

Abril 30, 2018

DECLARACION JURADA DE RESPONSABILIDAD

En conformidad a lo establecido por la Resolución N° 549 de fecha 23 de Septiembre de 2005, modificada por Resolución N° 039 de fecha 03 de febrero de 2006, ambas dictadas por la Superintendencia de Valores y Seguros, los ejecutivos abajo firmantes declaramos bajo juramento nuestra responsabilidad por la veracidad de toda la información incorporada en los Estados Financieros auditados que se adjuntan y que dan cuenta de la situación financiera y económica de nuestra representada Minera Escondida al 31 de Diciembre de 2017 y 2016, los cuales comprenden detalladamente:

1. Estados de Resultados Integrales.
2. Estados de Situación Financiera.
3. Estados de Flujos de Efectivo.
4. Estados de Cambios en el Patrimonio Neto.
5. Notas a los Estados Financieros.



Mauro Neves
Gerente General
Minera Escondida Limitada

Abril 30, 2018

Señor

Carlos Pavez Tolosa

Superintendente de Valores y Seguros

Presente

De nuestra consideración:

Conforme a lo establecido por el artículo 11 ter del Decreto Ley 600 de 1974, adjuntamos a la presente los Estados Financieros auditados de Minera Escondida al 31 de Diciembre de 2017 y 2016, los cuales comprenden detalladamente lo siguiente:

1. Declaración Jurada de veracidad de la información incorporada.
2. Estados de Resultados Integrales
3. Estados de Situación Financiera
4. Estados de Flujos de Efectivo
5. Estados de Cambios en el Patrimonio Neto
6. Notas a los Estados Financieros

Muy cordialmente,



Mauro Neves
Gerente General
Minera Escondida Limitada

Minera Escondida Limitada

**Consolidated Financial Statements for
the years ended December 31, 2017 and 2016**



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ThUS\$: Thousands of United States dollars
Ch\$: Chilean pesos



Independent Auditors' Report

To the Members of
Minera Escondida Limitada.:

We have audited the accompanying consolidated financial statements of Minera Escondida Limitada and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the statements of profit or loss and other comprehensive income, changes in Member's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minera Escondida Limitada and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink, appearing to read 'Nolberto Pezzati', written over a horizontal line.

Nolberto Pezzati

KPMG Ltda.

Santiago, April 27, 2017

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Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Note	2017 ThUS\$	2016 ThUS\$
Revenue	3	6,364,437	5,272,689
Other revenue	4	51,326	53,254
Costs, excluding net finance costs	5	(4,659,965)	(3,863,030)
Operating profit		1,755,798	1,462,913
Finance income		4,199	1,170
Finance costs		(124,060)	(49,539)
Net finance costs	6	(119,861)	(48,369)
Profit before taxes		1,635,937	1,414,544
Income tax expenses		(449,256)	(379,069)
Income tax expenses - tax on the mining activity (net of any tax exemptions)		5,816	(42,698)
Income tax expense	7 a)	(443,440)	(421,767)
Profit for the period		1,192,497	992,777
Other comprehensive income:			
Actuarial Gain / Losses	16	8,728	(13,420)
Related tax		(2,010)	4,283
Items that will not be subsequently reclassified to profit or loss		6,718	(9,137)
Other comprehensive income		6,718	(9,137)
Total comprehensive income		1,199,215	983,640

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

Consolidated Statements of Financial Position

	Note	2017 ThUS\$	2016 ThUS\$
ASSETS			
Current Assets			
Cash and cash equivalents	20	459,262	444,168
Trade and other receivables	9	721,407	625,394
Trade receivables due from related parties	10	23,532	31,498
Other financial assets		-	361
Inventories	12	1,431,025	1,034,393
Current tax assets	7 d)	-	86,545
Other		8,182	25,055
Total current assets		2,643,408	2,247,414
Non-current assets			
Trade and other receivables	9	55,235	47,518
Inventories	12	389,945	500,620
Property, plant and equipment	13	13,314,876	14,350,357
Total non-current assets		13,760,056	14,898,495
Total assets		16,403,464	17,145,909
LIABILITIES			
Current Liabilities			
Trade and other payables	14	713,982	687,953
Trade payables due to related parties	10	250,676	112,173
Bank and other loans	15	329,000	466,831
Other financial liabilities		1,114	1,114
Current tax liabilities	7 d)	162,729	-
Provisions	16	91,453	84,625
Deferred income		21,072	52,419
Total current liabilities		1,570,026	1,405,115
Non-current liabilities			
Trade and other payables	14	437	664
Trade payables due to related parties	10	143,721	239,574
Bank and other loans	15	2,839,091	2,403,339
Deferred tax liabilities	7 c)	1,040,160	966,131
Provisions	16	527,975	449,247
Total non-current liabilities		4,551,384	4,058,955
Total liabilities		6,121,410	5,464,070
Net assets		10,282,054	11,681,839
MEMBERS' EQUITY			
Share capital	17	931,242	931,242
Retained earnings		9,350,812	10,750,597
Total members' equity		10,282,054	11,681,839

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

Consolidated Statements of Cash Flows

Indirect method	Note	2017 ThUS\$	2016 ThUS\$
Cash flows provided by operating activities			
Profit before taxes		1,635,937	1,414,544
Adjustments for:			
Depreciation and amortization	13	1,353,156	1,036,941
Impairment of property, plant and equipment	13	206,383	21,309
Finance income and finance costs	6	119,861	46,890
Other		357,317	298,038
Changes in assets and liabilities:			
Trade and other receivables		(86,040)	(65,968)
Inventories		(285,957)	(482,431)
Trade and other payables		102,829	17,801
Other net assets and liabilities		361	(4,290)
Provisions and other liabilities		(21,274)	20,554
Cash provided by operating activities		3,382,573	2,303,388
Interest received	15	4,220	1,140
Interest paid	15	(135,646)	(57,114)
Tax Refunds		1,852	371,319
Income tax paid		(66,648)	(280,544)
Taxes paid - royalty (specific tax on the mining activity)		(57,349)	(59,538)
Net cash provided by operating activities		3,129,002	2,278,651
Acquisition of property, plant and equipment	13	(874,015)	(1,525,623)
Net cash used in investing activities		(874,015)	(1,525,623)
Proceeds from bank loans	15	800,000	4,110,000
Repayment of bank loans	15	(443,607)	(3,914,715)
Dividends paid	8	(2,599,000)	(700,000)
Net cash used in financing activities		(2,242,607)	(504,715)
Net decrease in cash and cash equivalents		12,380	248,313
Cash and cash equivalents as of January 1		444,168	195,580
Effects of movements in exchange rates on cash held		2,714	275
Cash and cash equivalents as of Dec 31, 2017	20	459,262	444,168

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

Consolidated Statements of Changes in Members' Equity

	Note	Share capital ThUS\$	Retained earnings ThUS\$	Other comprehensive income ThUS\$	Total Equity ThUS\$
Opening balance as of January 1, 2017	20	931,242	10,750,597	-	11,681,839
Total comprehensive income		-	1,192,497	-	1,192,497
Actuarial gain/(loss) pension and medical schemes		-	-	8,728	8,728
Tax recognised on pension and medical schemes		-	-	(2,010)	(2,010)
Transactions with owners		-	-	-	-
Dividends/Distributions	9	-	(2,599,000)	-	(2,599,000)
Ending balance as of December 31, 2017	20	931,242	9,344,094	6,718	10,282,054
Opening balance as of January 1, 2016	20	931,242	10,466,957	-	11,398,199
Total comprehensive income		-	992,776	-	992,776
Actuarial gain/(loss) pension and medical schemes		-	-	(13,420)	(13,420)
Tax recognised on pension and medical schemes		-	-	4,284	4,284
Transactions with owners		-	-	-	-
Dividends/Distributions	9	-	(700,000)	-	(700,000)
Ending balance as of December 31, 2016	20	931,242	10,759,733	(9,136)	11,681,839

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

1 Reporting Entity

Minera Escondida Limitada (the "Company" or "Escondida") is registered with the Registry of Entities Subject to Specific Tax on the Mining Activity of the Chilean Superintendence of Securities and Insurance, in conformity with Exempt Resolution No. 618 of this Superintendence, which cancelled the registration with the Registry of Reporting Entities on December 15, 2011.

The Company was incorporated through a public deed on August 14, 1985 as a limited liability partnership. Its legal address is located at Cerro El Plomo N°6000, 18th floor in the city of Las Condes, Santiago, Chile and has the Taxpayer ID No. 79.587.210-8.

The Company is a mining company operated by BHP Billiton and is engaged in the exploration, extraction, processing and marketing of mineral resources. The Company is currently exploiting two pits of copper ore bodies located in the Second Region of the Republic of Chile, 170 kilometres southeast of the city of Antofagasta at an altitude of 3,100 meters above sea level. The Company produces copper concentrates and copper cathodes through its open-pit mining operation and cathode and concentrates treatment plants at the mine site. Concentrate also includes gold and silver. Concentrate is transported by pipeline to the port facility in Coloso, near Antofagasta where it is filtered and shipped to customers. Copper cathodes are produced at an oxide and sulphide plant, a heap leaching and electro winning facility, located at the mine site. Copper cathodes are transported by rail to the port of Antofagasta for shipment to customers.

As of December 31, 2017 and 2016, the shareholders are as follows:

Direct Owner	Parent	Ownership	
		2017	2016
		%	%
BHP Escondida Inc.	BHP Billiton Limited	57.5	57.5
Rio Tinto Escondida Limited	Rio Tinto PLC	30	30
JECO Corporation	Mitsubishi Corporation 70%, JX Nippon		
	Mining & Metals Corporation 20%, Mitsubishi	10	10
	Materials Corporation 10%		
JECO 2 Ltd.	Mitsubishi Corporation 50%, JX Nippon		
	Mining & Metals Corporation 40%, Mitsubishi	2.5	2.5
	Materials Corporation 10%.		
Total		100	100

2 Accounting policies

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements are presented in thousands of United States dollars (USD) and are based on the accounting records maintained by the Company, in accordance with International Financial Reporting Standards (hereinafter "IFRS") issued by the International Accounting Standards Board (hereinafter "IASB"). The Company has adopted new accounting pronouncements and amendments effective on January 1, 2017. Note 27 to the financial statements includes the effects of adopting these new accounting pronouncements and amendments for all the periods presented, including the nature and effects of significant changes in accounting policies. These consolidated financial statements comprise the Company and its subsidiaries, collectively referred to as the Group.

b) Management's responsibility

These consolidated financial statements fairly reflect the Group's financial position as of December 31, 2017 and 2016, and the results of its operations, changes in members' equity and cash flows for the years ended December 31, 2017 and 2016.

The information contained in these consolidated financial statements is the responsibility of the Company's Management, who expressly indicate an explicit and unreserved statement of compliance with all principles and criteria included in IFRS. The financial statements have been authorized by the Company's President on April 27, 2018.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the valuation of certain financial assets and liabilities (including derivative instruments), which are measured at fair value.

d) Functional and presentation currency

These financial statements are presented in USD, which is the Company's functional currency. All financial information presented in USD has been rounded to the nearest thousand. The Company maintains accounting records in USD as authorized by the Company's Foreign Investment Contract with the Chilean government. Transactions in other currencies are recorded at actual rates of the transaction date. Year-end balances in foreign currencies are translated into USD at the applicable closing exchange rate.

e) Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make a number of estimates and judgments relating to the reported assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The key areas of estimates and judgments are as follows:

i. The capitalization of property, plant and equipment and project costs

Mineral property development costs are capitalized as part of property, plant and equipment in the period in which they are incurred, to the extent that the project is considered to be economically viable. Management reviews capitalized amounts to ensure that the treatment of such expenditure is reasonable, in particular, with respect to projects commercial viability.

2.1 Basis of preparation, continued

e) Use of estimates and judgments, continued

i. The capitalization of property, plant and equipment and project costs, continued

Usually a project is considered to be commercially viable when it has completed its pre-viability study and the commencement of a viability stage has been approved.

ii. Useful lives of property, plant and equipment and mineral reserve estimates

Mining property, including capitalized finance costs, are depreciated proportionally to the volume of copper extracted during the period, compared with total proven reserves and probable reserves at the beginning of the fiscal year. Several uncertainties exist inherent to the estimates of ore reserves and applicable assumptions may change when new information becomes available.

This includes assumptions on ore grade estimates and cut-off grade, recovery rates, commodity prices, exchange rates, production costs, capital investments, processing and rehabilitation costs and discount rates.

Because economic assumptions used to estimate reserves may change from one period to another and because additional geological data is generated during the course of operations, reserve estimates may change from a period to another. Changes in reported reserves may affect the Company's financial performance and financial position in a number of ways, including the following:

- Recoverable amounts of assets may be affected by changes in estimated future cash flows.
- Depreciation and amortization expense recognized for the period may change for changes recognized on units of production basis or when the useful lives of assets change.
- Stripping costs capitalized in the statement of financial position or recognized in the statement of profit or loss and other comprehensive income may change due to changes in the stripping cost ratios or units of production that are the basis for depreciation.
- The provision for restoration and rehabilitation may change where changes in estimated reserves affects expectations on the period of rehabilitation or cost of such activities.
- The carrying amount of deferred tax assets may change due to changes in estimates of the probability of utilizing tax benefits.

iii. Impairment of assets

The Company reviews the carrying amount of property, plant and equipment to determine whether there is objective evidence that such assets may be impaired. In assessing impairment, assets that do not generate cash inflows that are independent of the cash inflows from other assets or groups of assets are allocated to a cash-generating unit (CGU). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

Management assigns assets to CGUs, estimating the probability, timing and amount of underlying cash flows and selecting appropriate discount rates that should be applied for the calculation of value in use.

Subsequent changes in the composition of a CGU, reserves and resources, price assumptions or other estimates and assumptions for the calculation of value in use could have an effect on the carrying amount of the related assets.

iv. Provisions for restoration and rehabilitation costs

The Company establishes a provision, based on the net present values, of dismantling and rehabilitation costs when an obligation arises after the development or during production of a mining property.

2.1 Basis of preparation, continued

e) Use of estimates and judgments, continued

iv. Provisions for restoration and rehabilitation costs, continued

The provision is based on a closure plan prepared with the assistance of external advisors. Management uses its best estimate to determine and amortize such estimated costs over the life of the mine (for capitalized dismantling costs). Final dismantling and rehabilitation costs are uncertain and cost estimates may change as a result of many factors, including changes in legal requirements, the development of new restoration techniques or experience in other mine sites.

The expected timing and extension of expenses may also change; e.g., as a result of changes in reserves or mineral processing levels. Consequently, there might be significant adjustments to the provisions established that may affect future financial performance.

v. Deferred income taxes

Judgment is also required in assessing whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, dividends and other capital management transactions. Judgments are also required about the application of income tax legislation and its interaction with income tax accounting principles. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of profit or loss and other comprehensive income.

vi. Basis of Copper Price Estimates

Inventory net realizable value adjustments are calculated based on the estimated selling price less the estimated costs of completion and sale. Any write-down of inventories to net realizable value is recognized as an expense in the period in which the write-down occurs.

In addition, for certain purchase and sales contracts, the contract price is determined on a provisional basis at the date of sale/purchase and adjustments to the sale/purchase price subsequently occur based on movements in quoted market or contractual prices up to the date of final pricing.

Estimated copper price used for the inventory net realizable value assessment and for provisional pricing adjustments are based on an estimated forward price curve. This forward curve is based on the forecasted market price from the last day of the month.

Subsequent changes to the market price on eventual sale of inventory or finalization of provisionally priced contracts will affect the adjustment recognized.

vii. Copper leach inventories

The valuation of inventory work in progress for the leaching process requires estimation of recoverable copper. This estimation involves determining volumes to be recovered from accumulations of mined ore and the period of recovery. This estimate is calculated by engineers using available industry, engineering and scientific data.

Actual volumes of copper recovered during the leaching process may therefore differ to the estimated copper recovery used in the valuation of inventory work in progress. In addition, any subsequent changes to the methods used in extracting copper through the leaching process may affect the copper recovery assumptions resulting in a change in the inventory work in progress volumes and weighted average unit costs.

2.1 Basis of preparation, continued

f) Basis of consolidation

Subsidiaries are entities controlled by the Company. An entity controls another entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Set out below is a list of entities forming part of the consolidated group:

Company	Taxpayer ID No.	Country	Ownership %
Minera Escondida Limitada (Parent)	79.587.210-8	Chile	100
Fundación Minera Escondida	73.297.300-1	Chile	100
Fundación Educacional Escondida y filial	74.191.400-K	Chile	100
Kelti S.A	76.454.918-K	Chile	99

2.2 Significant accounting policies

The accounting policies set out below have been consistently applied to all the periods presented in these consolidated financial statements.

a) Inventories

Inventories – raw materials for production (including stockpile inventory), copper concentrate and copper cathodes are valued at the lower of cost and net realizable value. Mining and milling costs and non cash costs are included in the value of inventories, as well as the allocated costs of central maintenance and engineering and the on-site general and administrative costs including all essential infrastructure support.

Stockpile costs are determined using the weighted average cost method.

Materials and supplies are also valued at the lower of average cost and estimated net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion and selling expenses.

Inventories classified as non-current are related with the sulphide leach pad material and they are not expected to be utilized or sold within 12 months after the reporting date.

b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment charges. Cost includes expenditures that are directly attributable to the acquisition of the asset and capitalized interest incurred during the construction and development period and during subsequent expansion periods.

The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use by management, the costs of dismantling and removing the items and restoring the site on which they are located and interest on borrowing costs for qualifying assets are also included. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income" in the statement of profit or loss and other comprehensive income.

2.2 Significant accounting policies, continued

c) Depreciation

The carrying amounts of property, plant and equipment (including initial and any subsequent capital expenditure) are depreciated to their estimated residual value over the estimated useful lives of the specific assets concerned, or the estimated life of the associated mine. Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date of commissioning for those assets that are depreciated on a units of production basis; while for those assets that apply the straight line method of depreciation, depreciation commences when they are available for use.

Plant and equipment that in general have a useful life of less than 12 years or that are depreciated on a straight-line basis can be depreciated over their respective useful lives. Plant and equipment that have a useful life greater than 12 years are depreciated on a units of production basis over the useful life of proven and probable mineral reserves.

Mine development is depreciated on a units-of-production basis over the life of the proven and probable mineral reserves. Land is not subject to depreciation.

Changes in estimates are accounted for over the estimated remaining economic life or the remaining commercial reserves of the mine as applicable.

Total depreciation and amortization for the years ended December 31, 2017 and 2016 is included as a cost of the production of inventories.

Expenditures for replacements and improvements are capitalized when the asset's standard of performance is significantly enhanced or the expenditure represents a replacement of a component of an overall tangible fixed asset which has been separately depreciated.

The major categories of property, plant and equipment are depreciated on a unit of production and/or straight-line basis using estimated lives indicated below.

Categories	Useful life
Buildings	10-25 years
Plant and equipment	Up to 12 years; useful life greater than 12 is based on reserves on a units of production basis
Land	Not depreciated
Capitalized exploration, evaluation and development expenditure	Based on applicable mineral reserves on a unit of production basis
Overburden removal costs	Based on applicable mineral reserves on a unit of production basis of the relevant item
Finance leases	Based on term of lease or economic useful life of leased asset on average 15 years

d) Leased assets

Assets held under leases which result in the Company receiving substantially all the risk and rewards of ownership of the asset (financial leases) are recognized at the lower of the fair value of the asset or the estimated present value of the minimum lease payments.

Operating lease assets are not capitalized and rental payments are included in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

The Company maintains operating and financing leases as of December 31, 2017 and operating leases as of December 31, 2016.

2.2 Significant accounting policies, continued

e) Impairment of assets

i. Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or non-payment by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers the existence of indicators of impairment for all significant receivables at an individual and collective level. All individually significant receivables have been tested for specific impairment. No receivables have been found to be impaired.

In assessing impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss with respect to a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate. Losses are recognized in profit or loss and presented in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication of impairment exists, the asset's recoverable amount is estimated annually. The Company conducts an internal review of asset values which is used as a source of information to assess whether there are any indicators of impairment. External factors such as changes in expected future processes, commodity price, costs and other market factors are also monitored to assess for indicators of impairment.

The recoverable amount is the greater of its value in use and its fair value less direct costs to sell.

The fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion projects, and its eventual disposal, using assumptions that an independent market participant may take into account.

These cash flows are discounted by an appropriate discount rate to arrive at a net present value of the asset.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset by the Company in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development.

In testing for indicators of impairment and performing impairment calculations, assets are considered as collective groups and referred to as cash generating units (CGU). Cash generating units are the smallest

2.2 Significant accounting policies, continued

e) Impairment of assets, continued

ii. Non-financial assets, continued

identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The impairment assessments are based on a range of estimates and assumptions, including:

Estimates/assumptions	Basis
Future production	Proved and probable reserves and, in certain cases, expansion projects.
Commodity prices	Forward market and contract prices, and longer-term price protocol estimates.
Exchange rates	Current (forward) market exchange rates.
Discount rates	Cost of capital risk adjusted for the risk specific to the asset.

f) Income taxes and deferred income taxes

Income tax expense consists of current and deferred income taxes. Current tax is the expected tax payable or receivable on the taxable income or loss for the year using rates enacted or substantively enacted at the year end, and includes any adjustment to tax payable in respect of previous years.

Deferred income taxes are provided using the balance sheet method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner and timing of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at period end.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Specific tax on mining activity is treated as taxation arrangements when they have the characteristics of a tax. This is considered to be the case when they are imposed under governmental authority and the amount payable is calculated considering the revenue derived (net of any allowable deductions) after the adjustment for items comprising temporary differences. For Chile specific tax on mining activity, current and deferred tax is determined on the same basis as described above for other forms of taxation. Obligations arising from the specific tax on mining activities arrangements that do not satisfy these criteria are recognized as current provisions and included in expenses.

g) Other provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

i. Restoration and rehabilitation

The mining, extraction and processing activities of the Company normally give rise to obligations for site closure or rehabilitation. Closure and rehabilitation works can include facility decommissioning and dismantling; removal or treatment of waste materials; site and land rehabilitation.

2.2 Significant accounting policies, continued

g) Other provisions, continued

i. Restoration and rehabilitation, continued

The extent of work required and the associated costs are dependent on the requirements of relevant authorities and the Company's environmental policies.

Provisions for the cost of the closure and rehabilitation program are recognized at the time that environmental disturbance occurs. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Costs included in the provision encompass all closure and rehabilitation activity expected to occur progressively over the life of the operation and at the time of closure in connection with disturbances at the reporting date. Routine operating costs that may impact the ultimate closure and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision.

Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

Expenditures may occur before and after closure and can continue for an extended period of time depending on closure and rehabilitation requirements. The majority of the expenditure is expected to be settled within a period of 79 years from today.

Closure and rehabilitation provisions are measured at the expected value of future cash flows, discounted to their present value and determined according to the probability of alternative estimates of cash flows occurring for the Company. Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, Company environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognized, the corresponding cost is capitalized as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalized cost of closure and rehabilitation activities is recognized in property, plant and equipment and depreciated accordingly. The amount of the provision is progressively increased over time in accordance with the effects of discounting, generating an expense that is recognized in finance costs.

Closure and rehabilitation provisions are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost. Changes to the capitalized cost result in an adjustment to future depreciation and financial charges. Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence in light of the significant judgments and estimates involved. Factors influencing those changes include:

- Revisions to estimated reserves, resources and lives of operations;
- Developments in technology;
- Regulatory requirements and environmental management strategies;
- Changes in the estimated costs of anticipated activities, including the effects of inflation and movements in foreign exchange rates; and
- Movements in interest rates affecting the discount rate applied.

2.2 Significant accounting policies, continued

h) Provisions for post-retirement employee benefits

Severance indemnity payments - The Company has an agreement with its employees which establishes the payment of severance indemnities on termination of employment. This is calculated on the basis of one month per year of service and is subject to a maximum limit in the amount of years of service. The Company records a provision on the basis of the best estimate of the severance indemnity that the Company has to pay.

Actuarial gains and losses are recognized directly in other comprehensive income and classified according to the nature of the transaction.

i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are directly recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

j) Financial instruments

i. Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual arrangements.

Cash and cash equivalents comprise cash balances and highly liquid fixed income instruments with original maturities of three months or less.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are substantially transferred. Any interest in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

ii. Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual arrangements.

The Company derecognizes a financial liability when its contractual obligations are discharged, or cancelled or expire.

2.2 Significant accounting policies, continued

j) Financial instruments, continued

ii. Non-derivative financial liabilities

Trade and other payables

Such financial liabilities are recognized initially at fair value. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. Items presented in the statement of financial position as current liabilities have a maturity less than 12 months.

Interest-bearing loans

Such financial liabilities are recognized initially at fair value plus any attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost.

Any difference between funds obtained (net of costs required for obtaining funds) and the reimbursement amount is recognized in the statement of profit or loss and other comprehensive income during the life of the debt using the effective interest rate method.

Such liabilities are classified within current liabilities and non-current liabilities based on the contractual expiration date of nominal capital.

The Company has the following non-derivative financial liabilities: loans and trade and other payables.

Subsequent to initial recognition these financial liabilities are measured at amortized cost.

iii. Derivative financial instruments

The Company accounts for derivatives and hedging activities in accordance with IAS 39, revised Financial Instruments: Recognition and Measurement as amended and issued by the IASB. Derivate instruments are recorded on the statement of financial position at their respective fair value.

Derivatives, including those embedded in other contractual arrangements but separated for accounting purposes because they are not clearly and closely related to the host contract, are initially recognized at fair value on the date the contract is entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value. The gain or loss arising from changes in the fair value of the new measurement is recognized immediately in the statement of profit or loss and other comprehensive income.

The Company's financial instrument policy is designed to achieve sales at the average annual London Metal Exchange (LME) price recognized with a one month time lag for cathodes and three to four month time lag for concentrates, for all tons of copper shipped in a given calendar year.

In the case where copper is sold with a different quotation period than our targeted standard price, derivative financial instruments are entered into to achieve the average sales price and timing described above. Changes in the fair value of these financial instruments are recognized immediately in the statement of profit or loss and other comprehensive income.

iv. Fair value and classification

(a) Derivatives - The fair value of forward sales contracts is based on their listed market price. Such fair value reflects the credit risk of the instrument and includes the adjustments of the Company's and counterparty's credit risk, where applicable.

(b) Provision for restoration and rehabilitation - Fair value, determined for disclosure purposes, is calculated at the present value of the forward price and interest costs, discounted at the interest rate prevailing at the date of presentation of the financial statements.

2.2 Significant accounting policies, continued

j) Financial instruments, continued

iv. Fair value and classification, continued

In consideration of the aforementioned procedures the different levels have been defined as follows:

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 asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

k) Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable.

Revenue is recognized when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risk and rewards to the customer, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable, and collectability is reasonably assured. This is generally when title to copper concentrates and copper cathodes passes to the buyer when the ships depart from the loading port. The passing of title to the customer is based on the terms of the sales contracts. These contracts provide for the Company to issue a "provisional" invoice, with the final sales price to be determined and invoiced.

For the provisional sales the sales price is determined on a provisional basis at the date of sale; adjustments to the sales price subsequently occurs based on movements in quoted market or contractual prices up to the date of final pricing. The period between provisional invoicing and final pricing is typically between 60 and 120 days. Revenue on provisional priced sales is recognized based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative. Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognized as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Under the copper concentrate sales contracts with smelters, final prices are set on a specified future quotation period, typically three to four months after the date of delivery. For copper cathode sales contracts, final prices are typically one month after the month of delivery.

Revenues are recorded under these contracts at the time title passes to the buyer based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on the average applicable price for a specified future period, and generally occurs from three to four months after shipment of copper concentrates and two months for copper cathodes. Final sales are settled using smelter weights, settlement assays (average of assays exchanged and/or umpire assay results) and are priced as specified in the smelter contract. The form of the material being sold, after deduction for smelting and refining is in an identical form to that sold on the London Bullion Market. The form of the product is metal in flotation concentrate, which is the final process for which the Company is responsible.

There is also an embedded derivative regarding refining treatment price participation clauses (included in certain contracts) in the concentrate mineral sales contracts which does not qualify for hedge accounting.

2.2 Significant accounting policies, continued

l) Overburden removal costs

The overburden and other mine waste materials removal process to improve access to ore bodies is referred to as stripping. In surface mining, stripping costs are recognized separately for each component of an ore body. A component is a specific section of an ore body to which access can be improved because of the stripping activity. The identification of components depends on the mine plan, which comprises separate phases identified in the plan.

Two classes of stripping activities exist:

- Development stripping costs: refers to the removal of the initial waste to improve access to an ore body that will be exploited commercially.
- Production stripping costs: refer to the removal of waste during the normal course of the production activities. Production stripping costs start after the first ore has been extracted from the component.

Stripping development costs are capitalized as stripping activity asset, when:

- It is probable that future economic benefit associated with the stripping activity will flow to the company; and
- Costs can be measured reliably.

Deferred stripping costs may give rise to two types of benefits accruing to the entity from the stripping activity: usable ore that can be used to produce inventory and improved access to further quantities of material that will be mined in future periods. To the extent that the benefit from the stripping activity is realized in the form of inventory produced, the entity shall account for the costs of that stripping activity as an inventory cost. To the extent that the benefit is improved access to ore, the entity shall recognize these costs as a non-current asset for deferred stripping costs if the following criteria are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity;
- The Company can identify the component of the ore body for which access has been improved; and
- The costs relating to the stripping activity associated with that component can be measured reliably.

Deferred stripping costs are classified between inventory produced and the stripping activity asset by using the stripping ore ratio. When the current ratio of stripping ore is greater than the estimated useful life of a mine, a portion of stripping costs is capitalized to the stripping activity asset.

Stripping activity assets and deferred stripping costs are amortized using the units of production method based on proved and probable reserves of relevant components. Stripping activity assets are classified within "Other Mining Assets" in property, plants and equipment.

m) Development expenditure

When proved reserves are determined and development is authorized, capitalized exploration and evaluation expenditure is reclassified to 'construction in progress', and is disclosed as a component of property, plant and equipment. All subsequent development expenditure is capitalized and classified as construction in progresses. Development expenditure is recorded net of proceeds from the sale of ore extracted during the development phase. On completion of development, all assets included in 'construction in progress' are reclassified as either 'plant and equipment' or 'other mining assets' in case of deferred stripping.

2.2 Significant accounting policies, continued

n) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss. Finance costs comprise interest expense on borrowings, the unwinding of the discount rate on provisions, impairment losses recognized for financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss.

Finance costs are in general accounted for as and when accrued except when they refer to the financing of the construction or development of qualifying assets, such costs are capitalized up to the date in which the asset is ready for its intended use. Qualifying assets are assets that require a substantial period of time to be ready for their intended use in the future. Capitalized expenditures (before the impact of taxes) for the period are determined by applying the interest rate applicable to loans outstanding during the period for average capitalized expenditure for qualifying assets during the period.

o) Reserve estimates

Reserves are estimates of the amount of product that can be economically and legally extracted from the Company's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analyzing geological data such as drilling samples. This process may require the analysis of geological information which is complex and difficult to interpret.

3 Revenue

The Company generates revenue from the production and sales of copper concentrate and copper cathodes. Copper concentrate also contains gold and silver in saleable quantities. These represented 6% in 2017 of total copper concentrate revenue (7% in 2016). As of December 31, 2017 and 2016, this caption is composed as follows:

	Copper concentrate	2017 Copper cathodes	Total	Copper concentrate	2016 Copper cathodes	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Sales of own production	4,796,574	1,563,295	6,359,869	3,697,056	1,394,431	5,091,487
Sales of related party products	-	4,568	4,568	-	76,815	76,815
Sales to related	-	-	-	-	104,387	104,387
Total revenue	4,796,574	1,567,863	6,364,437	3,697,056	1,575,633	5,272,689

4 Other revenue

	2017 ThUS\$	2016 ThUS\$
Income from Miscellaneous operations (a)	51,326	53,254
Total Other revenue	51,326	53,254

(a) Primarily related to the sale of scrap consumables

5 Costs

	2017 ThUS\$	2016 ThUS\$
Movements in finished product inventories and products-in-progress (a)	(259,334)	(550,944)
Raw materials and consumables	1,171,454	1,383,858
Employee payroll and benefits (b)	333,308	268,230
Outsourcing services (including transportation)	1,144,136	1,152,678
Net foreign currency translation (gain)/loss	55,673	6,253
Operating leases	25,454	13,208
Depreciation and amortization	1,353,156	1,036,941
Impairment of property, plant and equipment	206,383	21,309
Evaluation and exploration costs	204	(217)
Deferred stripping costs	336,237	288,877
Other*	293,294	242,837
Total costs	4,659,965	3,863,030

* The main amounts correspond to intragroup services charges received from others BHP entities, also include insurance and donations.

(a) During 2016, estimates of recoverable copper in the Escondida sulphide leach pad were increased to reflect higher than expected recovery as a result of operational improvements and enhanced information about pad performance. The impact on 2017 costs of production was ThUS\$166,432.

(b) Movements in employee payroll and benefits are detailed as follows:

	2017 ThUS\$	2016 ThUS\$
Employee payroll and benefits	331,865	261,961
Share-based payment awards for employees - BHP Billiton **	1,553	6,374
Subtotal employee payroll and benefits	333,418	268,335
Less - employee benefit expenses classified under exploration and evaluation expenses	(110)	(105)
Total employee payroll and benefits *	333,308	268,230

* This amount includes another employees concepts directly recognized in Costs.

** This payment was made by the Parent Company.

(c) Employees:

	2017	2016
Number of employees	3,593	3,451
Total employees	3,593	3,451

6 Net Finance costs

	2017 ThUS\$	2016 ThUS\$
Finance costs		
Bank loan interest (a)	62,444	34,383
Other interest	48,636	838
Interest costs - related parties	5,998	5,097
Discount in provisions and other liabilities	24,989	23,568
Capitalized interest (b)	(13,299)	(31,361)
Foreign currency translation changes - net debt	(2,714)	15,396
Foreign currency translation changes - net debt, related parties	(1,994)	139
Changes in the fair value of derivative contracts	-	1,479
	124,060	49,539
Finance income		
Interest income	(2,609)	(989)
Other finance income	(1,590)	(181)
	(4,199)	(1,170)
Net finance costs	119,861	48,369

(a) Bank loan interest and other interest relate to financial liabilities measured at amortized cost.

(b) Interest has been capitalized (ThUS\$ 13,299 as of December 31, 2017 and ThUS\$29,574 as of December 31, 2016) at the interest rate applicable to specific loans financing assets under construction at a capitalization rate that represents the average interest rate for such loans. As of December 31, 2017, the capitalization rate was 2.67% (2.23% as of December 31, 2016).

7 Income tax expense and deferred taxes

a) Income tax expense

Expenses (income) for deferred taxes and income taxes for the years ended December 31, 2017 and 2016 are attributable to the following:

	2017 ThUS\$	2016 ThUS\$
Income tax expense	306,664	199,711
Mining royalty tax expense	45,342	29,120
Deferred income tax (income)/Expense for the period	96,505	179,341
Prior year adjustment	(6,676)	8,821
Other	1,605	4,774
Total current and deferred income tax expense	443,440	421,767

7 Income tax expense and deferred tax, continued

Reconciliation of the effective tax rate:

	%	2017 ThUS\$	%	2016 ThUS\$
Profit before taxes		1,635,937		1,414,556
Income tax at legal tax rate	25.5%	417,164	24.0%	339,494
Factors affecting income tax for the period:				
Specific tax on mining activities	4.00%	65,437	4.00%	56,582
Change in tax rate (*)	-3.28%	(53,688)	0.00%	-
Other (**)	0.89%	14,527	1.82%	25,691
Total tax expense	27.11%	443,440	29.82%	421,767

(*) Change in mining royalty tax expense rate

(**) Related to timing differences and non-deductible expenses

b) Income tax recognized in other comprehensive income

Income tax (charge)/credit relating to items that will not be reclassified to profit or loss at December 31, 2017 is ThUS\$ 2,010 related to actuarial losses calculated on post-retirement employee benefits.

c) Deferred taxes

As of December 31, 2017 and 2016, deferred taxes are detailed as follows:

	2017 ThUS\$	2016 ThUS\$
Net deferred taxes		
Opening balance	966,131	722,221
Deferred tax (income)/expense	96,505	183,624
Remeasurements and other movements	(25,254)	64,569
Income tax charge/(credit) recorded directly in equity	2,778	(4,283)
Balance as of December 31	1,040,160	966,131
Deferred tax asset (liability)		
Property, plant and equipment	(916,299)	(816,965)
Provisions	(7,472)	(2,904)
Stripping costs	(268,562)	(324,284)
Mine restoration	120,285	98,856
Leasing	4,850	-
Other	27,038	79,166
Total deferred tax liability	(1,040,160)	(966,131)

As of December 31, 2017, profit and loss shows an effect related to the corporate and specific mining tax of ThUS\$443,440. This represents an increase of 5% compared with December 2016 where the income tax expense amounted to ThUS\$417,164. This is explained by the increase in the incomes for 2017 compared with 2016 partially offset by the increase in the corporate income tax rate from 24% to 25.5%.

The change in specific tax on mining activities implies variable rates of 4% from 2013 and 2017 whereas in subsequent years, rates will range between 5% and 14%.

7 Income tax expense and deferred tax, continued

Implementation of the tax reform

On September 29, 2014, the Tax reform proposed by President Michelle Bachelet was published in the Official Gazette. Such Law establishes different income tax rates under the "Attributed income system" and the "Partially-integrated system", the latter being the tax system that is by default applicable to the Company. Income tax rates established by the partially-integrated system are 21.0% for 2014, 22.5% for 2015, 24% for 2016, 25.5% for 2017 and 27.0% for 2018. As a result of the Tax Reform as of December 31, 2014, Minera Escondida adopted the partially-integrated system and accordingly, remeasured its deferred taxes using the increased corporate income tax recognizing an effect on profit or loss of ThUS\$176.666.-

d) Current tax assets and liabilities

As of December 31, 2017 and 2016, the Company determined, pursuant to the tax laws currently in effect, the income tax expense provision for the period and specific royalty on mining activities, by virtue of publication in the Official Gazette of Law No. 20.097, to which the monthly provisional income tax payments were credited, detailed as follows:

	2017 ThUS\$	2016 ThUS\$
Income tax expense	(306,664)	(199,711)
Expense for specific mining tax activities	(45,342)	(29,120)
Less:		
Monthly provisional income tax payments	60,795	225,305
Monthly provisional specific mining tax payments	51,583	54,205
Monthly provisional income tax payments recoverable, year 2013	-	1,933
Monthly provisional income tax payments recoverable, year 2015	33,802	33,937
Monthly provisional income tax payments recoverable, year 2016	43,750	-
Plus:		
Other	(653)	(4)
Total current tax asset (liability)	(162,729)	86,545

As of December 31, 2017 the total taxable retained earnings amounts to ThUS\$8.205.049 with an associated credit of US\$2.170.192, of which ThUS\$7.063.452 is presented with an tax credit of 20.9% and ThUS\$1.186.597 with an associated credit of 25.5%. This amount includes the historical FUT extinguished by the Chilean Tax reform as of 1 January 2017 being now part of the new Income affected by Taxes (RAI because the acronym in Spanish) register introduced by the mentioned reform.

8 Dividends/Distributions

Owners	Ownership %	2017 ThUS\$	2016 ThUS\$
BHP Escondida Inc.	57.5	1,494,425	402,500
Rio Tinto Escondida Limited	30	779,700	210,000
JECO Corporation	10	259,900	70,000
JECO 2 Ltd.	2.5	64,975	17,500
Total dividendos	100	2,599,000	700,000

As of December 31, 2017 and 2016, distributions (dividends) were approved by resolution signed by each owner as follows:

Date of resolution for payment of dividends	Date of payment of dividend	Total ThUS\$
28-Apr-17	28-Apr-17	111,000
22-Jun-17	June 30/ July 31, 2017	629,000
30-Sep-17	28-Sep-17	360,000
18-Oct-17	29-Nov-17	580,000
02-Nov-17	21-Dec-17	919,000
Total		2,599,000
30-Jun-16	20-Jul-16	200,000
22-Jul-16	30-Sep-16	250,000
04-Nov-16	22-Dec-16	250,000
Total		700,000

9 Trade and other receivables

	2017 ThUS\$	2016 ThUS\$
Trade and Other receivables, current		
Trade receivables	571,380	492,289
Other receivables	150,027	133,105
Total Current	721,407	625,394
Trade and Other Receivable, Non Current		
Other receivables	55,235	47,518
Total Non current **	55,235	47,518

** Please refer to Note 21 for further information regarding aging and recovery details.

10 Receivables and payables due to/from related parties

As of December 31, 2017 and 2016, trade receivables due from related parties were as follows:

Company	Taxpayer ID	Country	Currency	Transaction description	Term	2017 ThUS\$	2016 ThUS\$
BHP Chile Inc.	Foreign	EE.UU.	US\$	Miscellaneous services	30 days	10,871	26,351
Tamakaya Energia SpA	76.349.223-0	Chile	US\$	Gas sales	30 days	12,183	3,710
BMAG - Olympic Dam	Foreign	Australia	US\$	Miscellaneous services	30 days	322	1,159
Other		Miscellaneous	US\$	Miscellaneous services	30 days	154	278
Total trade receivables due from related parties, current				Relationship		23,532	31,498

As of December 31, 2017 and 2016, trade and other payables due to related parties were as follows:

Company	Taxpayer ID	Country	Relationship	Currency	Transaction description	Term	2017 ThUS\$	2016 ThUS\$
BHP Chile Inc. (Chile Branch)	86.160.300-8	Chile	Common owners	US\$	Miscellaneous services	30 days	19,887	14,473
BHP Chile Inc.	0-E	USA	Common owners	US\$	Management fee	30 days	53,765	-
Minera Spence S.A.	86.542.100-1	Chile	Common owners	US\$	Purchase of cathodes and other	30 days	3,038	-
Cfa. Minera Cerro Colorado Ltda.	94.621.000-5	Chile	Common owners	US\$	Purchase of cathodes and other	30 days	167	91
BHP Billiton Finance B.V.	0-E	USA	Common owners	US\$	Commissions	30 days	97,607	1,960
BHP Finance International Inc.	0-E	USA	Common owners	US\$	Commissions	30 days	25,808	25,808
BHP Billiton Chile Inves.	77.950.280-5	Chile	Common owners	US\$	Miscellaneous services	30 days	4,646	5,298
BHP Billiton Group Operations	0-E	Australia	Common owners	US\$	Miscellaneous services	30 days	11,372	12,754
BHP Billiton Limited	0-E	Australia	Common owners	US\$	Miscellaneous services	30 days	770	311
BHP International Finance Corporation	59.023.350-1	USA	Common owners	US\$	Subordinated debt (a)	30 days	-	47,926
BHP Billiton Freight Singapore	0-E	Singapore	Common owners	US\$	Miscellaneous services	30 days	208	1,550
BHP Billiton Shared Services	0-E	Malasia	Common owners	US\$	Miscellaneous services	30 days	522	260
Tamakaya Energia Spa	76.349.223-0	Chile	Common owners	US\$	Energy	30 days	30,066	-
Others	-	-	Miscellaneous	US\$	Miscellaneous services	30 days	2,820	1,742
Total trade payables due to related parties, current							250,676	112,173

10 Receivables and payables due to/from related parties, continued

Company	Taxpayer ID	Country	Relationship	Currency	Transaction description	Term	2017 ThUS\$	2016 ThUS\$
BHP International Finance Corporation	59,023,350-1	USA	Owners	US\$	Subordinated debt	1-5 years	143,721	239,574
Total trade payables due to related parties, non-current							143,721	239,574

The subordinated debt with related parties is as follows:

(a) Loan of ThUS\$287,500 granted in March 2015 including a grace period of 2.5 years for principal owed payable in 6 biannual payments starting from September 2017. Interest is calculated at the rate of LIBOR (6 months) + 0.8% and is payable on a biannual basis on March and September of each year. As of December 31, 2017 the outstanding balance is ThUS\$143,721 non-current.

As at the date of these financial statements, no guarantees have been provided or received for trade receivables due from and/or payables to related parties, no uncollectible amounts exist and accordingly, no impairment allowance has been recognized.

11 Transactions with related parties

Significant transactions with related parties are summarized as follows:

Company	Taxpayer ID No.	Country	Relationship	Currency	Transaction description	2017		2016	
						Amount	Effect on profit or loss debit/(credit)	Amount	Effect on profit or loss debit/(credit)
						ThUS\$	ThUS\$	ThUS\$	ThUS\$
BHP Chile Inc.	86,160,300-8	Chile	Common owners	USD	Project management and other services	86,034	86,034	81,644	81,644
BHP Chile Inc.	86,160,300-8	Chile	Common owners	USD	Marketing services	1,950	1,950	1,650	1,650
BHP Chile Inc.		USA	Common owners	USD	Management fee	73,671	73,671	-	-
BHP Billiton Limited	Foreign	Australia	Common owners	USD	Miscellaneous services	12,853	12,853	11,229	11,229
Broken Hill Proprietary (USA)	Foreign	USA	Common owners	USD	Miscellaneous services	2,719	2,719	1,365	1,365
BHP Billiton Group Operations	Foreign	Australia	Common owners	USD	Miscellaneous services	36,572	36,572	42,213	42,213
BHP Billiton Shared Services	Foreign	Malaysia	Common owners	USD	Miscellaneous services	4,598	4,598	2,248	2,248
BHP Billiton Marketing Asia Pt	Foreign	Singapore	Common owners	USD	Miscellaneous services	16,266	16,266	8,126	8,126
BHP International Finance Corp	59,023,350-1	USA	Common owners	USD	Interest paid	-	-	4,416	4,416
BHP ESCONDIDA INC			Common owners	USD	Dividends paid	1,494,425	-	402,500	-
Rio Tinto Finance PLC	59,023,330-7	Bermuda	Common owners	USD	Dividends paid	779,700	-	210,000	-
Jeco Corporation	59,023,340-4	Japan	Owners	USD	Dividends paid	259,900	-	70,000	-
Jeco 2 Limited	59,158,690-4	England	Owners	USD	Dividends paid	64,975	-	17,500	-
BHP BILLITON PLC			Common owners	USD	Miscellaneous services	474	474	-	-
BHP BILLITON INTERNATIONAL SER	Foreign	USA	Common owners	USD	Miscellaneous services	418	418	230	230
BMAG - PETROLEUM			Common owners	USD	Miscellaneous services	5,641	5,641	-	-
BHP BILLITON PETROLEUM			Common owners	USD	Miscellaneous services	-	-	230	230
BHP BILLITON IRON ORE PTY LTD	Foreign	Australia	Common owners	USD	Miscellaneous services	4	(4)	190	(190)

11 Transactions with related parties, continued

Company	Taxpayer ID No.	Country	Relationship	Currency	Transaction description	2017		2016	
						Amount	Effect on profit or loss debit/(credit)	Amount	Effect on profit or loss debit/(credit)
						ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cia. Minera Cerro Colorado Ltda	94.621.000-5	Chile	Common owners	USD	Miscellaneous services	99	99	1,368	(1,368)
				USD	Purchase of cathodes	4,548	4,548	3,664	3,664
Minera Spence S.A.	86.542.100-1	Chile	Common owners	USD	Miscellaneous services	(156)	(156)	103,077	(103,077)
				USD	Purchase of cathodes	-	-	55,886	55,886
BHP Billiton Marketing AG	Foreign	Singapore	Common owners	USD	Purchase of cathodes	13,792	13,792	17,341	(17,341)
BHP Billiton Marketing AG	Foreign	Singapore	Common owners	USD	Commission for sales	-	-	9,494	9,494
Tamakaya Energía SpA	76.349.223-0	Chile	Common owners	USD	Power purchase agreement	225,185	225,185	30,117	30,117
Tamakaya Energía SpA	76.349.223-0	Chile	Common owners	USD	Gas sale agreement	117,902	117,902	32,742	(32,742)
BHP Billiton Chile Inves.	77.950.280-5	Chile	Common owners	USD	Purchase of acid	34,578	34,578	56,188	56,188
Bhpb Freight Singapore	Foreign	Singapore	Common owners	USD	Freight	68,419	68,419	56,625	56,625
Other			Common owners	USD		38	38	-	-

(*) Dividend paid on behalf of owners

Transactions with related parties detailed above were performed under normal operating conditions.

12 Inventories

	2017 ThUS\$	2016 ThUS\$
Inventories		
Raw materials and supplies for production (a)	208,816	201,100
Products-in-progress (b)	1,130,467	759,363
Finished products (b)	91,742	73,930
Total inventories current	1,431,025	1,034,393
Products-in-progress (c)	389,945	500,620
Total inventories non-current	389,945	500,620

(a) During 2017, the Company has written-off warehouse materials inventories worth ThUS\$9,265 (ThUS\$43,642 as of December 31, 2016) which is included in costs.

(b) During 2017, there were no inventories that were written down to net realizable value (NRV).

(c) Product-in-progress non-current are not expected to be utilized or sold within 12 months after the reporting date. Additionally, following the completion of the Escondida Bioleach Pad Extension project as planned during 2016, the Company changed its estimate of recoverable copper contained in its sulphide leach pad. As required by accounting standards the change in estimate has been applied prospectively from January 2016 by increasing opening copper volumes on hand and reducing the unit cost at January 2016. The impact of the unit cost reduction will flow through to the income statement prospectively in the form of a comparatively lower cost over time.

13 Property, plant and equipment

2017	Construction- in-progress	Land and buildings	Plant and equipment	Leased fixed assets	Other mining assets	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cost						
Opening balance as of January 1, 2017	2,047,038	1,770,001	15,801,338	531,670	1,562,728	21,712,775
Additions	467,061	-	56,106	-	335,113	858,280
Transfers	(2,079,319)	(80,125)	2,145,465	-	(336,237)	(350,216)
Disposals	-	-	(9,854)	-	-	(9,854)
Balance as of Dec 31, 2017	434,780	1,689,876	17,993,055	531,670	1,561,604	22,210,985
Accumulated depreciation						
Opening balance as of January 1, 2017	-	(675,596)	(6,604,666)	-	(82,156)	(7,362,418)
Depreciation expense	-	(80,802)	(1,193,510)	(35,444)	(43,400)	(1,353,156)
Transfers	-	13,957	2,038	-	-	15,995
Disposals	-	-	9,853	-	-	9,853
Impairment of assets	-	-	(206,383)	-	-	(206,383)
Balance as of Dec 31, 2017	-	(742,441)	(7,992,668)	(35,444)	(125,556)	(8,896,109)
Net ending balance as of Dec 31, 2017	434,780	947,435	10,000,387	496,226	1,436,048	13,314,876

2016	Construction- in-progress	Land and buildings	Plant and equipment	Leased fixed assets	Other mining assets	Total
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cost						
Opening balance as of January 1, 2016	3,319,668	1,732,225	13,362,406	-	1,562,080	19,976,379
Additions	1,133,799	-	66,972	531,670	289,525	2,021,966
Transfers	(2,406,429)	37,776	2,375,284	-	(288,877)	(282,246)
Disposals	-	-	(3,324)	-	-	(3,324)
Balance as of December 31, 2016	2,047,038	1,770,001	15,801,338	531,670	1,562,728	21,712,775
Accumulated depreciation						
Opening balance as of January 1, 2016	-	(577,991)	(5,675,104)	-	(54,398)	(6,307,493)
Depreciation expense	-	(94,597)	(914,586)	-	(27,758)	(1,036,941)
Disposals	-	-	3,324	-	-	3,324
Impairment of assets	-	(3,008)	(18,300)	-	-	(21,309)
Balance as of December 31, 2016	-	(675,596)	(6,604,666)	-	(82,156)	(7,362,418)
Net ending balance as of December 31, 2016	2,047,038	1,094,405	9,196,672	531,670	1,480,572	14,350,357

(a) Additions for plant and equipment include net foreign exchange gain/losses related to the closure and rehabilitation provisions. Refer to Note 19 Provisions.

(b) Write-off and impairment losses recognized during the period

During the period ended December 31, 2017, the Company recognized an impairment loss in plant and equipment of ThUS\$206,383 related to the Overland conveyor and Gearless motor conveyor.

During the period ended December, 31 2017, the Company has registered ThUS\$3,237,666 - gross amount - related with fixed assets that still are being used (ThUS\$2,615,218 at December 31, 2016), which are fully depreciated.

During the period ended December, 31 2017 and 2016, the Company does not have pledged assets.

14 Trade and other payables

	2017 ThUS\$	2016 ThUS\$
Trade and other payable, current		
Trade payables	667,069	613,304
Other payables	46,913	74,649
Total trade and other payables, current	713,982	687,953
Trade and other payables, non-current		
Other payables	437	664
Total trade and other payables, non-current	437	664

15 Bank loans and other loans

	2017 ThUS\$	2016 ThUS\$
Current		
Unsecured bank loans (a)	307,919	445,174
Finance leases (b)	21,081	21,657
Total loans, current	329,000	466,831
Non-current		
Unsecured bank loans (a)	2,348,046	1,893,326
Finance leases (b)	491,045	510,013
Total loans, non-current	2,839,091	2,403,339

(a) Bank loans include the following:

On June 5, 1998, the Company entered into an unsecured loan agreement of ThUS\$275,000 with The Bank of Tokyo-Mitsubishi UFJ, Ltd. On June 7, 2011, a new agreement was entered into which the Company agreed to amend the payment date for this loan, postponing such payment to repay the principal amount of the loan in a single payment on June 12, 2017. Likewise, the Company agreed to amend the interest rate equivalent to LIBOR (180 days) + 0.85%. Maturity June 12, 2017 (paid completely).

On January 31, 2005, the Company entered into an unsecured loan agreement of ThUS\$300,000, of which ThUS\$210,000 was granted by Japan Bank for International Cooperation and ThUS\$90,000 was granted by a group of banks, led by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank. The loan with Japan Bank for International Cooperation bears interest at LIBOR (180 days) + 0.20% maturing in 12 years starting from January 31, 2005. The syndicated loan with Japan Bank for International Cooperation as bank agent has been paid. As of December 31, 2017, there is no outstanding balance (ThUS\$26,250 as of December 31, 2016). Maturity July 31, 2017 (paid).

On December 12, 2012, the Company entered into a loan of ThUS\$600,000, of which ThUS\$420,000 is payable to Japan Bank for International Cooperation and the remaining ThUS\$180,000 is payable to Mizuho Corporate Bank Ltd. The loan payable to Japan Bank for International Cooperation will be repaid in 15 biannual payments starting in the second half of 2015 and bears interest at a rate of LIBOR (180 days) + 0.075%. The syndicated loan with Mizuho Corporate Bank will be paid in 9 biannual payments beginning the second half of 2015 and bears interest at LIBOR (180 days) + 1%. As of December 31, 2017, the outstanding balance is ThUS\$280,000 (ThUS\$456,000 as of December 31, 2016). Maturity ThUS\$420,000 December 01, 2022 and ThUS\$180,000 December 01, 2019.

On October 11, 2013, the Company entered into a loan agreement with Export Development Canada (EDC) amounting to ThUS\$100,000. The loan with EDC will be fully paid in 2018 and it will bear interest since that date at LIBOR (180 days) + 1.15%.

On February 14, 2014, the Company entered into a loan agreement with Export Finance and Insurance Corporation (EFIC) amounting to ThUS\$100,000. The loan with EFIC is to be repaid in 16 biannual payments beginning in the second half of 2014 and bears interest at LIBOR (180 days) + 1.15%. As of December 31, 2017, the outstanding balance is ThUS\$56,250. (ThUS\$68,750 as of December 31, 2016). Maturity March 04, 2022.

15 Bank loans and other loans, continued

On February 18, 2015, the Company entered into a loan of ThUS\$500,000, of which ThUS\$212,500 is payable to Bank of Tokyo Mitsubishi UFJ Ltd as agent bank and the remaining ThUS\$287,500 is payable to BHP Billiton International Finance Corporation. The loan with Bank of Tokyo will be paid in 6 biannual payments beginning the second half of 2017 and bears interest at LIBOR (180 days) + 0.8%. Maturity March 03, 2020.

On October 13, 2016, the Company entered into a loan agreement of ThUS\$1,200,000 with The Bank of Tokyo- Mitsubishi UFJ, Ltd. as the agent bank. The loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd., will be paid in 2 biannual payments beginning in the first half of 2020 and bears interest at LIBOR (180 days) + 1.375%. Maturity October 13, 2021.

On June 06, 2017 the Company entered into an unsecured loan agreement of ThUS\$500,000, of which ThUS\$300,000 was granted by Japan Bank for International Cooperation and ThUS\$200,000 was granted by a group of banks, led by The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the agent bank. The loan with Japan Bank for International Cooperation bears interest will be paid in 2 biannual payments beginning in the first half of 2020 and bears interest at LIBOR (180 days) + 0.475%. The syndicated loan with Japan Bank for International Cooperation as bank agent has been paid. As of December 31, 2017, the outstanding balance is ThUS\$185,714. Maturity ThUS\$200,000 May 31, 2024 and ThUS\$300,000 June 01, 2027.

On December 14, 2017, the Company entered into a loan agreement of ThUS\$300,000 with The Bank Export development Canada as the agent bank. The loan with The Bank Export development Canada will be paid on December 14, 2022 and bears interest at LIBOR (180 days) + 1.41%. Maturity December 14, 2022.

(b) Finance leases:

The finance lease is related with the power gas plant Kelar. This plant has been operating since December 2016, the Kelar gas plant, which is intended to supply the growing demand for Minera Escondida and BHP operations. Located in the industrial port area of Mejillones, Kelar is a combined cycle unit composed of two combustion turbines and a steam unit. The maximum net power to be injected into the system is 517 MW. The first payment of a total of 191 is dated on January 2017. The detail of future minimum payments is showed below:

	Future minimum		Interest		Present value of	
	lease payments				minimum lease payment	
	2017 ThUS\$	2016 ThUS\$	2017 ThUS\$	2016 ThUS\$	2017 ThUS\$	2016 ThUS\$
Less than one year	55,574	55,574	32,466	33,917	23,108	21,657
Between one and five years	250,083	250,084	125,390	133,216	124,693	116,868
More than five years	474,494	527,955	110,169	134,810	364,325	393,145
	780,151	833,613	268,025	301,943	512,126	531,670

15 Bank loans and other loans, continued

(c) Reconciliation of movements of bank loans and finance leases to cash flows arising from financing activities

	Note	Bank Loans	Finance Lease
Restated balance at January 1, 2017	15	(2,338,500)	(531,670)
Changes from financing cash flows:			
Proceeds from loans and borrowings		(800,000)	-
Repayment of borrowings		443,607	-
Payment of finance lease liabilities		-	19,544
Total changes from financing cash flows		(356,393)	19,544
The effect of changes in foreign exchange rates		(2,714)	
Other changes:			
Interest received		(4,220)	-
Interest paid		135,646	-
Interest accrual		(89,783)	-
Total liability-related other changes		41,643	-
Total equity-related other changes		-	-
Balance at December 31, 2017	15	(2,655,964)	(512,126)

16 Provisions

	2017 ThUS\$	2016 ThUS\$
Current		
Employee benefits (a)	69,007	72,483
Post-retirement employee benefits	4,373	-
Other (c)	18,073	12,142
Total provisions, current	91,453	84,625
Non-current		
Post-retirement employee benefits (d)	82,474	83,115
Restoration and rehabilitation (b)	445,501	366,132
Total provisions, non-current	527,975	449,247

- (a) The expenditure associated with total employee benefits will occur in a pattern consistent with when employees choose to exercise their entitlement to benefits.
- (b) The total undiscounted amount of restoration and rehabilitation activities is ThUS\$2,517,823 as of December 31, 2017 (ThUS\$2,189,016 as of December 31, 2016). No significant payments are expected to be required over the next five years.

The provision for restoration and rehabilitation includes dismantling all mine facilities including the Los Colorados, Laguna Seca and OGP1 plants, Cathode Oxide plant, Cathode Sulphide Leaching plant, a portion of the Coloso port facilities and the rehabilitation of the Salar de Punta Negra area.

In accordance with Law 20.551, which regulates the closure of mine site or facilities in Chile, the Company is obligated to deliver to the regulating authority a commitment (in the form of financial instruments that can be used as guarantees) that it will comply with its closure and rehabilitation obligations in a future period. The Company's closure obligations are based on its submitted closure plan.

- (c) Other includes mainly on going legal cases ThUS\$11,246 (ThUS\$8,343 in December 31, 2016).
- (d) The main actuarial assumptions at the reporting date of the financial statements are as follows:

	2017	2016
Mortality table	RV-2014	RV-2014
Actual annual interest rate	4.93%	4.58%
Incorporation of disability/accidents	30%	30%
Retirement age for women	60 years	60 years
Retirement age for men	65 years	65 years

16 Provisions, continued

Reasonably possible changes in relevant actuarial assumptions at the reporting date, to the extent that the other assumptions remain constant, would have affected the severance indemnity payment obligation by the amounts included in the table below.

Effect in thousands of US\$	2017		2016	
	Increase	Decrease	Increase	Decrease
Discount rate (change of 1%)	(2,987)	5,840	(13,541)	7,917
Future increase in salaries (change of 1%)	11,021	9,441	11,453	9,551

Provisions reconciliation

	Employee benefits ThUS\$	Restoration and rehabilitation ThUS\$	Restructuring ThUS\$	Post- retirement employee benefits ThUS\$	Other ThUS\$	Total ThUS\$
Opening balance as of January 1, 2017	72,483	366,132	460	83,115	11,682	533,872
Amount capitalized	-	56,106	-	-	-	56,106
Debit/(credit) for the period:						
Increases/(decreases)	95,920	-	-	3,629	198,077	297,626
Actuarial gains/losses taken to equity	-	-	-	(8,728)	-	(8,728)
Effect of discount rate	-	23,869	-	4,235	-	28,104
Effect of foreign currency translation differences	5,094	-	41	7,607	(8)	12,734
Payments	(104,490)	(606)	-	(3,012)	(192,178)	(300,286)
Ending balance as of Dec 31, 2017	69,007	445,501	501	86,846	17,573	619,428

17 Paid-in capital

Paid-in capital is reconciled as follows:

	2017 ThUS\$	2016 ThUS\$
Opening capital (a)	62,308	62,308
Capitalization of retained earnings by public deed dated:		
July 27, 1988	1,497	1,497
October 7, 1988	22,877	22,877
February 6, 1989	6,110	6,110
April 7, 1989	6,013	6,013
March 30, 2001	161,000	161,000
December 21, 2001	196,700	196,700
October 15, 2002 (absorption of SCM Escondida)	4,597	4,597
December 19, 2002	53,400	53,400
December 30, 2003	16,700	16,700
December 30, 2004	16,700	16,700
December 30, 2005	50,000	50,000
December 30, 2006	50,000	50,000
December 30, 2009	83,340	83,340
April 26, 2013	200,000	200,000
Total	931,242	931,242

(a) The Company's opening capital of ThUS\$62,308 was contributed by the former partners of Minera Utah SCM de Chile Inc. and Getty Mining (Chile) Inc., and relates to property, plant and equipment, cash advances and exploration expenses.

18 Contingencies

The Company conducts a quarterly analysis of the record of pending lawsuits and the assessment of the associated outflows or inflows using the following categories: Probable – possibilities of more than 50% of occurrence of a disbursement; Possible – possibilities between 10% and 50% of occurrence of a disbursement; Remote – less than 10% of occurrence of a disbursement.

As of December 31, 2017, the Company has no significant pending lawsuits or contingencies and accordingly, there are no assets or liabilities associated with contingencies at such date.

19 Commitments and operating leases

	2017 ThUS\$	2016 ThUS\$
Commitment expenses		
Expenses expiring over the next 12 months	2,935,379	1,588,752
Expenses expiring between 1 and 2 years	1,031,078	626,349
Expenses expiring between 2 and 3 years	627,477	371,815
Expenses expiring between 3 and 4 years	323,996	280,658
Expenses expiring between 4 and 5 years	201,539	207,755
Expenses expiring in more than 5 years	1,190,788	1,568,602
Total commitment expenses (a)	6,310,257	4,643,931
Operating leases		
Expenses expiring over the next 12 months	109,103	30,720
Expenses expiring between 1 and 2 years	76,383	30,505
Expenses expiring between 2 and 3 years	76,320	16,886
Expenses expiring between 3 and 4 years	76,320	5,128
Expenses expiring between 4 and 5 years	76,320	-
Expenses expiring in more than 5 years	686,880	-
Total operating leases	1,101,326	83,239

(a) These commitments are mainly associated with contracts with suppliers and investment project contracts.

20 Cash and cash equivalents

(a) As of December 31, 2017 and 2016, this caption is composed of the following:

	2017 ThUS\$	2016 ThUS\$
Cash and cash equivalents		
Bank balances	359,262	369,166
Short-term deposits	100,000	75,002
Total cash and cash equivalents	459,262	444,168

Cash equivalents of ThUS\$459,262 and ThUS\$444,168 as of December 31, 2017 and 2016, respectively, consist of short term deposits with an initial term of less than one month in term deposits and financial instruments issued by commercial institutions. For the purpose of the statement of cash flows, the Company considers all highly liquid fixed income instruments with original maturities of three months or less to be cash equivalents.

(b) The detail of cash and cash equivalents by type of currency is as follows:

	Currency	2017 ThUS\$	2016 ThUS\$
Cash and cash equivalents	Ch\$	13,102	50,663
Cash and cash equivalents	Euro	1,008	1,871
Cash and cash equivalents	US\$	445,152	391,634
Total cash and cash equivalents		459,262	444,168

There are no restrictions on any cash and cash equivalents.

21 Financial risk management

Financial risk management strategy

The financial risks arising from the Company's operations are credit risk, liquidity risk, market risk and capital management. These risks arise in the normal course of business, and the Company manages its exposure to them in accordance with the BHP Billiton Group's portfolio risk management strategy. The objective of the strategy is to support the delivery of the Group and Company's financial targets. A cash flow at risk ("CFaR") framework is used to measure the aggregate and diversified impact of financial risk upon the Company's financial targets. The CFaR is defined as the worst expected loss relative to projected business plan cash flow over a one year horizon under normal market conditions. The CFaR includes board-approved limits.

The Financial risk management procedures/policies are detailed below:

Market risk

Market risk is the risk that changes in market interest rates, commodity prices and foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In executing its strategy, financial instruments are potentially employed in three distinct but related activities. The following table summarizes these activities and the key risk management process.

Activity	Key risk management processes
<p>1 Risk mitigation Hedging of revenues with financial instruments could be executed to mitigate risk at the portfolio level when CFaR exceeds the Board-approved limits.</p> <p>Similarly, and on an exception basis, hedging for the purposes of mitigating risk related to specific and significant expenditure on investments or capital projects will be executed if necessary to support the Company's strategic objectives.</p>	<ul style="list-style-type: none"> Assessment of portfolio CFaR against Board-approved limits. Execution of transactions within approved mandates.
<p>2 Economic hedging of commodity sales, operating costs and debt instruments Where Company commodity production is sold to customers on pricing terms that deviate from the relevant index target, and where a relevant derivatives market exists, financial instruments are executed as an economic hedge to align the revenue price exposure with the index target.</p> <p>Where debt is issued with a currency or interest rate profile that deviates from the relevant index target, fair value hedges are executed to align the debt exposure with the index target.</p> <p>Similarly, where specific and significant operating costs are contracted in a currency that deviates from the relevant index target, financial instruments are executed as an economic hedge to align the currency exposure with the index target.</p>	<ul style="list-style-type: none"> Assessment of portfolio CFaR against Board-approved limits. Measuring and reporting the exposure in customer commodity contracts and issued debt instruments. Executing hedging derivatives to align the total group exposure to the index target.
<p>3 Strategic financial transactions Opportunistic transactions may be executed with financial instruments to capture value from perceived market over/under valuations.</p>	<ul style="list-style-type: none"> Exposures managed within value at risk and stop loss limits. Execution of transactions within approved mandates.

21 Financial risk management, continued

Market risk, continued

Primary responsibility for identification and control of financial risks, including authorizing and monitoring the use of financial instruments for the above activities and stipulating policy thereon, rests with the Financial Risk Management Committee under authority delegated by the Company's Management Committee.

Interest rate risk

The Company is exposed to interest rate risk on its outstanding borrowings from the possibility that changes in interest rates will affect future cash flows or the fair value of variable interest rate. The interest rate is effective from the beginning of the financial year and fixed/floating mix and balances are constant over the year.

On the basis of the net debt position as of December 31, 2017, it is estimated that one percentage point increase in the LIBOR interest rate would decrease the Company's profit after taxation and equity by ThUS\$24,599 (as of December 31, 2016: ThUS\$26,625). This assumes that the change in interest rates is effective from the beginning of the financial year and the fixed/floating mix and the balances are constant over the year.

The detail of the effect of the variation of 1% in the rate for loans in 2017 and 2016 is as follows:

1% rate variation effect	2017 ThUS\$	2016 ThUS\$
Loans - international banks	22,177	23,710
Other loans	2,422	2,915
Total variation	24,599	26,625

Foreign currency risk

The US dollar is the functional currency of the Company's operations and as a result currency exposures arise from transactions and balances in currencies other than the US dollar. The Company's potential currency exposures comprise transactional exposure in respect of non-functional currency monetary items.

The following table shows the foreign currency risk on the financial assets and liabilities of the Company's operations denominated in currencies other than the functional currency of the operations as of December 31, 2017 and 2016:

Functional currency - US dollar	2017 ThUS\$	2016 ThUS\$
Cash and cash equivalents	12,699	52,534
Trade and other receivables, current	49,620	25,989
Trade and other receivables, non-current	11,458	11,545
Trade receivables due from related parties, current	7,259	3,973
Trade and other payables, current	(494,235)	(404,044)
Trade payables due to related parties, current	14,515	(6,172)
Provisions, current	(74,003)	(73,919)
Provisions, non-current	(529,716)	(442,252)
Total	(1,002,403)	(832,346)

21 Financial risk management, continued

Market risk, continued

Foreign currency risk, continued

The Company's foreign currency risk is managed as part of the risk management strategy within the overall CFaR limit.

The principal non-functional currency to which the Company is exposed to is the Chilean peso. On the basis of the Company's net financial assets and liabilities, as of December 31, 2017 and 2016, a weakening/strengthening of the United States dollar against this currency as shown in the table below, holding other inputs constant, could affect post-tax profit and equity as follows:

Currency movement	2017 ThUS\$		2016 ThUS\$	
	Post-tax profit	Equity	Post-tax profit	Equity
Variation of + Ch\$10	11,231	11,231	8,465	8,465
Variation of - Ch\$10	(11,603)	(11,603)	(8,722)	(8,722)

The foreign exchange rate used as of December 31, 2017 was Ch\$615.22 per US\$1 (Ch\$669.47 per US\$1 as of December 31, 2016).

Commodity price risk

Contracts for the sale of commodities are executed whenever possible on a pricing basis to achieve a relevant index target. Where pricing terms deviate from the index, derivative commodity contracts are used when available to return realized prices to the index.

Financial instruments with commodity price risk included in the following table are those entered into for the following commodities. Economic hedging of prices on commodity contracts is described as follows:

	2017		2016	
	Fair value of assets ThUS\$	Fair value of liabilities ThUS\$	Fair value of assets ThUS\$	Fair value of liabilities ThUS\$
Copper	-	-	361	-
Total	-	-	361	-
Includes:				
Current	-	-	361	-
Non-current	-	-	-	-

The Company's exposure as of December 31, 2017 and 2016 to the impact of movements in commodity markets is set out in the following table:

Units of exposure		2017		2016	
		Net exposure receive (deliver)	Impact on equity and profit of 10%, movement in market price (post-tax ThUS\$)	Net exposure receive (deliver)	Impact on equity and profit of 10%, movement in market price (post-tax ThUS\$)
Copper	000's tons	363	181,684	243	93,595

21 Financial risk management, continued

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's strong credit profile and diversified funding sources ensure that sufficient liquid funds are maintained to meet its daily cash requirements. The Company's policy on counterparty credit exposure ensures that only counterparties of a high credit standing are used for the investment of any excess cash.

In addition, the Company maintains the BHP Billiton Group's policy and procedures as illustrated below:

- The Company avoids granting longer payment terms to customers and does not grant open credit terms to existing secure customers unless they are backed by strong financial strength.
- The Marketing President's approval will be sought before extended payment terms are granted. Alerts have been set up to track updates of our key customers with open credit.
- Deliveries to customers will be suspended when flagged as "unusual" overdue.
- The Trading area stays in frequent contact with customers to head off late payments and obtain a better understanding of any recent developments with heightened focus on operating cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2017 and 2016.

2017	Bank loans and other loans ThUS\$	Future interest payments ThUS\$	Other derivatives ThUS\$	Other liabilities ThUS\$	Total ThUS\$
Maturity date					
In 1 year or less	(329,011)	(119,954)	(1,114)	(713,982)	(1,164,061)
1 - 2 years	(230,681)	(103,882)	-	(437)	(335,000)
2 - 3 years	(797,018)	(68,728)	-	-	(865,746)
3 - 4 years	(763,582)	(55,368)	-	-	(818,950)
4 - 5 years	(459,432)	(116,007)	-	-	(575,439)
Over 5 years	(588,365)	(138,043)	-	-	(726,410)
Total	(3,168,091)	(601,982)	(1,114)	(714,419)	(4,485,606)
Balance as of December 31, 2017	(3,168,091)	(601,982)	(1,114)	(714,419)	(4,485,606)

2016	Bank loans and other loans ThUS\$	Future interest payments ThUS\$	Other derivatives ThUS\$	Other liabilities ThUS\$	Total ThUS\$
Maturity date					
In 1 year or less	(466,831)	(93,674)	(1,114)	(687,953)	(1,249,572)
1 - 2 years	(302,455)	(64,142)	-	(664)	(367,261)
2 - 3 years	(204,003)	(76,520)	-	-	(280,523)
3 - 4 years	(730,187)	(71,353)	-	-	(801,540)
4 - 5 years	(696,568)	(51,860)	-	-	(748,428)
Over 5 years	(470,126)	(199,958)	-	-	(670,084)
Total	(2,870,170)	(557,507)	(1,114)	(688,617)	(4,117,408)
Balance as of December 31, 2016	(2,870,170)	(557,507)	(1,114)	(688,617)	(4,117,408)

It is not expected that the cash flows included in the maturity analysis will occur significantly earlier, or significantly later than the settlement date.

21 Financial risk management, continued

Liquidity risk, continued

Amounts disclosed in the above table include the undiscounted contractual payments and accordingly, they will not always reconcile to the amounts presented in the statement of financial position.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

To manage credit risk the Company maintains BHP Billiton Group-wide policies and procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits.

As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

(a) Counterparties

The Company's credit risk exposures are categorized according to transactions with the following main types of counterparties:

- Receivables counterparties – the majority of sales to the Company's customers are made on open terms.
- Derivate counterparties – counterparties to derivative contracts consist of a diverse number of financial institutions and industrial counterparties in the relevant markets.
- Cash investment counterparties – the Company holds short-term cash investment with approved financial institutions.

The Company has no significant concentration of credit risk with any single counterparty or group of counterparties.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount. These limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company has security. The Company does not require collateral in respect of trade and other receivables.

The balances of the trade receivables as of December 31, 2017 and 2016 include the provisional invoices issued for copper concentrate and copper cathode shipments. Such invoices are based on the weight measured by the Company and on the tests subject to review and final agreement by the customers. According to the terms and conditions of the sales contracts, the final price received will also be dependent on the copper prices quoted on independent metal exchanges, including the LME, during the future quoting periods applicable to each delivery. As of December 31, 2017 and 2016, provisional invoicing agreement sales have been valued according to the future prices. The Company has not recorded any provision for uncollectable accounts.

There is also an embedded derivative regarding refining treatment price participation clauses (included in certain contracts) in the concentrate mineral sales contracts which does not qualify for hedge accounting.

21 Financial risk management, continued

Credit risk, continued

(a) Counterparties, continued

The Company's maximum exposure to credit risk at the reporting date and the ageing of current and non-current receivables at the reporting date is as follows:

2017	Gross amount ThUS\$	Not past due ThUS\$	Aging of receivables			
			Less than 30 days	31 - 60 days	61 - 90 days	Over 90 days
			ThUS\$	ThUS\$	ThUS\$	ThUS\$ (*)
Trade receivables	571,380	571,380	-	-	-	-
Other receivables	202,348	171,655	22,548	2,734	712	7,606
Total	773,728	743,035	22,548	2,734	712	7,606

2016	Gross amount ThUS\$	Not past due ThUS\$	Aging of receivables			
			Less than 30 days	31 - 60 days	61 - 90 days	Over 90 days
			ThUS\$	ThUS\$	ThUS\$	ThUS\$
Trade receivables	492,261	492,289	-	-	-	-
Other receivables	180,623	178,428	459	35	417	1,284
Total	672,884	670,717	459	35	417	1,284

The Company believes that the unimpaired amounts that are past due by more than 30 days are recoverable, based on payment history and analyses of the underlying customer credit ratings.

On the basis of historic default rates, the Company believes that no impairment allowance is necessary in respect of trade receivables.

During 2017 and 2016 no renegotiation of the terms and conditions of receivables has occurred.

(*) Majority receivable coming from these customers: Compañía Minera Zaldivar SPA, Empresa Nacional de Electricidad and Finning Chile S.A which expected to be partially recovered in the second quarter of 2018.

Fair value

All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of the consideration paid or received, net of transaction costs applicable and, subsequently at fair value or amortized cost, as indicated in the tables below.

Derivatives are initially recognized at fair value at the date in which the contract is entered into and subsequently measured at fair value.

Financial assets and financial liabilities are presented by type in the tables below at their carrying amount, which, in general, approximates their fair value.

21 Financial risk management, continued

Fair value, continued

2017	Note	Loans and receivables ThUS\$	Held at fair value through profit or loss ThUS\$	Other financial liabilities at amortized cost ThUS\$	Total ThUS\$
Financial assets					
Cash and cash equivalents	20	459,262	-	-	459,262
Trade and other receivables (a)	9	205,262	497,093	-	702,355
Total financial assets		664,524	497,093	-	1,161,617
Non-financial assets					15,241,846
Total assets					16,403,463
Financial liabilities					
Trade and other payables (b)	14	-	47,350	667,069	714,419
Other derivative contracts		-	1,114	-	1,114
Unsecured bank loans and other lease obligations	15	-	-	2,655,965	2,655,965
Total financial liabilities		-	48,464	3,323,034	3,371,498
Non-financial liabilities					2,749,912
Total liabilities					6,121,410

2016	Note	Loans and receivables ThUS\$	Held at fair value through profit or loss ThUS\$	Other financial liabilities at amortized cost ThUS\$	Total ThUS\$
Financial assets					
Cash and cash equivalents	20	444,168	-	-	444,168
Trade and other receivables (a)	9	95,103	489,113	-	584,216
Commodity contracts		-	361	-	361
Total financial assets		539,271	489,474	-	1,028,745
Non-financial assets					16,117,164
Total assets					17,145,909
Financial liabilities					
Trade and other payables (b)	14	-	19,192	669,292	688,484
Other derivative contracts		-	1,114	-	1,114
Unsecured bank loans	15	-	-	2,870,170	2,870,170
Total financial liabilities		-	20,306	3,539,462	3,559,768
Non-financial liabilities					1,904,302
Total liabilities					5,464,070

(a) This does not include taxes of ThUS\$73,707 (2016: ThUS\$88,696) included in other receivables – see Note 9 Trade and other receivables.

(b) This does not include taxes of ThUS\$83 (2016: ThUS\$133) included in other payables – see Note 14 Trade and other payables.

21 Financial risk management, continued

Fair value, continued

Fair value hierarchy

The carrying amount of financial assets and financial liabilities measured at fair value is mainly calculated using quoted prices in active markets for identical assets or liabilities.

The table below presents financial instruments measured at fair value in a recurring manner as of December 31, 2017 and 2016:

2017	Level 1 (a) ThUS\$	Level 2 (b) ThUS\$	Level 3 (c) ThUS\$	Total ThUS\$
Financial assets and financial liabilities				
Trade and other receivables - excluding taxes	-	571,380	-	571,380
Commodity contracts Assets	-	-	-	-
Trade and other payables - excluding taxes	-	(667,069)	-	(667,069)
Commodity contracts liabilities	-	-	-	-
Other derivative contracts	-	(1,114)	-	(1,114)
Total	-	(96,803)	-	(96,803)

2016	Level 1 (a) ThUS\$	Level 2 (b) ThUS\$	Level 3 (c) ThUS\$	Total ThUS\$
Financial assets and financial liabilities				
Trade and other receivables - excluding taxes	-	489,113	-	489,113
Commodity contracts Assets	-	361	-	361
Trade and other payables - excluding taxes	-	(19,192)	-	(19,192)
Other derivative contracts	-	(1,114)	-	(1,114)
Total	-	469,168	-	469,168

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Trade and other receivables and payables and the commodity contract are included in Level 2 as they are measured based on forward market prices; and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Capital management

The Company's capital management policy is exclusively restricted by the covenants established in the loan agreements with foreign banks. The net worth of the Company may not be less than ThUS\$900,000, measured upon completing the corresponding 12-month calendar period.

The return on capital is measured regularly and its interpretation is according to the market scenario, production restrictions and LME copper prices, among other variables.

The dividend policy is analysed by Management according to the profitability of the periods and cash flow requirements. These requirements are strongly impacted by the Company's capital projects, normal debt

21 Financial risk management, continued

Capital management, continued

to creditors and taxes. Additionally, precautions must be adopted before any eventual commodity price drops and their possible impact on a negative cash flow outcome that might force payments to clients.

As per the foreign investment agreement between the Chilean Government and the Company's owners, the financial debt ratio should not exceed 75% / 25% of equity (3:1) for each calendar year.

The financial debt/equity ratio, calculated by the Company at the end of the balance period is as follows:

	2017 ThUS\$	2016 ThUS\$
Total liabilities	6,097,837	5,464,070
Less: cash and cash equivalents	(459,262)	(444,168)
Net Debt	5,638,575	5,019,902
Net equity	10,277,372	11,681,839
Financial Debt / Equity Ratio	55%	43%

22 Compensation of key management personnel

	2017 ThUS\$	2016 ThUS\$
Payroll and bonuses (short-term employee benefits)	8,304	8,472
Severance indemnity payments (post-employment benefits)	274	261
Total	8,578	8,733

Compensation of key management personnel in relation to share based payments represent (ThUS\$974 as of December 31, 2017) a recharge in total from the parent entity.

23 Guarantees

a) Guarantees granted

The guarantees granted by the company as of December 31, 2017 amounted to ThUS\$455,253, which mainly relate to bank guarantee required by National Service of Geology and Mining (SERNAGEOMIN) for closure of mining works to comply with the requirements established in Law N ° 20.551. The other guarantees, different from closure guarantees, are mainly issued in favour of the Government, to cover eventual environmental problems that may arise in the construction of certain projects under development.

b) Guarantees received

The guarantees received as of December 31, 2017 amounted to ThUS\$77,886, which are intended to ensure compliance of the conditions agreed with the suppliers.

24 Subsequent events

During the period between January 1, 2018 and the date of issuance of these financial statements (April 28, 2018), no other significant events have occurred that require disclosure or adjustment to the financial statements

25 New accounting pronouncements

There are Standards and modifications to Standards and Interpretations that are mandatory for the first time from the periods beginning on January 1, 2017, as showed below:

Amendments to IFRSs	
IAS 7 Disclosure initiative (amendments to IAS 7).	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.
IAS 12 Recognition of deferred tax assets for unrealized losses.	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.
Cycle of annual improvements to IFRS 2014-2016. Amendments to IFRS 12.	Annual periods beginning on or after January 1, 2017. Early adoption is permitted.

There are no significant changes arising from new standards, amendments to standards and interpretations applicable to the Company which are mandatory to apply for the first time from periods beginning on January 1, 2017.

The following new standards, amendments and interpretations have been issued but their application date is not yet effective and the Company does not plan to early adopt these standards:

New IFRS	Mandatory for
IFRS 9 Financial instruments. (b)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 15 Revenue from contract with customers. (b)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 16 Leases. (b)	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IFRS 17 Insurance contracts. (a)	Annual periods beginning on or after January 1, 2021. Early adoption is permitted.
New interpretations	
IFRIC 22 Foreign currency transactions and advance consideration. (a)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRIC 23: Uncertainty over Income Tax Treatments. (a)	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
Amendments to IFRSs	
IAS 28: Long term interest in Associates and Joint Ventures. (a)	Annual periods beginning on or after January 1, 2019. Early adoption is permitted.
IAS 40: Transfers from Investment Property (Modifications to IAS 40, Investment Property). (a)	Annual periods beginning on or after January 1, 2018.
IFRS 2 Share based payments, clarifications and measurement of certain share based payment transactions. (a)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 9: Prepayments features with negative compensation. (a)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures, sale or contribution of assets between an investor and its associate or joint venture. (a)	Effective date deferred indefinitely.
IFRS 15 Revenue from contracts with customers, amendment clarifying some requirements and providing additional transitional relief for companies that are implementing the new standard. (b)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.
Annual improvements to IFRS 2014-2016. Modifications to NIIF 1 and IAS 28. (a)	Annual periods beginning on or after January 1, 2018. Early adoption is permitted.

(a) The Company has not assessed the impacts at the date of these financial statements.

(b) The Company has assessed the potential impact of the adoption of these Standard as follow, It is estimated that it will be adopted prospectively:

25 New accounting pronouncements, continued

Title of standard	Summary of impact on the Financial Statements	Application date of standard	Application date for the financial year commencing
IFRS 9 Financial Instruments	<p>This standard modifies the classification and measurement of financial assets. It includes:</p> <ul style="list-style-type: none"> - a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held; - a new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised; - a modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting. <p>In order to gain an understanding of the likely impacts of IFRS 9, implementation activities have focused on the Company's financial assets. The Company has conducted a detailed analysis of changes to the calculation of impairment losses. The impact of these changes is not significant.</p>	January 1, 2018	January 1, 2018

25 New accounting pronouncements, continued

Title of standard	Summary of impact on the Financial Statements	Application date of standard	Application date for the financial year commencing
IFRS 15 Revenue from Contracts with Customers	<p>This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>The Company has undertaken a process of understanding the standard contractual arrangements across the principal revenue streams, particularly key terms and conditions which may impact revenue recognition. In addition, detailed reviews of a representative sample of individual contracts across the Company's revenue streams have been completed. Whilst no significant measurement differences have been identified, the following points are noted:</p> <ul style="list-style-type: none"> - A significant proportion of the Company's products are provisionally priced when the revenue is initially recognized. IFRS 15 requires separate disclosure of the impacts of provisional pricing, with final price adjustment being disclosed as other revenue. Where applicable, system and process changes have been made to appropriately measure and capture this data for disclosure. - A majority of the Company's products are sold on Cost, Insurance and Freight (CIF) Incoterms, whereby the Company is required to provide freight and shipping services after the date at which the goods have transferred to the customer. Revenue from freight and shipping services is currently recognized upon loading the goods onto the vessel, whereas under IFRS 15 this revenue should be treated as a separate performance obligation and recognized over time. The impact of this change is immaterial at 31 December 2017. <p>The Company will apply the full retrospective transition approach, resulting in the restatement of comparative information where applicable.</p>	January 1, 2018	January 1, 2018

25 New accounting pronouncements, continued

Title of standard	Summary of impact on the Financial Statements	Application date of standard	Application date for the financial year commencing
IFRS 16 Leases	<p>This standard requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed.</p> <p>The standard provides certain exemptions from recognizing leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less.</p> <p>Under the new standard, the Company will be required to;</p> <ul style="list-style-type: none"> - recognize right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability; - recognize depreciation of right of use lease assets and interest on lease liabilities over the lease term; and - separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity. <p>The Company has commenced work to understand the impact of the new standard. A detailed review of contracts has commenced to identify leases and support the quantification of financial impacts. An assessment of likely system requirements and processes is ongoing.</p> <p>The Company is considering available options for transition. Information on the undiscounted amount of the Company's operating lease commitments under IAS 17 'Leases', the current leasing standard, is disclosed in note 19 Commitments .</p>	January 1, 2019	January 1, 2019
