 689         | -           | -           | -               | 26,629        |
| Flex Com Cobre (Liability) | (178)                | (495)         | -           | -           | -           | -               | (673)         |
| Flex Com Gold/Silver       | 423                  | -             | -           | -           | -           | -               | 423           |
| Price setting              | -                    | -             | -           | -           | -           | -               | -             |
| Metal options              | -                    | -             | -           | -           | -           | -               | -             |
| <b>Total</b>               | <b>15,178</b>        | <b>10,512</b> | <b>689</b>  | <b>-</b>    | <b>-</b>    | <b>-</b>        | <b>26,379</b> |

| <b>December 31, 2017</b>   | <b>Maturity date</b> |                |              |             |             |                 |                |
|----------------------------|----------------------|----------------|--------------|-------------|-------------|-----------------|----------------|
| <b>ThUS\$</b>              | <b>2016</b>          | <b>2017</b>    | <b>2018</b>  | <b>2019</b> | <b>2020</b> | <b>Upcoming</b> | <b>Total</b>   |
| 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              | -                    | -              | -            | -           | -           | -               | -              |
| <b>Total</b>               | <b>(3,109)</b>       | <b>(1,744)</b> | <b>(474)</b> | <b>-</b>    | <b>-</b>    | <b>-</b>        | <b>(5,327)</b> |

| <b>June 30, 2018</b>       | <b>Maturity date</b> |             |             |             |             |                 |              |
|----------------------------|----------------------|-------------|-------------|-------------|-------------|-----------------|--------------|
| <b>ThTM/Ounces</b>         | <b>2018</b>          | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>Upcoming</b> | <b>Total</b> |
| Copper Futures [MT]        | 134,800              | 200,300     | 30,350      | -           | -           | -               | 365,450      |
| Gold/Silver Futures [ThOZ] | 117,178              | -           | -           | -           | -           | -               | 117,178      |
| Copper price setting [MT]  | -                    | -           | -           | -           | -           | -               | -            |
| Copper Options [MT]        | -                    | -           | -           | -           | -           | -               | -            |

| <b>December 31, 2017</b>   | <b>Maturity date</b> |              |              |              |              |                 |              |
|----------------------------|----------------------|--------------|--------------|--------------|--------------|-----------------|--------------|
| <b>ThTM/Ounces</b>         | <b>2,016</b>         | <b>2,017</b> | <b>2,018</b> | <b>2,019</b> | <b>2,020</b> | <b>Upcoming</b> | <b>Total</b> |
| Copper Futures [MT]        | 282,600              | 71,350       | 5,100        | -            | -            | -               | 359,050      |
| Gold/Silver Futures [ThOZ] | 93,200               | -            | -            | -            | -            | -               | 93,200       |
| Copper price setting [MT]  | -                    | -            | -            | -            | -            | -               | -            |
| Copper Options [MT]        | -                    | -            | -            | -            | -            | -               | -            |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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### **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 appeal 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.

A case by case analysis of these proceedings has shown that there are a total of 248 cases involving estimated amounts. 196 of them, representing 79.03% of the total and involving ThUS\$37,882, are estimated to possibly have a negative result for the Corporation. There are also 51 proceedings, representing 20.56% and involving ThUS\$33,750, where there is no certainty that the ruling will go against Codelco. The Corporation's legal counsel considers that there is a remote possibility that the remaining ThUS\$77 could have an unfavorable outcome.

- 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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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 the latter for the same period and for equal monthly shipments to complete a total of 836,250 metric tons. Each shipment shall be paid by the buyer at a price formed by a fixed re-adjustable component plus a variable component, which depends on current copper prices at the time of shipment.

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

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

According to the Sponsor Agreement, dated March 8, 2006, the Codelco International Ltd. subsidiary gave its participation in CuPIC as a guarantee to the China Development Bank.

Subsequently, on March 14, 2012, CuPIC paid off its debt to the abovementioned bank. As of 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 its removal of the share in CUPIIC.

On April 7, 2016, the Corporation formalized the removal of its share in CUPIIC, 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 CUPIIC signed in 2006, which establishes the reduction of half of the outstanding tonnage to deliver to said company and in which Codelco pays to CUPIIC the amount of ThUS\$99,330.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

- Reduction of share capital in CuPIC, equivalent to the 50% of the Codelco International shares in said company and by which CuPIC repays to Codelco the amount of ThUS\$99,330.
  - Waiver of Codelco to any dividends associated to the profits generated by CuPIC from January 1, 2016 and the date of signing the agreement.
  - Additionally, the cessation of dividends reception as a consequence of the removal of the Codelco share in the ownership of CuPIC since 2016, led to a reduction of the net profit estimated to Codelco until the end of the contract signed with that company (year 2021). This implied that such contract qualifies as an onerous contract, according to IAS 37, which negatively impacts on earnings before tax of Codelco in ThUS\$22,184 (negative net tax effect of 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 N ° 12326 / 2017, where it establishes that, GacruX, the Creditor and the Guarantee Agent, the latter representing the Guaranteed Parties, come to modify, by virtue of the Merger, 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, shall be subject, by virtue of the Merger, to two thousand thirteen million two hundred and forty-five thousand four hundred and seventy-three shares issued by BecruX, owned by GacruX, hereinafter the "Pledged BecruX Shares".

- iii. 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.
- 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 June 30, 2018 and December 31, 2017.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

- 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 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 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.

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 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.
- 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.

- vii. 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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

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

The Corporation considers that the accounting liability record caused by this obligation differs from the law's requirement, mainly by differences concerning the horizon that is considered for the projection of flows, in which the law requires the determination of the obligations in terms of mineral reserves, while the financial-accounting approach incorporates some of its mineral resources. Therefore, the discount rate established by law, may differ from that used by the Corporation under the criteria set out in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and described in Note 2, letter o) of Main Accounting Policies.

As of June 30, 2018, the Corporation has agreed guarantees for an annual amount of U.F. 32,221,028 to comply with the aforementioned Law N°20.551. The following table details the main given guarantees:

| Transmitter     | Mine site        | Amount            | Currency | Date      | Maturity date | Emission rate % | ThUS\$           |
|-----------------|------------------|-------------------|----------|-----------|---------------|-----------------|------------------|
| Banco Estado    | Radomiro Tomic   | 3,232,980         | UF       | 5-11-2018 | 5-9-2019      | 0.07            | 134,832          |
| Banco Estado    | Ministro Hales   | 911,821           | UF       | 5-13-2018 | 5-12-2019     | 0.07            | 38,028           |
| Banco Chile     | Ministro Hales   | 934,133           | UF       | 5-13-2018 | 5-12-2019     | 0.10            | 38,958           |
| Banco Chile     | Chuquicamata     | 2,300,000         | UF       | 5-26-2018 | 5-25-2019     | 0.10            | 95,922           |
| Banco Bci       | Chuquicamata     | 4,600,000         | UF       | 5-26-2018 | 5-25-2019     | 0.15            | 191,843          |
| Banco Itau      | Chuquicamata     | 2,464,526         | UF       | 5-26-2017 | 5-25-2019     | 0.16            | 102,783          |
| Banco Chile     | El Teniente      | 2,632,299         | UF       | 6-2-2018  | 6-1-2019      | 0.10            | 109,780          |
| Banco Santander | El Teniente      | 6,534,717         | UF       | 6-2-2018  | 6-1-2019      | 0.15            | 272,531          |
| Banco Estado    | Gabriela Mistral | 1,700,000         | UF       | 6-14-2018 | 6-13-2019     | 0.08            | 70,899           |
| Banco Itau      | Gabriela Mistral | 278,180           | UF       | 6-15-2018 | 6-14-2019     | 0.15            | 11,602           |
| Banco Bbva      | Salvador         | 2,921,605         | UF       | 8-11-2017 | 8-18-2018     | 0.12            | 121,846          |
| Banco Estado    | Andina           | 3,310,724         | UF       | 11-2-2017 | 11-3-2018     | 0.07            | 138,074          |
| Banco Chile     | Ventanas         | 400,043           | UF       | 3-19-2018 | 3-18-2019     | 0.07            | 16,684           |
| <b>Total</b>    |                  | <b>32,221,028</b> |          |           |               |                 | <b>1,343,781</b> |

- viii. 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.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

---

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:



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Direct Guarantees provided to Financial Institutions          |                   |           |          |                  |                  |
|---|-------------------|-----------|----------|------------------|------------------|
| Creditor of the Guarantee                                     | Type of Guarantee | 6/30/2018 |          |                  | 12/31/2017       |
|   |                   | Currency  | Maturity | ThUS\$           | ThUS\$           |
| Urban Regional Manager, Metropolitan                          | Building project  | UF        | Mar-18   | -                | 10               |
| Urban Regional Manager, Metropolitan                          | Building project  | UF        | Aug-18   | -                | 10               |
| Ministry of Public Works                                      | Building project  | US\$      | Jun-18   | -                | 209              |
| General Directorate of Maritime Territory and Merchant Marine | Building project  | CLP       | Mar-19   | 1,783            | -                |
| Ministry of Public Works                                      | Building project  | UF        | Oct-18   | 25,339           | 25,339           |
| Ministry of Public Works                                      | Building project  | UF        | Oct-18   | 28,399           | 28,399           |
| Ministry of Public Works                                      | Building project  | UF        | Oct-19   | 566              | 566              |
| Oriente Copper Netherlands B.V.                               | Pledge on shares  | US\$      | Nov-32   | 877,813          | 877,813          |
| Sernageomin   | Environmental     | UF        | Nov-18   | 139,589          | 139,589          |
| Sernageomin   | Environmental     | UF        | Mar-18   | -                | 13,156           |
| Sernageomin   | Environmental     | UF        | May-18   | -                | 106,936          |
| Sernageomin   | Environmental     | UF        | May-18   | -                | 57,302           |
| Sernageomin   | Environmental     | UF        | Jun-18   | -                | 104,598          |
| Sernageomin   | Environmental     | UF        | Jun-18   | -                | 199,215          |
| Sernageomin   | Environmental     | UF        | Jun-18   | -                | 60,716           |
| Sernageomin   | Environmental     | UF        | May-18   | -                | 118,924          |
| Sernageomin   | Environmental     | UF        | May-18   | -                | 156,804          |
| Sernageomin   | Environmental     | UF        | May-18   | -                | 24,526           |
| Sernageomin   | Environmental     | UF        | Aug-08   | 119,414          | 119,414          |
| Sernageomin   | Environmental     | UF        | Aug-08   | 852              | 852              |
| Sernageomin   | Environmental     | UF        | Mar-19   | 17,920           | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 137,355          | -                |
| Sernageomin   | Environmental     | UF        | Jun-19   | 73,210           | -                |
| Sernageomin   | Environmental     | UF        | Jun-19   | 11,980           | -                |
| Sernageomin   | Environmental     | UF        | Jun-19   | 110,322          | -                |
| Sernageomin   | Environmental     | UF        | Jun-19   | 273,875          | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 192,789          | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 103,290          | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 39,150           | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 38,215           | -                |
| Sernageomin   | Environmental     | UF        | May-19   | 96,395           | -                |
| <b>Total</b>  |                   |           |          | <b>2,288,256</b> | <b>2,034,381</b> |

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:

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
 (Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| <b>Guarantees received from third parties</b> |                             |                              |
|---|-----------------------------|------------------------------|
| <b>Division</b>                               | <b>6/30/2018<br/>ThUS\$</b> | <b>12/31/2017<br/>ThUS\$</b> |
| Andina  | 6,585                       | 8,228                        |
| Chuquicamata                                  | 5,151                       | 7,614                        |
| Casa Matriz                                   | 822,482                     | 737,160                      |
| Radomiro Tomic                                | -                           | -                            |
| Salvador                                      | 2,152                       | 7,295                        |
| Ministro Hales                                | 6                           | 6                            |
| El Teniente                                   | 7,714                       | 19,064                       |
| Ventanas                                      | 417                         | 778                          |
| Gabriela Mistral                              | -                           | -                            |
| <b>Total</b>                                  | <b>844,507</b>              | <b>780,145</b>               |

**33. Balances in foreign currency**

a) Assets by Type of Currency

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Category                                      | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|---|---------------------|----------------------|
| <b><u>Liquid assets</u></b>                   | <b>2,077,237</b>    | <b>1,450,162</b>     |
| US Dollars                                    | 2,029,653           | 1,378,521            |
| Euros   | 1,462               | 3,472                |
| Other currencies                              | 4,386               | 4,245                |
| Non-indexed Ch\$                              | 36,646              | 63,002               |
| U.F.  | 5,090               | 922                  |
| Cash and cash equivalents                     | <b>2,013,099</b>    | <b>1,448,835</b>     |
| US Dollars                                    | 1,970,726           | 1,378,247            |
| Euros   | 1,462               | 3,472                |
| Other currencies                              | 4,386               | 4,245                |
| Non-indexed Ch\$                              | 36,384              | 62,779               |
| U.F.  | 141                 | 92                   |
| Other current financial assets                | <b>64,138</b>       | <b>1,327</b>         |
| US Dollars                                    | 58,927              | 274                  |
| Euros   | -                   | -                    |
| Other currencies                              | -                   | -                    |
| Non-indexed Ch\$                              | 262                 | 223                  |
| U.F.  | 4,949               | 830                  |
| <b><u>Short and long term receivables</u></b> | <b>2,261,550</b>    | <b>2,996,968</b>     |
| US Dollars                                    | 1,619,444           | 2,473,589            |
| Euros   | 52,509              | 59,297               |
| Other currencies                              | 270                 | 1,625                |
| Non-indexed Ch\$                              | 514,606             | 406,589              |
| U.F.  | 74,721              | 55,868               |
| Trade and other receivables                   | <b>1,996,785</b>    | <b>2,815,352</b>     |
| US Dollars                                    | 1,467,866           | 2,383,415            |
| Euros   | 51,458              | 57,992               |
| Other currencies                              | 270                 | 1,625                |
| Non-indexed Ch\$                              | 403,710             | 317,819              |
| U.F.  | 73,481              | 54,501               |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Category                                | 6/30/2018<br>ThUS\$ | 12/31/2017<br>ThUS\$ |
|---|---------------------|----------------------|
| Rights receivables, non-current         | 113,187             | 91,442               |
| US Dollars                              | -                   | -                    |
| Euros                                   | 1,051               | 1,305                |
| Other currencies                        | -                   | -                    |
| Non-indexed Ch\$                        | 110,896             | 88,770               |
| U.F.                                    | 1,240               | 1,367                |
| Due from related companies, current     | 126,253             | 64,344               |
| US Dollars                              | 126,253             | 64,344               |
| Euros                                   | -                   | -                    |
| Other currencies                        | -                   | -                    |
| Non-indexed Ch\$                        | -                   | -                    |
| U.F.                                    | -                   | -                    |
| Due from related companies, non-current | 25,325              | 25,830               |
| US Dollars                              | 25,325              | 25,830               |
| Euros                                   | -                   | -                    |
| Other currencies                        | -                   | -                    |
| Non-indexed Ch\$                        | -                   | -                    |
| U.F.                                    | -                   | -                    |
| <b>Rest of assets</b>                   | <b>32,617,947</b>   | <b>31,909,011</b>    |
| US Dollars                              | 31,771,315          | 31,025,279           |
| Euros                                   | 30,581              | 26,952               |
| Other currencies                        | 248                 | 367                  |
| Non-indexed Ch\$                        | 110,987             | 119,690              |
| U.F.                                    | 704,816             | 736,723              |
| <b>Total assets</b>                     | <b>36,956,734</b>   | <b>36,356,141</b>    |
| US Dollars                              | 35,420,412          | 34,877,389           |
| Euros                                   | 84,552              | 89,721               |
| Other currencies                        | 4,904               | 6,237                |
| Non-indexed Ch\$                        | 662,239             | 589,281              |
| U.F.                                    | 784,627             | 793,513              |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

b) Liability by type of currency:

| Current liability by currency              | 6/30/2018               |                             | 12/31/2017              |                             |
|--|-------------------------|-----------------------------|-------------------------|-----------------------------|
|  | Up to 90 days<br>ThUS\$ | 90 days to 1 year<br>ThUS\$ | Up to 90 days<br>ThUS\$ | 90 days to 1 year<br>ThUS\$ |
| <b>Current liabilities</b>                 | <b>3,197,219</b>        | <b>586,699</b>              | <b>3,126,371</b>        | <b>189,085</b>              |
| US Dollars                                 | 2,154,245               | 499,446                     | 1,821,173               | 150,417                     |
| Euros                                      | 106,974                 | 49,564                      | 119,851                 | -                           |
| Other currencies                           | 9,444                   | -                           | 9,668                   | -                           |
| Non-indexed Ch\$                           | 909,098                 | 29,266                      | 1,155,722               | 32,964                      |
| U.F.                                       | 17,458                  | 8,423                       | 19,957                  | 5,704                       |
| <b>Other current financial liabilities</b> | <b>384,593</b>          | <b>559,148</b>              | <b>166,557</b>          | <b>157,831</b>              |
| US Dollars                                 | 362,236                 | 499,446                     | 124,107                 | 150,402                     |
| Euros                                      | 15,373                  | 49,564                      | 32,182                  | -                           |
| Other currencies                           | 10                      | -                           | -                       | -                           |
| Non-indexed Ch\$                           | 956                     | 1,715                       | 1,269                   | 1,725                       |
| U.F.                                       | 6,018                   | 8,423                       | 8,999                   | 5,704                       |
| <b>Bank loans</b>                          | <b>1,914</b>            | <b>460,990</b>              | <b>26,819</b>           | <b>103,908</b>              |
| US Dollars                                 | 1,680                   | 411,426                     | 2,223                   | 103,908                     |
| Euros                                      | -                       | 49,564                      | 24,400                  | -                           |
| Other currencies                           | -                       | -                           | -                       | -                           |
| Non-indexed Ch\$                           | -                       | -                           | -                       | -                           |
| U.F.                                       | 234                     | -                           | 196                     | -                           |
| <b>Obligations</b>                         | <b>376,347</b>          | <b>65,382</b>               | <b>134,864</b>          | <b>30,920</b>               |
| US Dollars                                 | 357,367                 | 62,520                      | 120,277                 | 30,920                      |
| Euros                                      | 15,373                  | -                           | 7,782                   | -                           |
| Other currencies                           | -                       | -                           | -                       | -                           |
| Non-indexed Ch\$                           | -                       | -                           | -                       | -                           |
| U.F.                                       | 3,607                   | 2,862                       | 6,805                   | -                           |
| <b>Finance lease</b>                       | <b>5,786</b>            | <b>16,750</b>               | <b>3,888</b>            | <b>12,476</b>               |
| US Dollars                                 | 3,068                   | 9,474                       | 1,347                   | 5,047                       |
| Euros                                      | -                       | -                           | -                       | -                           |
| Other currencies                           | -                       | -                           | -                       | -                           |
| Non-indexed Ch\$                           | 541                     | 1,715                       | 543                     | 1,725                       |
| U.F.                                       | 2,177                   | 5,561                       | 1,998                   | 5,704                       |
| <b>Others</b>                              | <b>546</b>              | <b>16,026</b>               | <b>986</b>              | <b>10,527</b>               |
| US Dollars                                 | 121                     | 16,026                      | 260                     | 10,527                      |
| Euros                                      | -                       | -                           | -                       | -                           |
| Other currencies                           | 10                      | -                           | -                       | -                           |
| Non-indexed Ch\$                           | 415                     | -                           | 726                     | -                           |
| U.F.                                       | -                       | -                           | -                       | -                           |
| <b>Other current liabilities</b>           | <b>2,812,626</b>        | <b>27,551</b>               | <b>2,959,814</b>        | <b>31,254</b>               |
| US Dollars                                 | 1,792,009               | -                           | 1,697,066               | 15                          |
| Euros                                      | 91,601                  | -                           | 87,669                  | -                           |
| Other currencies                           | 9,434                   | -                           | 9,668                   | -                           |
| Non-indexed Ch\$                           | 908,142                 | 27,551                      | 1,154,453               | 31,239                      |
| U.F.                                       | 11,440                  | -                           | 10,958                  | -                           |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Non-current liability by currency              | 6/30/2018    |              |               |                    | 12/31/2017   |              |               |                    |
|--|--------------|--------------|---------------|--------------------|--------------|--------------|---------------|--------------------|
|  | 1 to 3 years | 3 to 5 years | 5 to 10 years | More than 10 years | 1 to 3 years | 3 to 5 years | 5 to 10 years | More than 10 years |
|  | ThUS\$       | ThUS\$       | ThUS\$        | ThUS\$             | ThUS\$       | ThUS\$       | ThUS\$        | ThUS\$             |
| <b>Non-Current liabilities</b>                 | 5,935,307    | 2,719,979    | 5,471,201     | 8,134,847          | 6,200,324    | 2,773,522    | 5,534,293     | 7,607,208          |
| US Dollars                                     | 5,494,171    | 2,571,591    | 4,446,698     | 7,063,249          | 5,755,523    | 2,619,881    | 4,461,270     | 6,501,948          |
| Euros  | 27           | -            | (8,744)       | -                  | 89           | -            | (9,682)       | -                  |
| Other currencies                               | 2            | -            | -             | -                  | 1            | -            | -             | -                  |
| Non-indexed Ch\$                               | 420,664      | 143,776      | 280,520       | 494,753            | 423,022      | 148,258      | 291,395       | 527,887            |
| U.F.   | 20,443       | 4,612        | 752,727       | 576,845            | 21,689       | 5,383        | 791,310       | 577,373            |
| <b>Other non-current financial liabilities</b> | 684,772      | 2,576,203    | 5,174,020     | 6,015,769          | 1,349,908    | 2,625,264    | 5,226,237     | 5,446,595          |
| US Dollars                                     | 672,798      | 2,571,591    | 4,430,037     | 6,015,769          | 1,334,855    | 2,619,881    | 4,444,609     | 5,446,595          |
| Euros  | -            | -            | (8,744)       | -                  | -            | -            | (9,682)       | -                  |
| Other currencies                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Non-indexed Ch\$                               | 1,573        | -            | -             | -                  | 2,996        | -            | -             | -                  |
| U.F.   | 10,401       | 4,612        | 752,727       | -                  | 12,057       | 5,383        | 791,310       | -                  |
| Bank loans                                     | -            | 1,241,443    | -             | 602,046            | 406,167      | 1,297,133    | -             | 626,357            |
| US Dollars                                     | -            | 1,241,443    | -             | 602,046            | 406,103      | 1,297,133    | -             | 626,357            |
| Euros  | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Other currencies                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Non-indexed Ch\$                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| U.F.   | -            | -            | -             | -                  | 64           | -            | -             | -                  |
| Obligations                                    | 582,402      | 1,314,163    | 5,042,782     | 5,413,723          | 847,944      | 1,313,161    | 5,102,279     | 4,820,238          |
| US Dollars                                     | 582,402      | 1,314,163    | 3,610,777     | 5,413,723          | 847,944      | 1,313,161    | 3,613,723     | 4,820,238          |
| Euros  | -            | -            | 691,780       | -                  | -            | -            | 711,734       | -                  |
| Other currencies                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Non-indexed Ch\$                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| U.F.   | -            | -            | 740,225       | -                  | -            | -            | 776,822       | -                  |
| Finance Lease                                  | 36,130       | 20,597       | 41,027        | -                  | 26,970       | 14,970       | 44,407        | -                  |
| US Dollars                                     | 24,159       | 15,985       | 28,525        | -                  | 11,981       | 9,587        | 29,919        | -                  |
| Euros  | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Other currencies                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Non-indexed Ch\$                               | 1,570        | -            | -             | -                  | 2,996        | -            | -             | -                  |
| U.F.   | 10,401       | 4,612        | 12,502        | -                  | 11,993       | 5,383        | 14,488        | -                  |
| Others   | 66,240       | -            | 90,211        | -                  | 68,827       | -            | 79,551        | -                  |
| US Dollars                                     | 66,237       | -            | 790,735       | -                  | 68,827       | -            | 800,967       | -                  |
| Euros  | -            | -            | (700,524)     | -                  | -            | -            | (721,416)     | -                  |
| Other currencies                               | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Non-indexed Ch\$                               | 3            | -            | -             | -                  | -            | -            | -             | -                  |
| U.F.   | -            | -            | -             | -                  | -            | -            | -             | -                  |
| Other liabilities non-current                  | 5,250,535    | 143,776      | 297,181       | 2,119,078          | 4,850,416    | 148,258      | 308,056       | 2,160,613          |
| US Dollars                                     | 4,821,373    | -            | 16,661        | 1,047,480          | 4,420,668    | -            | 16,661        | 1,055,353          |
| Euros  | 27           | -            | -             | -                  | 89           | -            | -             | -                  |
| Other currencies                               | 2            | -            | -             | -                  | 1            | -            | -             | -                  |
| Non-indexed Ch\$                               | 419,091      | 143,776      | 280,520       | 494,753            | 420,026      | 148,258      | 291,395       | 527,887            |
| U.F.   | 10,042       | -            | -             | 576,845            | 9,632        | -            | -             | 577,373            |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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**34. Sanctions**

As of June 30, 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 March 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.

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 six month periods ended June 30, 2018 and December 31, 2017, respectively, and the projected future expenses are stated below.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
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| Entity          | Project name   | Disbursements 6/30/2018 |                |               |                          | 6/30/2017      | Future committed disbursements |                |
|-----------------|--|-------------------------|----------------|---------------|--------------------------|----------------|--------------------------------|----------------|
|                 |  | Project Status          | Amount ThUS\$  | Asset/Expense | Asset / Expenditure Item | Amount ThUS\$  | Amount ThUS\$                  | Estimated date |
|                 | <b>Chuquicamata</b>  |                         | <b>113,290</b> |               |                          | <b>47,412</b>  | <b>826,050</b>                 |                |
| Codelco Chile   | Talambre dam capacity extension, 8th stage                   | In Progress             | 39,396         | Asset         | P, P & E                 | 7,138          | 246,043                        | 2020           |
| Codelco Chile   | Emergency restoration system dust control crushing plant 2/3 | In Progress             | 6,114          | Asset         | P, P & E                 | 4,299          | 304                            | 2018           |
| Codelco Chile   | Replacement of circulation pot 1A and 2A                     | In Progress             | 221            | Asset         | P, P & E                 | 2,877          | 24,433                         | 2019           |
| Codelco Chile   | Construction installation surplus management                 | In Progress             | 116            | Asset         | P, P & E                 | 1,563          | 822                            | 2018           |
| Codelco Chile   | Replacement of water treatment plant                         | In Progress             | 3,294          | Asset         | P, P & E                 | 1,623          | 17,283                         | 2018           |
| Codelco Chile   | Replacement gas management system                            | In Progress             | 146            | Asset         | P, P & E                 | 110            | 9,978                          | 2019           |
| Codelco Chile   | Acid plant transformation 3-4 DC/DA                          | In Progress             | 34,672         | Asset         | P, P & E                 | 12,417         | 319,364                        | 2019           |
| Codelco Chile   | Enablement refining gas treatment system                     | In Progress             | 737            | Asset         | P, P & E                 | 73             | 67,250                         | 2019           |
| Codelco Chile   | Dryer replacement n ° 5 fúo                                  | In Progress             | 1,961          | Asset         | P, P & E                 | 65             | 53,997                         | 2019           |
| Codelco Chile   | Management feeding and transport powders                     | In Progress             | 257            | Asset         | P, P & E                 | -              | 2,127                          | 2018           |
| Codelco Chile   | Construction Relle Res Dom-Asim Montec                       | In Progress             | 123            | Asset         | P, P & E                 | -              | 11,014                         | 2019           |
| Codelco Chile   | Construction IX stage Talambre tranque                       | In Progress             | 485            | Asset         | P, P & E                 | -              | 17,514                         | 2019           |
| Codelco Chile   | Construction 8 Seg Montecristo                               | In Progress             | 34             | Asset         | P, P & E                 | -              | 15,558                         | 2019           |
| Codelco Chile   | Acid plants  | In Progress             | 8,272          | Expenditure   | Adm. Expense             | 12,714         | 12,715                         | 2018           |
| Codelco Chile   | Solid waste  | In Progress             | 678            | Expenditure   | Adm. Expense             | 220            | 1,573                          | 2018           |
| Codelco Chile   | Tailings   | In Progress             | 9,681          | Expenditure   | Adm. Expense             | 677            | 20,399                         | 2018           |
| Codelco Chile   | Water treatment plant  | In Progress             | 5,996          | Expenditure   | Adm. Expense             | 2,531          | 3,465                          | 2018           |
| Codelco Chile   | Environmental monitoring                                     | In Progress             | 1,106          | Expenditure   | Adm. Expense             | 1,106          | 2,212                          | 2018           |
|                 | <b>Salvador</b>  |                         | <b>33,405</b>  |               |                          | <b>14,868</b>  | <b>226,649</b>                 |                |
| Codelco Chile   | Improved integration of the gas process                      | In Progress             | 16,581         | Asset         | P, P & E                 | 8,745          | 172,416                        | 2019           |
| Codelco Chile   | Concentrator filter plant construction                       | In Progress             | 51             | Asset         | P, P & E                 | 2,831          | -                              | 2018           |
| Codelco Chile   | Water capture improvement                                    | In Progress             | 147            | Asset         | P, P & E                 | -              | 222                            | 2018           |
| Codelco Chile   | Tailings   | In Progress             | 897            | Expenditure   | Adm. Expense             | 1,231          | 3,024                          | 2018           |
| Codelco Chile   | Acid plants  | In Progress             | 14,693         | Expenditure   | Adm. Expense             | 1,444          | 30,810                         | 2018           |
| Codelco Chile   | Solid waste  | In Progress             | 517            | Expenditure   | Adm. Expense             | 214            | 1,248                          | 2018           |
| Codelco Chile   | Water treatment plant  | In Progress             | 319            | Expenditure   | Adm. Expense             | 403            | 1,041                          | 2018           |
| Codelco Chile   | Overhaul thickeners tailings sal-proy                        | In Progress             | 201            | Asset         | P, P & E                 | -              | 17,888                         | 2018           |
|                 | <b>Andina</b>  |                         | <b>70,515</b>  |               |                          | <b>75,508</b>  | <b>191,718</b>                 |                |
| Codelco Chile   | Drain water treatment  | In Progress             | -              | Asset         | P, P & E                 | 2,400          | -                              | -              |
| Codelco Chile   | Water Normative Phase 2                                      | In Progress             | 421            | Asset         | P, P & E                 | 2,374          | 1,376                          | 2018           |
| Codelco Chile   | Construction site emergency plan                             | In Progress             | 2,952          | Asset         | P, P & E                 | 2,011          | 12,558                         | 2018           |
| Codelco Chile   | Construction site emergency plan                             | Finished                | 1,026          | Asset         | P, P & E                 | -              | 6,447                          | 2018           |
| Codelco Chile   | Improved water internal tip E2                               | In Progress             | 112            | Asset         | P, P & E                 | 465            | 2,654                          | 2018           |
| Codelco Chile   | Construction early alert plan                                | In Progress             | -              | Asset         | P, P & E                 | 258            | -                              | -              |
| Codelco Chile   | Implementation in RCA compliance wells (Hydraulic Barrier)   | In Progress             | 322            | Asset         | P, P & E                 | -              | 3,408                          | 2018           |
| Codelco Chile   | Catchment water drainage hill black                          | In Progress             | 958            | Asset         | P, P & E                 | -              | 3,163                          | 2019           |
| Codelco Chile   | Construction canal outline DL east                           | In Progress             | 1,305          | Asset         | P, P & E                 | -              | 23,974                         | 2020           |
| Codelco Chile   | Standard fuel supply system                                  | In Progress             | 65             | Asset         | P, P & E                 | -              | 249                            | 2018           |
| Codelco Chile   | Construction site emergency plan                             | In Progress             | 144            | Asset         | P, P & E                 | -              | 12,376                         | 2019           |
| Codelco Chile   | Oo Sbr Lev el 640 Msnm Tranq                                 | In Progress             | 9,469          | Asset         | P, P & E                 | 15,796         | 14,185                         | 2018           |
| Codelco Chile   | Solid waste  | In Progress             | 1,409          | Expenditure   | Adm. Expense             | 1,409          | 2,817                          | 2018           |
| Codelco Chile   | Water treatment plant  | In Progress             | 1,930          | Expenditure   | Adm. Expense             | 1,930          | 3,859                          | 2018           |
| Codelco Chile   | Trailing   | In Progress             | 33,377         | Expenditure   | Adm. Expense             | 33,377         | 66,754                         | 2018           |
| Codelco Chile   | Acid drainage  | In Progress             | 15,288         | Expenditure   | Adm. Expense             | 15,288         | 30,577                         | 2018           |
| Codelco Chile   | Environmental monitoring                                     | In Progress             | 260            | Expenditure   | Adm. Expense             | 90             | 3,062                          | 2018           |
| Codelco Chile   | Sustainability and external matters management               | In Progress             | 1,477          | Expenditure   | Adm. Expense             | 109            | 4,259                          | 2018           |
| <b>Subtotal</b> |  |                         | <b>217,211</b> |               |                          | <b>137,787</b> | <b>1,244,419</b>               |                |



**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

| Entity          | Project name                                     | Disbursements 6/30/2018 |                  |                   |                                | 6/30/2017        | Future committed disbursements |                   |
|-----------------|--|-------------------------|------------------|-------------------|--------------------------------|------------------|--------------------------------|-------------------|
|                 |  |                         | Amount<br>ThUS\$ | Asset/<br>Expense | Asset /<br>Expenditure<br>Item | Amount<br>ThUS\$ | Amount<br>ThUS\$               | Estimated<br>date |
|                 | <b>El Teniente</b>                               |                         | <b>111,717</b>   |                   |                                | <b>25,857</b>    | <b>759,006</b>                 |                   |
| Codelco Chile   | Construction of 7th phase of Carén               | In Progress             | 3,585            | Asset             | P, P & E                       | -                | 256,684                        | 2022              |
| Codelco Chile   | Construction of 6th phase of Carén               | Finished                | -                | Asset             | P, P & E                       | 3,232            | -                              | -                 |
| Codelco Chile   | Construction of slag treatment plant             | In Progress             | 10,859           | Asset             | P, P & E                       | -                | 197,323                        | 2019              |
| Codelco Chile   | Construction of slag treatment plant             | In Progress             | 5,615            | Asset             | P, P & E                       | 1,249            | 17,378                         | 2018              |
| Codelco Chile   | Smelting emissions network                       | In Progress             | 8,534            | Asset             | P, P & E                       | 5,669            | 72,825                         | 2019              |
| Codelco Chile   | Smoke capacity reduction                         | In Progress             | 2,070            | Asset             | P, P & E                       | -                | 5,574                          | 2018              |
| Codelco Chile   | Smoke capacity reduction                         | In Progress             | 1,706            | Asset             | P, P & E                       | -                | 42,151                         | 2019              |
| Codelco Chile   | Construction of slag treatment plant             | In Progress             | 837              | Asset             | P, P & E                       | -                | 3,397                          | 2018              |
| Codelco Chile   | Acid plants                                      | In Progress             | 32,909           | Expenditure       | Adm. Expense                   | 2,277            | 68,095                         | 2017              |
| Codelco Chile   | Solid waste                                      | In Progress             | 2,552            | Expenditure       | Adm. Expense                   | 211              | 4,893                          | 2017              |
| Codelco Chile   | Water treatment plant                            | In Progress             | 8,726            | Expenditure       | Adm. Expense                   | 8,726            | 17,542                         | 2017              |
| Codelco Chile   | Tailings   | In Progress             | 34,325           | Expenditure       | Adm. Expense                   | 4,494            | 73,144                         | 2017              |
|                 | <b>Gabriela Mistral</b>                          |                         | <b>1,221</b>     |                   |                                | <b>6,740</b>     | <b>8,109</b>                   |                   |
| Codelco Chile   | Installation of the rubble dump folder phase VI  | In Progress             | -                | Asset             | P, P & E                       | 6,446            | -                              | 2017              |
| Codelco Chile   | Installation of the rubble dump folder phase VII | In Progress             | -                | Asset             | P, P & E                       | 5                | -                              | 2017              |
| Codelco Chile   | Replacement three tracked tractors               | In Progress             | 187              | Asset             | P, P & E                       | 3                | 5,753                          | 2018              |
| Codelco Chile   | Environmental monitoring                         | In Progress             | 25               | Expenditure       | Adm. Expense                   | 1                | 53                             | 2018              |
| Codelco Chile   | Solid waste                                      | In Progress             | 954              | Expenditure       | Adm. Expense                   | 279              | 2,187                          | 2018              |
| Codelco Chile   | Environmental consultancy                        | In Progress             | 55               | Expenditure       | Adm. Expense                   | 6                | 116                            | 2018              |
|                 | <b>Ventanas</b>                                  |                         | <b>19,263</b>    |                   |                                | <b>7,108</b>     | <b>38,779</b>                  |                   |
| Codelco Chile   | Capturing of second gases                        | In Progress             | -                | Asset             | P, P & E                       | 1,221            | -                              | -                 |
| Codelco Chile   | Eliminating visible smokes                       | In Progress             | -                | Asset             | P, P & E                       | 765              | -                              | -                 |
| Codelco Chile   | Fugitive gas treatment                           | In Progress             | -                | Asset             | P, P & E                       | 81               | -                              | -                 |
| Codelco Chile   | Second gas collection CT                         | In Progress             | -                | Asset             | P, P & E                       | 95               | -                              | -                 |
| Codelco Chile   | Fugitive gas treatment CT                        | In Progress             | -                | Asset             | P, P & E                       | 510              | -                              | -                 |
| Codelco Chile   | Construction new warehouse of concentrate        | In Progress             | 688              | Asset             | P, P & E                       | -                | 2,032                          | 2018              |
| Codelco Chile   | Acid plants                                      | In Progress             | 14,082           | Expenditure       | Adm. Expense                   | 2,411            | 25,753                         | 2018              |
| Codelco Chile   | Solid waste                                      | In Progress             | 1,103            | Expenditure       | Adm. Expense                   | 338              | 2,545                          | 2018              |
| Codelco Chile   | Environmental monitoring                         | In Progress             | 772              | Expenditure       | Adm. Expense                   | 9                | 1,535                          | 2018              |
| Codelco Chile   | Water treatment plant                            | In Progress             | 2,618            | Expenditure       | Adm. Expense                   | 1,678            | 6,914                          | 2018              |
|                 | <b>Radomiro Tomic</b>                            |                         | <b>1,360</b>     |                   |                                | <b>175</b>       | <b>2,894</b>                   |                   |
| Codelco Chile   | Solid waste                                      | In Progress             | 529              | Expenditure       | Adm. Expense                   | 22               | 1,079                          | 2018              |
| Codelco Chile   | Environmental monitoring                         | In Progress             | 378              | Expenditure       | Adm. Expense                   | 112              | 947                            | 2018              |
| Codelco Chile   | Water treatment plant                            | In Progress             | 453              | Expenditure       | Adm. Expense                   | 41               | 868                            | -                 |
|                 | <b>Ministro Hales</b>                            |                         | <b>3,285</b>     |                   |                                | <b>1,834</b>     | <b>8,405</b>                   |                   |
| Codelco Chile   | Solid waste                                      | In Progress             | 2,186            | Expenditure       | Adm. Expense                   | 1,726            | 6,098                          | 2018              |
| Codelco Chile   | Environmental monitoring                         | In Progress             | 433              | Expenditure       | Adm. Expense                   | 41               | 908                            | 2018              |
| Codelco Chile   | Water treatment plant                            | In Progress             | 666              | Expenditure       | Adm. Expense                   | 67               | 1,399                          | 2018              |
| <b>Subtotal</b> |  |                         | <b>136,845</b>   |                   |                                | <b>41,714</b>    | <b>817,193</b>                 |                   |
| <b>Total</b>    |  |                         | <b>354,056</b>   |                   |                                | <b>179,501</b>   | <b>2,061,612</b>               |                   |

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(In thousands of US dollars of the United States of America, except as indicated in other currency or unit)  
(Translation to English of the Consolidated Financial Statements originally issued in Spanish – see Note I.2)

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**36. Subsequent events**

- On July 13, 2018, the Free Competition Court approved the sale by Codelco Kupferhandel of its 40% ownership interest in Deutsche Giessdraht GmbH.
- On July 30, 2018, it was informed as Significant Event that a group of union leaders of Rol B status from unions 1, 2 and 3 of the Chuquicamata Division, blocked the access to the mine site, without affecting the normal operation of the other divisions of the district. The effects of this interruption, in production and in earnings, it is still not possible to quantify them, since they will depend on their scope and extension.
- On July 31, 2018, Codelco Kupferhandel signed the closing sale agreement over the 40% of the ownership interest in Deutsche Giessdraht GmbH.
- On August 8, 2018, it was informed as Significant Event that as informed by Significant Event PE-226/14 dated December 18, 2014, regarding the Underground Chuquicamata Mine Project, the Board of Corporacion Nacional del Cobre de Chile, in an extraordinary meeting held on August 7, 2018, agreed to authorize the reformulation of the "Underground Chuquicamata Mine Project" for an amount of US\$4,881 million (2017 budget currency) and a term of 74 months, which added to the early works already carried out, reaches a total investment amount of US\$5,550 million.

The Underground Chuquicamata Mine Project is an integral part of the Business Plan of the Chuquicamata Division and the Corporacion Nacional del Cobre de Chile. For purposes of its approval, the Board took into consideration the information presented by the Vice Presidency of Projects and the Chuquicamata Division, both to the Investment Projects and Financing Committee and to the Board of Directors and the progress and commitments of the transformation process, as well as the results of the independent review carried out to that effect.

It is hereby made known that the authorization indicated above is subject to the recommendation of the Chilean Copper Commission and the Ministry of Social Development.

Corporation's Management 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 July 1, 2018 and the date of issuance of these interim consolidated financial statements as of August 30, 2018.

**CORPORACION NACIONAL DEL COBRE DE CHILE**  
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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