

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F/A

(Amendment No. 1)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2012
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 23 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report _____
For the transition period from _____ to _____
Commission file number 33-65728

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

CHILE

(Jurisdiction of incorporation or organization)

El Trovador 4285, 6th Floor, Santiago, Chile +56 2 425-2000

(Address of principal executive offices)

Mark Fones +56 2 2425-2485 mark.fones@sqm.com El Trovador 4285, 6th Floor, Santiago, Chile

(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| <u>Title of each class</u> | <u>Name of each exchange on which registered</u> |
|------------------------------------------------------------|--------------------------------------------------|
| Series B shares, in the form of American Depositary Shares | New York Stock Exchange |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

NONE

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

NONE

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

| | |
|------------------------|--------------------|
| Series A shares | 142,819,552 |
| Series B shares | 120,376,972 |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in rule 405 of the Securities Act: YES NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange act of 1934: YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non accelerated filer. See definition of "accelerated filer and large accelerated filer" in rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other
If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):
 YES NO

EXPLANATORY NOTE

Sociedad Química y Minera de Chile S.A. ("SQM") is filing this amendment to Form 20-F for the fiscal year ended December 31, 2012, which was filed with the Securities and Exchange Commission on April 22, 2013 (the "2012 Form 20-F"), to file the correct audit report of independent registered public accounting firm of Ernst & Young Ltda.(included in this 2012 Form 20-F/A).

Except for the amendment described above, and the updated certifications of SQM's chief executive officer and chief financial officer, this amendment does not modify or update other disclosures in or exhibits to the 2012 Form 20-F. The financial statements of SQM included in this amendment have not changed since the filing of the 2012 Form 20-F.

PART III

ITEM 17. FINANCIAL STATEMENTS

See Item 18. Financial Statements

ITEM 18. FINANCIAL STATEMENTS

See Item 19.(a) for a list of all financial statements filed as part of this Amended Annual Report on Form 20-F.

ITEM 19. EXHIBITS

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*All other schedules have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

(b) Exhibits

| Exhibit No. | Exhibit |
|--------------------|------------------------------------------------------|
| 1.1 | By-laws (Estatutos) of the Company** |
| 8.1 | Significant subsidiaries of the Company*** |
| 12.1 | Section 302 Chief Executive Officer Certification*** |
| 12.2 | Section 302 Chief Financial Officer Certification*** |
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| 13.1 | Section 906 Chief Executive Officer Certification*** |
| 13.2 | Section 906 Chief Financial Officer Certification*** |
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| 13.4 | Section 906 Chief Financial Officer Certification |

**Incorporated by reference to the Company's Annual Report on Form 20-F for the year ended December 31, 2010 filed with the Securities and Exchange Commission on June 30, 2011.

***Previously filed on April 22, 2013.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F/A and that it has duly caused and authorized the undersigned to sign this amended annual report on its behalf.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.
(CHEMICAL AND MINING COMPANY OF CHILE INC.)

/s/ Ricardo Ramos

Ricardo Ramos R.
Chief Financial Officer and
Business Development Senior Vice President

Date: October 30, 2013

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A. AND SUBSIDIARIES

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| | | |
|--------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ch\$ | - | Chilean pesos |
| ThCh\$ | - | Thousands of Chilean pesos |
| US\$ | - | United States dollars |
| ThUS\$ | - | Thousands of United States dollars |
| UF | - | The UF is an inflation-indexed, Chilean peso-denominated monetary unit. The UF rate is set daily in advance, based on the change in the Consumer Price Index of the previous month. |

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sociedad Química y Minera de Chile S.A.

In our opinion, the accompanying consolidated statement of financial position and the related consolidated statements of income, comprehensive income, cash flows and of changes in equity present fairly, in all material respects, the financial position of Sociedad Química y Minera de Chile S.A. and its subsidiaries at December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2012 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers

Santiago, Chile
April 22, 2013

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Sociedad Química y Minera de Chile S.A.:

We have audited the accompanying consolidated statements of income, comprehensive income, changes in equity, and cash flows of Sociedad Química y Minera de Chile S.A. and subsidiaries (“the Company”) for the year ended December 31, 2010. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Sociedad Química y Minera de Chile S.A. and subsidiaries for the year ended December 31, 2010, in conformity with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (“IASB”)

/S/ERNST & YOUNG LTDA.
Santiago, Chile, March 01, 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS | Note | As of December 31, 2012 ThUS\$ | As of December 31, 2011 ThUS\$ |
|---------------------------------------------------|------|-----------------------------------------|-----------------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 6.1 | 324,353 | 444,992 |
| Current financial assets | 9.1 | 316,103 | 169,261 |
| Other non-financial assets | 20 | 67,820 | 63,792 |
| Trade and other accounts receivable | 9.2 | 510,616 | 412,062 |
| Trade receivables due from related parties | 8.3 | 101,372 | 117,139 |
| Inventories | 7.0 | 896,236 | 744,402 |
| Deferred tax assets | 23.1 | 30,234 | 4,765 |
| Total current assets | | <u>2,246,734</u> | <u>1,956,413</u> |
| Non-current assets | | | |
| Non-current financial assets | 9.1 | 29,492 | 30,488 |
| Other non-current non-financial assets | 20 | 17,682 | 24,651 |
| Trade receivables, non-current | 9.2 | 1,311 | 1,070 |
| Investments accounted for using the equity method | 10.1 | 70,298 | 60,694 |
| Intangible assets other than goodwill | 11 | 24,013 | 4,316 |
| Goodwill | 11 | 38,388 | 38,605 |
| Property, plant and equipment | 12 | 1,988,290 | 1,755,042 |
| Investment property | 12 | - | - |
| Deferred tax assets | 23.4 | 223 | 304 |
| Total non-current assets | | <u>2,169,697</u> | <u>1,915,170</u> |
| Total assets | | <u>4,416,431</u> | <u>3,871,583</u> |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, (continued)

| Liabilities and Equity | Note | As of December 31, 2012 ThUS\$ | As of December 31, 2011 ThUS\$ |
|--------------------------------------------------|------|-----------------------------------------|-----------------------------------------|
| Liabilities | | | |
| Current liabilities | | | |
| Current financial liabilities | 9.4 | 152,843 | 161,008 |
| Trade and other accounts payable | 9.5 | 207,944 | 183,032 |
| Trade accounts payable due to related parties | 8.3 | 19 | 873 |
| Other current provisions | 15.1 | 18,489 | 16,937 |
| Current tax liabilities | 23.2 | 23,624 | 75,418 |
| Current accruals for employee benefits | 13.1 | 33,974 | 30,074 |
| Other current non-financial liabilities | 15.3 | 172,200 | 161,961 |
| Total current liabilities | | <u>609,093</u> | <u>629,303</u> |
| Non-current liabilities | | | |
| Non-current financial liabilities | 9.4 | 1,446,194 | 1,237,027 |
| Other non-current provisions | 15.1 | 7,357 | 8,595 |
| Deferred tax liabilities | 23.4 | 125,445 | 98,594 |
| Non-current accruals for employee benefits | 13.1 | 40,896 | 33,684 |
| Total non-current liabilities | | <u>1,619,892</u> | <u>1,377,900</u> |
| Total liabilities | | <u>2,228,985</u> | <u>2,007,203</u> |
| Equity | | | |
| Share capital | 14 | 477,386 | 477,386 |
| Retained earnings | | 1,676,169 | 1,351,560 |
| Other reserves | | (20,772) | (16,112) |
| Equity attributable controlling interests | | <u>2,132,783</u> | <u>1,812,834</u> |
| Non-controlling interest | | 54,663 | 51,546 |
| Total equity | | <u>2,187,446</u> | <u>1,864,380</u> |
| Total liabilities and equity | | <u>4,416,431</u> | <u>3,871,583</u> |

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

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31

| | Note | 2012 ThUS\$ | 2011 ThUS\$ | 2010 ThUS\$ |
|------------------------------------------------------------------------------------------|------|------------------|----------------|----------------|
| Revenues | 22.1 | 2,429,160 | 2,145,286 | 1,830,413 |
| Cost of sales | 22.2 | (1,400,567) | (1,290,494) | (1,204,410) |
| Gross profit | | 1,028,593 | 854,792 | 626,003 |
| Other income | 22.3 | 12,702 | 47,681 | 6,545 |
| Administrative expenses | 22.4 | (106,442) | (91,760) | (78,819) |
| Other expenses | 22.5 | (34,628) | (63,047) | (36,212) |
| Other gains (losses) | 22.6 | 683 | 5,787 | (6,979) |
| Income from operating activities | | 900,908 | 753,453 | 510,538 |
| Finance income | | 29,068 | 23,210 | 12,930 |
| Finance expenses | | (54,095) | (39,335) | (35,042) |
| Equity income of associates and joint ventures accounting for using the equity method | | 24,357 | 21,808 | 10,681 |
| Foreign currency exchange differences | 18 | (26,787) | (25,307) | (5,807) |
| Income before income tax expense | | 873,451 | 733,829 | 493,300 |
| Income tax expense | 23.4 | (216,082) | (179,710) | (106,029) |
| Profit for the year | | 657,369 | 554,119 | 387,271 |
| Profit attributable to | | | | |
| Controlling interests | | 649,167 | 545,758 | 382,122 |
| Non-controlling interests | | 8,202 | 8,361 | 5,149 |
| Profit for the year | | 657,369 | 554,119 | 387,271 |

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

CONSOLIDATED STATEMENT OF INCOME (continued)

| | | Year ended December 31 | | |
|---------------------------------------------|------|------------------------|--------------|--------------|
| | Note | 2012 US\$ | 2011 US\$ | 2010 US\$ |
| Earnings per common share | | | | |
| Basic earnings per share (US\$ per share) | 17 | 2.47 | 2.07 | 1.45 |
| Diluted common shares | | | | |
| Diluted earnings per share (US\$ per share) | 17 | 2.47 | 2.07 | 1.45 |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31

| | 2012 ThUS\$ | 2011 ThUS\$ | 2010 ThUS\$ |
|--------------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Statement of comprehensive income | | | |
| Profit for the year | 657,369 | 554,119 | 387,271 |
| Components of other comprehensive income before taxes | | | |
| Gain (loss) from foreign currency translation differences | <u>982</u> | <u>(2,890)</u> | <u>663</u> |
| Cash flow hedges | | | |
| Loss from cash flow hedges | (7,872) | (1,241) | (1,474) |
| Actuarial gains (losses) from defined benefit plans | 711 | (918) | 1,020 |
| Other | <u>-</u> | <u>(1,677)</u> | <u>-</u> |
| Comprehensive income before income tax | <u>(6,179)</u> | <u>(6,726)</u> | <u>209</u> |
| Income taxes associated with other comprehensive income | <u>1,580</u> | <u>218</u> | <u>251</u> |
| Other comprehensive income (loss) | <u>(4,599)</u> | <u>(6,508)</u> | <u>460</u> |
| Total comprehensive income | <u>652,770</u> | <u>547,611</u> | <u>387,731</u> |
| Comprehensive income attributable to | | | |
| Controlling interests | 644,507 | 539,359 | 382,215 |
| Non-controlling interest | <u>8,263</u> | <u>8,252</u> | <u>5,516</u> |
| Total comprehensive income | <u>652,770</u> | <u>547,611</u> | <u>387,731</u> |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Year ended December 31 | | |
|-------------------------------------------------------------------------------|------------------------|------------------|------------------|
| | 2012 ThUS\$ | 2011 ThUS\$ | 2010 ThUS\$ |
| Cash flows from operating activities | | | |
| Profit for the period | 657,369 | 554,119 | 387,271 |
| Adjustment to reconcile profit for the period | | | |
| Adjustment for decreases (increases) in inventories | (167,826) | (147,238) | 26,545 |
| Adjustment for decreases (increases) in trade receivables | (52,993) | (135,401) | (18,266) |
| Adjustment for increases in other receivables from operating activities | (57,300) | (37,393) | (21,614) |
| Adjustment for increases in trade payables | (49,025) | (44,566) | (84,731) |
| Adjustment for increases in other payables from operating activities | (204,067) | (72,976) | (12,083) |
| Adjustment for depreciation and amortization | 196,158 | 195,897 | 143,940 |
| Adjustment for provisions | 33,657 | 23,055 | 9,927 |
| Adjustment for income tax expense | 216,082 | 179,710 | 106,029 |
| Adjustment for unrealized foreign currency translation loss | 26,787 | 25,307 | 5,807 |
| Adjustment for undistributed profit from associates | (24,357) | (21,808) | (10,681) |
| Other adjustments | 67,044 | 50,689 | 91,259 |
| Reconciling adjustments | (15,840) | 15,276 | 236,132 |
| Net cash flows provided by operating activities | 641,529 | 569,395 | 623,403 |
| Dividends received | 15,126 | 4,299 | 1,774 |
| Interest paid | (6,449) | (2,349) | (6,655) |
| Net cash flows provided by operating activities | 650,206 | 571,345 | 618,522 |
| Cash flows used in investing activities | | | |
| Cash flows from changes in ownership interest in subsidiaries and investments | 961 | 5,736 | - |
| Payments to acquire interest in joint ventures | (197) | (4,909) | (3,500) |
| Loans to related parties | (4,000) | - | - |
| Proceeds from the sale of property, plant and equipment | 2,050 | 43,231 | 1,433 |
| Acquisition of property, plant and equipment | (445,984) | (501,118) | (335,997) |
| Cash advances and loans granted to third parties | (623) | 83 | 1,275 |
| Net (purchases) sales of short term financial assets | (115,092) | (59,251) | 99,980 |
| Net cash used in investing activities | (562,885) | (516,228) | (236,809) |

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

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

| | Year ended December 31 | | |
|------------------------------------------------------------------------------------------------------------|------------------------|------------------|------------------|
| Note | 2012 ThUS\$ | 2011 ThUS\$ | 2010 ThUS\$ |
| Cash flows used in financing activities | | | |
| Proceeds from the issuance of long-term loans | 366,502 | 550,000 | 564,000 |
| Repayment of loans | (220,000) | (370,000) | (632,540) |
| Dividends paid | (334,762) | (277,334) | (175,539) |
| Other cash outflows | (9,437) | (7,862) | (10,156) |
| Net cash used in financing activities | (197,697) | (105,196) | (254,235) |
| Net increase (decrease) in cash and cash equivalents before the effect of changes in exchange rates | (110,376) | (50,079) | 127,478 |
| Effects of exchange rate fluctuations on cash and costs equivalents | (10,263) | (29,581) | 21,535 |
| Net increase (decrease) in cash and cash equivalents | (120,639) | (79,660) | 149,013 |
| Cash and cash equivalents at beginning of period | 444,992 | 524,652 | 375,639 |
| Cash and cash equivalents at end of period | 6 324,353 | 444,992 | 524,652 |

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

STATEMENT OF CHANGES IN EQUITY

| | Share capital | Foreign currency translation difference reserves | Cash flow hedge reserves | Actuarial gains (losses) from defined benefit plans | Other reserves | Subtotal other reserves | Retained earnings | Equity attributable to owners of the Parent | Non- controlling interest | Total |
|----------------------------------------------------|------------------|--------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------|-------------------|-------------------------------|----------------------|------------------------------------------------------|---------------------------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Equity at January 1, 2012 | 477,386 | (1,251) | (10,230) | (2,954) | (1,677) | (16,112) | 1,351,560 | 1,812,834 | 51,546 | 1,864,380 |
| Profit | - | - | - | - | - | - | 649,167 | 649,167 | 8,202 | 657,369 |
| Other comprehensive income (loss) | - | 921 | (6,292) | 711 | - | (4,660) | - | (4,660) | 61 | (4,599) |
| Comprehensive income (loss) | - | 921 | (6,292) | 711 | - | (4,660) | 649,167 | 644,507 | 8,263 | 652,770 |
| Dividends declared | - | - | - | - | - | - | (324,558) | (324,558) | (5,146) | (329,704) |
| Increase (decrease) in transfers and other changes | - | - | - | - | - | - | - | - | - | - |
| Increase (decrease) in equity | - | 921 | (6,292) | 711 | - | (4,660) | 324,609 | 319,949 | 3,117 | 323,066 |
| Equity as of December 31, 2012 | 477,386 | (330) | (16,522) | (2,243) | (1,677) | (20,772) | 1,676,169 | 2,132,783 | 54,663 | 2,187,446 |

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

STATEMENT OF CHANGES IN EQUITY

| | Share capital | Foreign currency translation difference reserves | Cash flow hedge reserves | Actuarial gains (losses) from defined benefit plans | Other reserves | Subtotal other reserves | Retained earnings | Equity attributable to owners of the Parent | Non-controlling interest | Total |
|------------------------------------------------------|----------------|--------------------------------------------------|--------------------------|-----------------------------------------------------|----------------|-------------------------|-------------------|---------------------------------------------|--------------------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Equity at January 1, 2011 | 477,386 | 1,530 | (9,207) | (2,036) | - | (9,713) | 1,155,131 | 1,622,804 | 48,016 | 1,670,820 |
| Profit (loss) | - | - | - | - | - | - | 545,758 | 545,758 | 8,361 | 554,119 |
| Other comprehensive income (loss) | - | (2,781) | (1,023) | (918) | (1,677) | (6,399) | - | (6,399) | (109) | (6,508) |
| Comprehensive income (loss) | - | (2,781) | (1,023) | (918) | (1,677) | (6,399) | 545,758 | 539,359 | 8,252 | 547,611 |
| Dividends declared | - | - | - | - | - | - | (349,329) | (349,329) | (3,706) | (353,035) |
| Increase (decrease) from transfers and other changes | - | - | - | - | - | - | - | - | (1,016) | (1,016) |
| Increase (decrease) in equity | - | (2,781) | (1,023) | (918) | (1,677) | (6,399) | 196,429 | 190,030 | 3,530 | 193,560 |
| Equity as of December 31, 2011 | 477,386 | (1,251) | (10,230) | (2,954) | (1,677) | (16,112) | 1,351,560 | 1,812,834 | 51,546 | 1,864,380 |

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

STATEMENT OF CHANGES IN EQUITY

| Share capital | Foreign currency translation | Cash flow hedge reserves | Actuarial gains (losses) | Subtotal Other reserves | Retained earnings | Equity attributable to owners of the | Non-controlling interest | Total |
|---------------|------------------------------|--------------------------|--------------------------|-------------------------|-------------------|--------------------------------------|--------------------------|-------|
|---------------|------------------------------|--------------------------|--------------------------|-------------------------|-------------------|--------------------------------------|--------------------------|-------|

| | | difference reserves | | from defined benefit plans | | | Parent | | |
|------------------------------------------------------|----------------|------------------------|----------------|-------------------------------------|----------------|------------------|------------------|---------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Equity at January 1, 2010 | 477,386 | 1,234 | (7,984) | (3,056) | (9,806) | 951,173 | 1,418,753 | 45,697 | 1,464,450 |
| Restated opening balance of equity | 477,386 | 1,234 | (7,984) | (3,056) | (9,806) | 951,173 | 1,418,753 | 45,697 | 1,464,450 |
| Profit (loss) | - | - | - | - | - | 382,122 | 382,122 | 5,149 | 387,271 |
| Other comprehensive income (loss) | - | 296 | (1,223) | 1,020 | 93 | - | 93 | 367 | 460 |
| Comprehensive income (loss) | - | 296 | (1,223) | 1,020 | 93 | 382,122 | 382,215 | 5,516 | 387,731 |
| Dividends declared | - | - | - | - | - | (178,164) | (178,164) | - | (178,164) |
| Increase (decrease) from transfers and other changes | - | - | - | - | - | - | - | (3,197) | (3,197) |
| Increase (decrease) in equity | - | 296 | (1,223) | 1,020 | 93 | 203,958 | 204,051 | 2,319 | 206,370 |
| Equity as of December 31, 2010 | 477,386 | 1,530 | (9,207) | (2,036) | (9,713) | 1,155,131 | 1,622,804 | 48,016 | 1,670,820 |

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



Note 1 – Identification and Activities of the Company and Subsidiaries

1.1 Historical background

Sociedad Química y Minera de Chile S.A. (the “Company” or “SQM”) is an open stock corporation organized under the laws of the Republic of Chile, Tax Identification N° 93.007.000-9. The Company was constituted by public deed issued on June 17, 1968 by the Notary Public of Santiago, Mr. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1,164 on June 22, 1968 by the Ministry of Finance, and it was registered on June 29, 1968 in the Registry of Commerce of Santiago, on page 4,537 N° 1,992. SQM's headquarters are located at El Trovador 4285, Fl. 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 425-2000.

The Company is registered with the Securities Registry of the Chilean Superintendence of Securities and Insurance (“SVS”) under No. 0184 dated March 18, 1983 and is subject to the inspection of the SVS.

1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administración Building w/n - María Elena; Administración Building w/n Pedro de Valdivia - María Elena, Former Florencia office w/n - Sierra Gorda, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - María Elena, kilometer 1760 5 Norte Highway - Pozo Almonte, Pampa Yumbes w/n - Tal-tal.

1.3 Codes of main activities

The codes of the main activities as established by the SVS include codes:

- 1700 Mining
- 2200 Chemical products
- 1300 Investment

1.4 Description of the nature of operations and main activities

The Company's products are mainly derived from mineral deposits found in northern Chile, where the Company mine and processes caliche ore and brine deposits. The caliche ore in northern Chile is the world's largest commercially exploited source of natural nitrates and contains the only known nitrate and iodine deposits in the world. The Brine deposits of the Salar de Atacama, a salt-encrusted depression within the Atacama desert in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron.



Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

From the Company's caliche ore deposits, the Company produces a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, its extracts brines rich in potassium, lithium, sulfate and boron in order to produce potassium chloride, potassium sulfate, lithium solutions, boric acid and bischofite (magnesium chloride). The Company produces lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from solutions delivered from the Salar de Atacama. The Company markets all of these products through an established worldwide distribution network, in more than 100 countries worldwide and generate most of its revenue from foreign countries.

The Company's products are divided into six categories, which are also classified as operating segments: specialty plant nutrition, iodine and derivatives, lithium and derivatives, industrial chemicals, potassium, and other products and services, each of which is described below.

Specialty plant nutrients: This segment is characterized by being closely related to its customers for which we employ specialized staff who provide expert advice in best practices for fertilization according to each type of crop, soil and climate. Within this segment, potassium derivative products and specially potassium nitrate have a leading role in their contribution to crop development ensuring improvements in post-crop life, in addition to improving quality, flavor and fruit color. Potassium nitrate, which is sold in multiple formats and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizing mixtures.

Iodine and derivatives: The Company is the largest producer of iodine in the world, which is a product widely used in the pharmaceutical, technology and nutrition industries. Additionally, iodine is used as X-ray contrast media and polarizing film for LCD displays.

Lithium and derivatives: The Company's lithium is mainly used for manufacturing rechargeable batteries for cell phones, cameras and notebooks. Through the manufacturing of lithium-based products, SQM provides significant materials to address challenges such as the efficient use of energy and raw materials. Lithium is not only used for rechargeable batteries and in new technologies for electric vehicles, but is also used in industrial applications to lower melting temperature and to help reduce energy costs.



Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.4 Description of the nature of operations and main activities, continued

Industrial Chemicals: Industrial chemicals products are used as supplies for a number of production processes. SQM has more than 30 years of experience participating in this segment producing sodium nitrate, potassium nitrate, boric acid and potassium chloride. Industrial nitrates have increased in importance over the last few years due to their use as storage means for thermal energy at solar energy plants, which are widely used in countries such as Spain and the United States in their search for decreasing CO₂ emissions.

Potassium: Potassium is a primary essential macro-nutrient, and even though it does not form part of the plant's structure, has a significant role for developing basic crop functions, improving quality, increasing post-crop life, improving flavor, its amount of vitamins and its physical appearance. This segment also includes potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama.

Other products and services: Includes revenues from commodities, provision of services, interest, royalties and dividends.

1.5 Other background

Employees

As of December 31, 2012 and 2011, the Company's permanent employees were 5,643 and 4,902, respectively.



Note 1 – Identification and Activities of the Company and Subsidiaries (continued)

1.5 Other background, continued

Main shareholders

The table below provides certain information about the beneficial ownership of shareholder with more than 5% of outstanding which Series A and Series B shares of SQM as of December 31, 2012 and 2011. The information below is derived from the Company's records and reports controlled by Central Securities Depository and reported to the SVS and the Chilean Santiago Stock Exchange.

| Shareholders as of 12/31/2012 | Number of Series A shares with ownership | % of Series A shares | Number of Series B shares with ownership | % of Series B shares B | Total % of shares |
|-------------------------------------------------|------------------------------------------|----------------------|------------------------------------------|------------------------|-------------------|
| Inversiones El Boldo Limitada | 44,751,196 | 31.33% | 17,571,676 | 14.60% | 23.68% |
| Sociedad de Inversiones Pampa Calichera S.A.(*) | 44,558,830 | 31.20% | 9,003,799 | 7.48% | 20.35% |
| The Bank of New York | - | - | 46,559,106 | 38.68% | 17.69% |
| Inversiones RAC Chile Limitada | 19,200,242 | 13.44% | 2,699,773 | 2.24% | 8.32% |
| Potasios de Chile S.A.(*) | 17,919,147 | 12.55% | - | - | 6.81% |
| Inversiones Global Mining (Chile) Limitada (*) | 8,798,539 | 6.16% | - | - | 3.34% |
| Banco Itau on behalf of investors | - | - | 4,579,293 | 3.80% | 1.74% |
| Inversiones La Esperanza Limitada | 3,693,977 | 2.59% | - | - | 1.40% |
| Banco Santander on behalf of foreign investors | - | - | 3,238,105 | 2.69% | 1.23% |
| Banco de Chile for other non residents | - | - | 3,082,612 | 2.56% | 1.17% |

(*) Total Pampa Group 30.50%

| Shareholders as of 12/31/2011 | Number of Series A shares with ownership | % of Series A shares | Number of Series B shares with ownership | % of Series B shares B | Total % of shares |
|-------------------------------------------------|------------------------------------------|----------------------|------------------------------------------|------------------------|-------------------|
| Inversiones El Boldo Limitada | 44,751,196 | 31.33% | 17,571,676 | 14.60% | 23.68% |
| Sociedad de Inversiones Pampa Calichera S.A.(*) | 44,758,830 | 31.34% | 12,241,799 | 10.17% | 21.66% |
| The Bank of New York | - | - | 42,036,912 | 34.92% | 15.97% |
| Inversiones RAC Chile Limitada | 19,200,242 | 13.44% | 2,699,773 | 2.24% | 8.32% |
| Potasios de Chile S.A.(*) | 18,179,147 | 12.73% | 156,780 | 0.13% | 6.97% |
| Inversiones Global Mining (Chile) Limitada (*) | 8,798,539 | 6.16% | - | - | 3.34% |
| Banchile Corredores de Bolsa S.A. | 136,919 | 0.10% | 4,890,193 | 4.06% | 1.91% |
| Corpbanca Corredores de Bolsa S.A. | 11,189 | 0.01% | 4,264,250 | 3.54% | 1.62% |
| Inversiones La Esperanza Limitada | 3,693,977 | 2.59% | - | - | 1.40% |
| Banco Itau on behalf of investors | - | - | 3,693,080 | 3.07% | 1.40% |

(*) Total Pampa Group 31.97%



Note 2 - Bases of presentation for consolidated financial statements (continued)

2.1 Financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The accounting policies used in the preparation of these consolidated Financial Statements are described below and comply with each IFRS in force at their date of presentation.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items:

- inventories are recorded at the lower of cost and net realizable value;
- other current and non-current financial liabilities are carried at amortized cost;
- financial derivatives are presented at fair value; and
- staff severance indemnities and pension commitments are recorded at actuarial value.

**Note 2 - Bases of presentation for consolidated financial statements (continued)****2.3 Accounting pronouncements****Accounting pronouncements**

At the date of these consolidated financial statements, the following accounting pronouncements have been issued by the IASB for which term application date is not yet effective.

| Standards | | Mandatory application for periods beginning: |
|------------------|-------------------------------------------|-----------------------------------------------------|
| IAS 19 | Employee Benefits | January 1, 2013 |
| IAS 27 | Separate Financial Statements | January 1, 2013 |
| IAS 28 | Associates and Joint Ventures | January 1, 2013 |
| IFRS 9 | Financial Instruments | January 1, 2013 |
| IFRS 10 | Consolidated financial statements | January 1, 2013 |
| IFRS 11 | Joint arrangements | January 1, 2013 |
| IFRS 12 | Disclosure of Interests in Other Entities | January 1, 2013 |
| IFRS 13 | Fair Value Measurement | January 1, 2013 |

IAS 19 Revised "Employee Benefits"

Issued in June 2011, supersedes IAS 19 (1998). This revised standard amends the recognition and measurement of defined benefit plan expenses and termination benefits. Additionally, it includes amendments to disclosures of all employee benefits.

IAS 27 "Separate Financial Statements"

Issued in May 2011, supersedes IAS 27 (2008). The scope of this standard is restricted solely to separate financial statements, given that the aspects linked to the definition of control and consolidation were removed and included in IFRS 10. Its early adoption is allowed together with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 28.

IAS 28 "Associates and Joint Ventures"

Issued in May 2011, supersedes IAS 28 (2003). It includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. Its early adoption is allowed together with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 27.

IFRS 9 "Financial Instruments"

Issued in December 2009, amends the classification and measurement of financial assets. Subsequently, this standard was amended in November 2010 to include the treatment and classification of financial liabilities. Early adoption is permitted.

IFRS 10 "Consolidated Financial Statements"

Issued in May 2011, supersedes SIC 12 "Consolidation – Special Purpose Entities" and portions of IAS 27 "Consolidated Financial Statements". It establishes clarifications and new parameters for the definition of control, as well as the preparation of consolidated financial statements. Its early adoption is permitted together with IFRS 11, IFRS 12 and amendments to IAS 27 and IAS 28.

**Note 2 - Bases of presentation for consolidated financial statements (continued)****2.3 Accounting pronouncements, continued****IFRS 11 “Joint Arrangements”**

Issued in May 2011, supersedes IAS 31 “Interests in Joint Ventures” and SIC 13 “Joint Controlled Entities”. Its amendments include the elimination of the concept of jointly-controlled assets and the possibility of proportional consolidation of entities under common control. Its early adoption is permitted together with IFRS 10, IFRS 12 and amendments to IAS 27 and IAS 28.

IFRS 12 “Disclosure of Interests in Other Entities”

Issued in May 2011, is applicable for entities with investments in subsidiaries, joint ventures and associates. Its early adoption is permitted together with IFRS 10, IFRS 11 and amendments to IAS 27 and IAS 28.

IFRS 13 “Fair Value Measurement”

Issued in May 2011, gathers in one single standard the method for measuring fair value of assets and liabilities and disclosures required for this purpose and incorporates new concepts and clarifications for measurement.

| Improvements and Amendments | | Mandatory application for: |
|-----------------------------|----------------------------------------------------|----------------------------|
| IAS 1 | Presentation of Financial Statements | July 1, 2012 |
| IFRS 7 | Financial Instruments: Information to be disclosed | January 1, 2013 |
| IAS 32 | Financial Instruments: Presentation | January 1, 2014 |
| IAS 16 | Property, Plant and Equipment | January 1, 2013 |
| IAS 32 | Financial Instruments: Presentation | January 1, 2013 |
| IAS 34 | Intermediate Financial Information | January 1, 2013 |
| IFRS 10 | Consolidated Financial Statements | January 1, 2013 |
| IFRS 11 | Joint Agreements | January 1, 2013 |
| IFRS 12 | Disclosures of participation in other entities | January 1, 2013 |

IAS 1 “Presentation of Financial Statements”

Issued in June 2011, the main amendment is that it requires that items in Other Comprehensive Income must be classified and grouped by assessing whether they will be reclassified to subsequent periods. Early adoption of the new classification requirements is permitted.

IFRS 7 “Financial Instruments: Information to be disclosed”

Issued in December 2011. Improves disclosures of compensation of financial assets and liabilities, in order to increase the convergence between IFRS and Generally Accepted Accounting Principles in the United States. These disclosures are centered on quantitative information related to financial instruments, which are included in the consolidated financial statements. Its early adoption is permitted.

IAS 32 “Financial Instruments: Presentation”

Issued in December 2011. Explains the requirements for the compensation of financial assets and liabilities. Specifically, it indicates that the right to compensation must be available as of the date of the financial statements and not dependent on a future event. The right to compensation also must be legally binding for the counterparty in the normal course of the business, as well as in cases of non payment, insolvency, or bankruptcy. Its early adoption is permitted.



Note 2 - Bases of presentation for consolidated financial statements (continued)

IAS 16 “Property, Plant, and Equipment”

Issued in May 2012. Clarifies that spare parts and service equipment should be classified as Property, Plant, and Equipment, instead of inventories, whenever it meets the definition of Property, Plant, and Equipment.

IAS 32 “Presentation of Financial Instruments”

Issued in May 2012. Clarifies that the treatment of income taxes related to equity distributions and transaction costs.

IAS 34 “Intermediate Financial Information”

Issued in May 2012. Clarifies the requirements to present assets and liabilities by segments, during interim periods, confirming the same requirements applicable to the annual financial statements.

IFRS 10 Consolidated Financial Statements, IFRS 11 “Joint Agreements”, IFRS 12 Disclosures of participation in other entities”

Issued in June 2012. Clarifies that it is necessary to apply these standards on the first day of the annual period in which the regulations are adopted. Therefore, it could be necessary to make modifications to comparative information presented in such periods, if the evaluation of control over investments results in that recognized according to IAS 27/SIC 12.

Management is currently evaluating the adoption of the standards, amendments and interpretations described above; however, they are not expected to have a significant impact on the consolidated financial statements.



Note 2 - Basis of presentation for consolidated financial statements (continued)

2.4 Transactions in foreign currency

(a) Functional and presentation currency

The Company's consolidated financial statements are presented in United States Dollars ("U.S. Dollars" or "US\$"), which is the Company's functional and presentation currency and is the currency of the primary economic environment in which it operates. Consequently, the term foreign currency is defined as any currency other than the U.S. Dollar.

The conversion of the financial statements of foreign subsidiaries with functional currency other than the U.S. Dollars is performed as follows:

- Assets and liabilities using the exchange rate prevailing on the closing date of the consolidated financial statements.
- Statement of income account items using average exchange rates for the year.
- Equity accounts are stated at the historical exchange rate on the transaction date.

Foreign currency translation differences which arise from the conversion of financial statements of subsidiaries are recorded in the account "Foreign currency translation differences" within equity.

(b) Basis of conversion

Domestic subsidiaries:

Assets and liabilities denominated in Chilean Pesos and other currencies other than the U.S. Dollar as of December 31, 2012 and December 31, 2011 have been translated to U.S. Dollars at the exchange rates prevailing on those dates. The corresponding Chilean Pesos were converted at Ch\$479.96 and Ch\$519.20 per US\$1.00 as of December 31, 2012 and 2011 respectively.

The values of the UF (a Chilean Peso-denominated, inflation-indexed monetary unit) used to convert the UF denominated assets and liabilities as of December 31, 2012 amounted to Ch\$22,840.75 (US\$47.59) and Ch\$22,294.03 (US\$42.94) as of December 31, 2012 and 2011 respectively.

**Note 2 - Basis of presentation for consolidated financial statements (continued)****2.4 Transactions in foreign currency, (continued)****Foreign subsidiaries**

The exchange rates used to translate the monetary assets and liabilities expressed in foreign currencies at the closing date of each period in respect to the U.S. Dollar are as follows:

| | 12/31/2012 US\$ | 12/31/2011 US\$ |
|--------------------|--------------------|--------------------|
| Brazilian Real | 2.04 | 1.88 |
| New Peruvian Sol | 2.75 | 2.77 |
| Argentinean Peso | 4.92 | 4.30 |
| Japanese Yen | 86.58 | 77.74 |
| Euro | 0.76 | 0.77 |
| Mexican Peso | 12.99 | 13.98 |
| Australian Dollar | 1.05 | 1.03 |
| Pound Sterling | 0.62 | 0.64 |
| South African Rand | 8.47 | 8.10 |
| Ecuadorian Dollar | 1.00 | 1.00 |
| Chilean Peso | 479.96 | 519.20 |
| UF | 47.59 | 42.94 |

(c) Transactions and balances

Non-monetary transactions and balances denominated in a currency other than the U.S. Dollar are translated using the exchange rate at the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate of the functional currency prevailing at the closing date of the Consolidated Statement of Financial Position. All differences are recorded to the Statement of Income with the exception of all monetary items that provide an effective hedge for a net investment in a foreign operation. These items are recognized in Other Comprehensive Income upon the disposal of the investment, at which time they are recognized in the Statement of Income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in Other Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



Note 2 - Basis of presentation for consolidated financial statements (continued)

2.4 Transactions in foreign currency, continued

(d) Group entities

The profit or loss, assets and liabilities of all entities with a functional currency other than the U.S. Dollar are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing date exchange rate as of the date of the Consolidated Statement of Financial Position.
- Income and expenses are translated at average exchange rates for the year.
- All resulting foreign currency exchange differences are recognized in the foreign currency translation difference reserve in Equity.

In consolidation, foreign currency exchange differences which arise from the conversion of a net investment in foreign entities are recorded Equity (other reserves). At the disposal date, these exchange differences are recognized in the Statement of Comprehensive Income as part of the gain or loss from the sale.

2.5 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Company has the ability to govern financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The Company also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstance where the size of the group's voting rights relative to the size and dispersion of the holdings of other shareholders give the Company power to govern the financial and operating policies.

Subsidiaries are consolidated from the date in which control is transferred to the Company and are excluded from consolidation on the date in which this control ceases to exist.

Intercompany transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognized in assets are also eliminated. All subsidiaries apply the same accounting policies as described in Note 3.

Non-controlling interest represent the portion of a subsidiary's net assets and operating results not owned directly or indirectly by the parent company.



Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Basis of consolidation, continued

Companies included in consolidation:

| TAX ID No. | Subsidiaries | Country of origin | Functional currency | Ownership interest | | | |
|------------|--------------------------------------------------|-------------------|---------------------|--------------------|------------|------------|------------|
| | | | | 12/31/2012 | 12/31/2011 | 12/31/2012 | 12/31/2011 |
| | | | | Direct | Indirect | Total | Total |
| Foreign | Nitratos Naturais Do Chile Ltda. | Brazil | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Nitrate Corporation Of Chile Ltd. | United Kingdom | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM North America Corp. | USA | US\$ | 40.0000 | 60.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Europe N.V. | Belgium | US\$ | 0.8600 | 99.1400 | 100.0000 | 100.0000 |
| Foreign | Soquimich S.R.L. Argentina | Argentina | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Soquimich European Holding B.V. | The Netherlands | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Corporation N.V. | Dutch Antilles | US\$ | 0.0002 | 99.9998 | 100.0000 | 100.0000 |
| Foreign | SQI Corporation N.V. | Dutch Antilles | US\$ | 0.0159 | 99.9841 | 100.0000 | 100.0000 |
| Foreign | SQM Comercial De México S.A. De C.V. | Mexico | US\$ | 0.0013 | 99.9987 | 100.0000 | 100.0000 |
| Foreign | North American Trading Company | USA | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Administración Y Servicios Santiago S.A. De C.V. | Mexico | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Perú S.A. | Peru | US\$ | 0.9800 | 99.0200 | 100.0000 | 100.0000 |
| Foreign | SQM Ecuador S.A. | Ecuador | US\$ | 0.0040 | 99.9960 | 100.0000 | 100.0000 |
| Foreign | SQM Nitratos Mexico S.A. De C.V. | Mexico | US\$ | 0.0000 | 51.0000 | 51.0000 | 51.0000 |
| Foreign | SQMC Holding Corporation L.L.P. | USA. | US\$ | 0.1000 | 99.9000 | 100.0000 | 100.0000 |
| Foreign | SQM Investment Corporation N.V. | Dutch Antilles | US\$ | 1.0000 | 99.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Brasil Limitada | Brazil | US\$ | 2.7900 | 97.2100 | 100.0000 | 100.0000 |
| Foreign | SQM France S.A. | France | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |



Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Basis of consolidation, continued

Companies included in consolidation:

| TAX ID No. | Subsidiaries | Country of origin | Functional currency | Ownership interest | | | |
|--------------|---------------------------------------|-------------------|---------------------|--------------------|------------|----------|----------|
| | | | | 12/31/2012 | 12/31/2011 | | Total |
| | | | | Direct | Indirect | Total | Total |
| Foreign | SQM Japan Co. Ltd. | Japan | US\$ | 1.0000 | 99.0000 | 100.0000 | 100.0000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | US\$ | 1.6700 | 98.3300 | 100.0000 | 100.0000 |
| Foreign | SQM Oceania Pty Limited | Australia | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Rs Agro-Chemical Trading A.V.V. | Aruba | US\$ | 98.3333 | 1.6667 | 100.0000 | 100.0000 |
| Foreign | SQM Indonesia S.A. | Indonesia | US\$ | 0.0000 | 80.0000 | 80.0000 | 80.0000 |
| Foreign | SQM Virginia L.L.C. | USA | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Italia SRL | Italy | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Comercial Caimán Internacional S.A. | Cayman Islands | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Africa Pty. | South Africa | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Lithium Specialties LLC | USA | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Iberian S.A.(a) | Spain | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Iodine Minera B.V. | The Netherlands | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Agro India Pvt. Ltd. | India | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Beijing Commercial Co. Ltd. | China | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| 96.801.610-5 | Comercial Hydro S.A | Chile | US\$ | 0.0000 | 60.6383 | 60.6383 | 60.6383 |
| 96.651.060-9 | SQM Potasio S.A. | Chile | US\$ | 99.9999 | 0.0000 | 99.9974 | 99.9974 |

Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Basis of consolidation, continued



Companies included in consolidation:

| TAX ID No. | Foreign subsidiaries | Country of origin | Functional currency | Ownership interest | | | |
|--------------|---------------------------------------------------------------|-------------------|---------------------|--------------------|----------|------------|----------|
| | | | | 12/31/2012 | | 12/31/2011 | |
| | | | Direct | Indirect | Total | Total | |
| 96.592.190-7 | SQM Nitratos S.A. | Chile | US\$ | 99.9999 | 0.0001 | 100.0000 | 100.0000 |
| 96.592.180-K | Ajay SQM Chile S.A. | Chile | US\$ | 51.0000 | 0.0000 | 51.0000 | 51.0000 |
| 86.630.200-6 | SQMC Internacional Ltda. | Chile | Chilean peso | 0.0000 | 60.6381 | 60.6381 | 60.6381 |
| 79.947.100-0 | SQM Industrial S.A. | Chile | US\$ | 99.0470 | 0.9530 | 100.0000 | 100.0000 |
| 79.906.120-1 | Isapre Norte Grande Ltda. | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 100.0000 |
| 79.876.080-7 | Almacenes y Depósitos Ltda. | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 100.0000 |
| 79.770.780-5 | Servicios Integrales de Tránsitos y Transferencias S.A. | Chile | US\$ | 0.0003 | 99.9997 | 100.0000 | 100.0000 |
| 79.768.170-9 | Soquimich Comercial S.A. | Chile | US\$ | 0.0000 | 60.6383 | 60.6383 | 60.6383 |
| 79.626.800-K | SQM Salar S.A. | Chile | US\$ | 18.1800 | 81.8200 | 100.0000 | 100.0000 |
| 78.602.530-3 | Minera Nueva Victoria Ltda.(b) | Chile | US\$ | - | - | - | 100.0000 |
| 78.053.910-0 | Proinsa Ltda. | Chile | Chilean peso | 0.0000 | 60.5800 | 60.5800 | 60.5800 |
| 76.534.490-5 | Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | Chile | Chilean peso | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| 76.425.380-9 | Exploraciones Mineras S.A. | Chile | US\$ | 0.2691 | 99.7309 | 100.0000 | 100.0000 |
| 76.064.419-6 | Comercial Agrorama Ltda. (c) | Chile | Chilean peso | 0.0000 | 42.4468 | 42.4468 | 42.4468 |
| 76.145.229-0 | Agrorama S.A. (d) | Chile | Chilean peso | 0.0000 | 60.6377 | 60.6377 | 60.6377 |

- (a) On December 14, 2011, Fertilizantes Naturales S.A. changed its legal name to SQM Iberian S.A.
- (b) Effective November 30, 2012, this entity was merged with SQM Potasio S.A.
- (c) Comercial Agrorama Ltda. is consolidated as the Company has control through its subsidiary Soquimich Comercial S.A.
- (d) This subsidiary was incorporated on April 7, 2011.



Note 2 - Basis of presentation for consolidated financial statements (continued)

2.5 Basis of consolidation, continued

(b) Equity accounted investments

Interests in companies in which control is exercised together with another company (joint ventures) or in which the Company has significant influence (associated companies) are accounted for using the equity method. Significant influence is assumed to exist when the Company has interest exceeding 20% of the investee's equity. Under the equity method, the investment is initially recognize at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the investee after the acquisition date. The Company's investments include goodwill identified upon acquisition.

The Company's share of post acquisition profit or loss is recognized in the Statement of Income. When the Company's share of losses in an investee equals or exceeds its interest, the Company does not recognize further losses unless it has incurred a legal or constructive obligations or made payments on behalf of the investee.

The Company determines at each reporting date whether there is any objective evidence that the investments are impaired. If impaired, the Company recognizes an impairment loss in the Statement of Income as the difference between the recoverable amount of the investee and its carrying value.

Unrealized profits and losses resulting from transactions with investees are recognized in the consolidated financial statements to the extent of unrelated investor's interest in the investee. Unrealized losses are eliminated unless the transaction provides evidence of loss from impairment of the assets transferred. The reporting dates and accounting policies of the investees are consistent with those adopted by the Company.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker "CODM". The CODM, who is responsible for allocating reserves and assessing performance of the operating segments, has been identified as a committee comprised of the Chief Executive Officer, and the Executive Vice President & Chief Operating Officer. The following operating segments are based on the information provided to the CODM and the organizational structure of the Company:

- Specialty plant nutrients
- Industrial chemicals
- Iodine and derivatives
- Lithium and derivatives
- Potassium
- Other products and services

2.7 Significant accounting judgments, estimates and assumptions

Significant accounting judgments, estimates and assumptions by management to prepare these consolidated financial statements include:



Notes to the consolidated financial statements as of December 31 2012

- The useful lives of tangible and intangible assets and their residual values.
- Impairment evaluations of certain assets, including trade and other accounts receivables.
- Assumptions used for impairment the actuarial calculation of liabilities for employee pensions and staff severance indemnities.
- Inventory provisions allowances on slow-moving obsolete in inventories.
- Future costs for and the timing of the closure of mining facilities.
- The determination of the fair value of certain financial and non-financial assets and derivative financial instruments.
- The determination and allocation of fair values in business combinations.

Although these estimates have been made considering information available as of the date of preparation of these consolidated financial statements, it is possible that future events may require their modification. Changes would be recorded prospectively, recognizing the effects of any changes in estimates in future consolidated financial statements. There have been no significant changes in the methodology or assumptions used in these estimates.



Note 3 – Significant accounting policies

3.1 Cash and cash equivalents

Cash equivalents consist of short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to low risk of change in value, with original maturities of three months or less from the date of acquisition.

3.2 Financial assets

The Company classifies its financial assets under the following categories: at fair value through profit or loss, loans and trade receivables, financial assets held-to-maturity and financial assets available-for-sale. The classification depends on the purpose for which financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

At each reporting date management assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset or group of assets (a “loss event”) and that loss event or events has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of being sold in the short-term. Derivatives are also classified as acquired for trading unless they are designated as hedges. Assets under this category are classified as current assets if expected to be settled within 12 months, and their changes in fair value are directly recognized in profit or loss.

(b) Loans and trade receivables

Loans and trade receivables are non-derivative financial assets with fixed or determinable payments not quoted in any active market. These are included in current assets, except for maturities greater than 12 months from the end of the reporting period, which are classified as non-current assets. The Company’s loans and receivables consist of “trade and other accounts receivable” and “cash and cash equivalents” in the Statement of Financial Position (notes 6.1 and 9.2).

(c) Financial assets held to maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities which management has the positive intention and ability of holding to maturity. If a significant amount of financial assets held to maturity were to be sold, the full category would be reclassified as available for sale. Assets in this category are stated at amortized cost.



Note 3 – Significant accounting policies (continued)

3.3 Financial derivatives and hedge transactions

Derivatives are recognized initially at fair value as of the date in which the derivative contract is entered into and subsequently remeasured at fair value. The method for recognizing the resulting gain or loss depends on whether the derivative has been designated as a hedge instrument and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

- (a) Fair value hedges of recognized assets and liabilities or firm commitments (fair value hedges).
- (b) Hedging a forecasted risk associated with a recognized asset or liability or a highly possible forecasted transaction (cash flow hedge).

At hedge inception, the Company documents the relationship between hedging instruments and hedged items, as well as their risk management objectives, and the strategy for undertaking different hedging transactions. The Company also documents its evaluation both at hedge inception and at each reporting period, whether derivatives used in hedging transactions are highly effective in offsetting changes in fair values or in cash flows of hedged items.

The fair value of derivative instruments used for hedging purposes is shown in Note 10.3. (Hedge assets). Movements in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Other derivatives are classified as a current asset or current liability, with the change in their fair value recognized directly in profit or loss.

- (a) Fair value hedge

Changes in the fair value derivatives that are designated and qualify as fair value hedges are recorded to profit or loss, as applicable. The change in the fair value of the hedged asset or liability attributable to hedged risk is also recognized in profit or loss.

For fair value hedges related to assets or liabilities recorded at amortized cost, the adjustment of the fair value is amortized against profit or loss during the period through maturity. Any adjustment to the carrying value of a hedged financial instrument for which the effective rate is used is amortized to profit or loss at its fair value attributable to the hedged risk.



Note 3 – Significant accounting policies (continued)

If the hedge no longer meets the criteria for hedge accounting, the fair value not amortized is immediately recognized in profit or loss.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other reserves within equity. The gain or loss related to the ineffective portion is immediately recognized in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in periods when the hedged item affects profit or loss, such as when the hedged interest income or expense is recognized, or when a forecasted transaction occurs. When the hedged item is the cost of a non-financial asset or liability, amounts recorded in equity are transferred to the initial carrying value of the non-financial asset or liability.

Should the expected firm transaction or commitment no longer be expected to occur, amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any amounts previously recognized in equity are maintained in equity until the expected firm transaction is ultimately recognized in profit or loss.

3.4 Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed and determinable payments and are not quoted in any active market. These receivables arise from sales involving products and services to customers.

These assets are initially recognized at their fair value, which is equivalent to their face value, and subsequently at amortized cost according to the effective interest rate method less a provision for impairment loss. An allowance for impairment loss is established for trade receivables when there is objective evidence that the Company will not be able to collect amounts which are owed to it according to the original terms of receivables.

3.5 Inventory

Inventories are stated at the lower of cost and net realizable value. Cost is determined based on the weighted average method. The cost of finished goods and products-in-process includes direct costs of materials, direct labor, and other direct costs and related overheads incurred to transform raw materials into finished products, including expenses incurred in transporting inventories to their current location and condition. Net realizable value represents the estimated sales price in the ordinary course of business less all estimated costs expected to be incurred in the sales and distribution process.

The Company evaluates the net realizable value of inventories at the end of each reporting period, recording a provision with a charge to income when circumstances are warranted. When the circumstances previously causing the reserve cease to exist, or when there is



Note 3 – Significant accounting policies (continued)

clear evidence of an increase in the net realizable value due to a change in the economic circumstances or prices, the previous estimate is modified accordingly. Provisions on the Company's inventories are made based on a technical studies covering the different variables affecting finished products such as density and humidity, among other factors.

Raw materials, and supplies for production inventories are recorded at the lower of acquisition cost or market value. Acquisition cost is calculated according to the weighted average cost method.

3.6 Intangible assets

Intangible assets consist of goodwill, water rights, rights of ways related to electric lines, and computer software licenses.

(a) Goodwill

Goodwill represents the excess of the consideration transferred over the net fair value of assets acquired and liabilities assumed in the acquisition of subsidiaries.

For purposes of impairment testing, goodwill acquired in a business combination is allocated to each cash generating unit "CGU", which is expected to benefit from the synergies of the combination. Each CGU to which goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are conducted annually, or more frequently if events or changes in circumstances indicate a potential for impairment. The carrying value of goodwill is compared to its recoverable amount, which is the higher of value in use and the fair valueless cost to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

(b) Water rights

Acquired water rights represent water from natural sources and are recorded at acquisition cost. Depending on the contractual terms, water rights can be granted on a perpetual basis or be subject to a fixed term. Water rights with a contractual fixed term are amortized over the life of the agreement. Water rights granted on a perpetual basis are not amortized; however, they are subject to an annual impairment assessment.

(c) Right of way for electric lines

As required for the operation of industrial plants, the Company acquires rights of ways in order to install wires for electric lines on third party land. Amounts paid are capitalized and charged to income according to their contractual lives.



Note 3 – Significant accounting policies (continued)

(d) Computer software

Acquired computer software licenses are capitalized based on initial acquisition costs and costs incurred to prepare them for their intended use. These costs are amortized over their estimated useful lives.

Expenses related to internally developed IT programs are recognized when incurred. Costs directly attributable to the development of unique and identifiable IT programs are recognized as intangible assets to the extent such IT will generate future economic benefits. IT development costs are amortized over their estimated useful lives, which does generally not exceed three years.

3.7 Property, plant and equipment

Property, plant and equipment assets are stated at acquisition cost, net of accumulated depreciation, amortization and impairment losses that they might have experienced. Acquisition cost includes the following when applicable:

- (a) Interest expense incurred during the construction period directly attributable to the acquisition, construction or production of qualifying assets, includes those that require a substantial period prior to being ready for their intended use. The interest rate used to capitalize interest corresponds to the project's specific financing or, should this not exist, the average borrowing rate of Company. Interest expenses are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as in the case of delays, interruptions, or temporary suspension of the project due to technical, financial, or other issues.
- (b) Future costs the Company will incur related to the closure of its facilities at the end of their useful life are recorded at the present value of expected future disbursements required to settle the obligation.

Construction-in-progress is transferred to property, plant and equipment in operation once the assets are available for their intended use and the related depreciation and amortization begins on that date.

Extension, modernization or improvement costs that represent an increase in productive, capacity or efficiency, or an extension of the useful lives of property, plant and equipment are capitalized as a an increase in the cost of the related assets. All maintenance, preservation and repair expenses are charged to expense as incurred.

Property, plant and equipment components are depreciated using the straight-line method over estimated useful lives. When components of property, plant and equipment have different useful lives, these components are recorded and depreciated separately. The useful lives are reviewed annually and revised as necessary. The useful lives used for the depreciation and amortization of assets included in property, plant and equipment are presented below.

**Note 3 – Significant accounting policies (continued)**

| Types of property, plant and equipment | Life minimum | Life maximum |
|-----------------------------------------------|-------------------------|-------------------------|
| Buildings | 3 | 60 |
| Plant and equipment | 3 | 35 |
| Information technology equipment | 3 | 10 |
| Fixtures and fittings | 3 | 35 |
| Moto vehicles | 5 | 10 |
| Other property, plant and equipment | 2 | 30 |

Gains or losses generated from the sale or disposal of property, plant and equipment are recognized as income (or loss) in the period and calculated as the difference between the asset's net sales value and its carrying value.

The Company obtains property rights and mining concessions from the Chilean Ministry of Mining. Property rights are generally obtained through payment of mining licenses and minor registration expenses, along with annual license fees. Annual license fees are recorded as prepaid expenses and amortized over their twelve month effective period. Amounts attributable to mining concessions acquired from third parties, which are not from the Chilean State, are recorded at their acquisition cost.

3.8 Impairment of non-financial assets

Assets subject to depreciation and amortization are reviewed for impairment whenever events or changes circumstances indicate that the carrying value may not be recoverable. For purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. An impairment loss is recognized for the excess of the carrying value of the asset over its recoverable amount. The recoverable amount of an asset is the higher between the fair value of an asset or CGU, less selling costs and its value in use. Assets other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.9 Financial liabilities

The Company classifies its financial liabilities under the following categories: at fair value through profit or loss, trade payables, interest-bearing loans, or derivatives designated as hedging instruments. Management determines the classification of its financial liabilities at the time of initial recognition.

Financial debt obligations are recorded at face value and as non-current when their maturity is greater than 12 months and as current when maturity is less than twelve months. Interest expenses is recognized in profit and loss when incurred.

Financial liabilities are derecognized when the obligation is repaid, settled or expires.



Note 3 – Significant accounting policies (continued)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value when these are held for trading or designated in their initial recognition at fair value through profit or loss. This category includes derivative instruments not designated for hedge accounting.

(b) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are initially recognized at fair value and are subsequently stated at their amortized cost using the effective interest rate method.

(c) Interest-bearing loans

Loans are initially recognized at fair value and are subsequently stated at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes transaction costs which are an integral part of the effective interest rate.

3.10 Current and deferred taxes

Corporate income tax for the year is determined as the aggregate of current taxes from all of the consolidated companies. Current taxes are calculated on the basis of the tax laws enacted or substantively enacted as of the Statement of Financial Position in the countries where the Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognized using the liability method on temporary differences arising between the tax basis for assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income taxes are calculated using the tax rates expected to be applicable when the assets are realized or the liabilities are settled.

In conformity with current Chilean tax regulations, the provision for corporate income tax and taxes on mining activity is recognized on an accrual basis, presenting the net balances of accumulated monthly tax provisional payments for the fiscal period and associated credits. The balances of these accounts are presented in current income taxes recoverable or current taxes payable, as applicable.

Tax on companies and variations in deferred tax assets or liabilities that are not the result of business combinations are recorded in statement of income accounts or equity accounts in the Consolidated Statement of Financial Position, considering the origin of the gains or losses which have generated them.



Note 3 – Significant accounting policies (continued)

The carrying value of deferred tax assets has been reviewed and reduced to the extent there will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, deferred tax assets that are not recognized were evaluated and not recognized if it was not more likely than not, that future taxable income will not allow for recovery of the deferred tax asset.

With respect to deductible temporary differences associated with investments in subsidiaries, associated companies and interest in joint ventures, deferred tax assets are recognized solely provided that it is more likely than not that the temporary differences will be reversed in the near future and that there will be taxable income with which they may be used.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority, and there is intention to settle the balances on a net basis.

3.11 Obligations related to employee termination benefits and pension commitments

Obligations to the Company's employees are established in accordance with agreements in force and formalized through collective employment agreements and individual employment contracts. In the case of certain United States employees, benefit obligations are in accordance with a defined benefit pension plan, which was terminated in 2002. Liabilities for these obligations are recognized in the Statement of Financial Position using values established by actuarial calculations, which consider various assumptions including mortality rates, employee turnover, interest rates, retirement dates, future salary increases, and inflation.

Actuarial gains and losses generated by changes in previously defined obligations are directly recorded in profit or loss for the year. Actuarial gains and losses and gains resulting from differences between the estimate and actual behavior of the actuarial assumptions are recorded in equity in other comprehensive in the period in which they arise.

3.12 Share based payments

The Company has a cash settled shared based payment plan whereby executives and senior management receive cash payments based on changes in the Company's share price over a vesting period. The fair value of the vested portion of the awards is recorded as a liability and premeasured each reporting period using a Black Scholes model. Changes in the fair value of the awards are recorded directly to profit and loss for the period.



Note 3 – Significant accounting policies (continued)

3.13 Other provisions

Provisions are recognized for environmental restoration, legal claims and other matters when the Company has a present legal or constructive obligation as the result of a past event; its probable that resources must be used to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to required to settle the obligation using pretax discount rate that reflects the liability's specific risks. The increase in the provision over time is recognized as a finance cost.

3.14 Revenue recognition

Revenue includes the fair value of considerations received or receivable for the sale of goods and services. Revenue is presented net of value added tax and rebates and discounts. Revenue is recognized when its amount can be reliably measured, it is probable that the future economic benefits will flow to the Company, and the specific conditions for each type of revenue related activity have been met, as follows:

(a) Sale of goods

Sales of goods are recognized when the Company has delivered products to the customer, the customer has total discretion on the distribution channel and the price at which products are sold and there is no obligation pending compliance that could affect the acceptance of products by the customer. The delivery does not occur until products have been shipped to the customer or confirmed as received by customers when the related risks of obsolescence and loss have been transferred to the customer and the customer has accepted products in accordance with the conditions established in the sale, the acceptance period has ended, or there is objective evidence that those criteria required for acceptance have been met.

Sales are recognized in consideration of the price set in the sales agreement, net of volume discounts and other credits at the date of the sale. Volume discounts are evaluated in consideration of annual foreseen purchases and in accordance with the criteria defined in agreements.

(b) Sales of services

Revenue associated with the rendering of services consist primary of rental income and related services provided, and is recognized considering the degree of completion of the service as of each reporting date provided that the results can be reliably estimated.



Note 3 – Significant accounting policies (continued)

3.15 Exploration expenses

Exploration expenses are capitalized pending determination of the economic viability. Exploration expenses related to non economically minable reserves are charged to expense. Exploration expenses associated with the future development of economically mineable mineral reserves are capitalized as other non-financial assets until such time as mined. Expenses associated with mineral reserves in development are reclassified to Inventory and amortized according to the estimated mineral content.

3.16 Research and development costs

Research and development costs are expensed in the period incurred, with the exception of property, plant and equipment acquired for use in research and development activities.

3.17 Environmental expenditures

Amounts incurred for environmental protection and improvement as recorded as environmental expenses in profit and loss. The cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment and capitalized as such.

3.18 Minimum dividend

According to the Chilean Corporations Act, a publicly traded corporation must pay dividends according to the policy decided at the General Shareholders' Meeting each year, with a minimum of 30% of the net income for the year if the corporation does not have unabsorbed accumulated deficit from prior years, unless it otherwise decided by unanimous vote of the shareholders.

3.19 Earnings per share

Basic earnings per share is calculated by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company has not conducted any type of operation, which would give rise to a potential dilutive effect on its earnings per share.

There have been no significant changes in accounting policies during 2012.



Note 4 – Financial risk management

4.1 Risk Management Policy

The Financial Risk Management Policy of the Company is oriented towards safeguarding the stability and sustainability of Sociedad Química y Minera de Chile S.A. and subsidiaries in relation to all such relevant financial uncertainty.

The operations of the Company are subject to certain financial risk factors that may affect the financial position results of operations or cash flow. Among these risks, the most relevant are market risk, liquidity risk, foreign exchange rate risk, bad debt risk, and interest rate risk.

There may be additional unknown risks or other known risks that might also affect the commercial operations, the business, the financial position or the results of the Company, but the Company believes at this time they are not significant.

The financial risk management structure includes identifying, determining, analyzing, quantifying, measuring and controlling these events. Management, in particular Finance Management, is responsible for constantly assessing the financial risk. The Company uses derivatives to hedge a significant portion of these risks.

4.2 Risk Factors

4.2.1 Market Risk

Market risks are those uncertainties associated with fluctuations of market variables that affect the assets and liabilities of the Company, such as:

a) Country risk

The economic position of the countries where the Company has a presence may affect its financial position. For example, the sales carried out in emerging markets expose SQM to risks related to economic conditions and trends in those countries. On the other hand, inventories may also be affected by the economic situation of these countries and/ or the global economy, amongst other probable economic impacts.

b) Price volatility risk

The prices of the products of the Company are affected by the fluctuations of international prices of fertilizers and chemical products and changes in productive capacities or market demand, all of which might affect the Company's business, financial condition and operational results.



Note 4 – Financial Risk Management (Continued)

c) Commodities price risk

The Company is exposed to changes in the prices of raw materials and energy which may have an impact on its production costs, thus giving rise to instability in the results.

At present, the Company has direct annual expenses of approximately US\$130 million related to oil related products, natural gas and equivalents, and approximately US\$60 million for electricity. Variations of 10% in the prices of energy the Company requires to operate would involve in the short term movement of costs amounting to US\$19 million.

4.2.2 Uncollectible Accounts Risks

A contraction of the global economy and the potentially negative effects in the financial position of the Company's clients may extend the accounts receivable collection time for SQM, increasing the Company bad debt exposure. While measures have been taken in order to minimize this risk, the global economy may trigger losses that might have a material adverse effect on the business, financial position or the results of the Company's operations.

To mitigate these risks, SQM actively controls debt collections and uses measures such as, credit insurance, letters of credit, and prepayments with regard to certain accounts receivable.

4.2.3 Foreign Exchange Risk

As a result of its influence in the determination of prices, its relationship with costs of sales, and since a significant part of our business is carried out in U.S. Dollars, the functional currency of SQM is the U.S. Dollar. However, the global business activities of the Company expose it to foreign exchange fluctuations of several currencies with respect to the U.S. Dollar. Therefore, SQM has derivate contracts to mitigate the exposure of its main balance mismatches (net assets) in currencies other than the U.S. Dollar against foreign exchange fluctuations. Those contracts are periodically updated depending upon the mismatch amount to be covered in these currencies.

A significant portion of the costs of the Company, particularly wages, is related to the Chilean Peso. Therefore, an increase or decrease in the exchange rate against the U.S. Dollar would affect the net income of SQM. At December 31, 2012, approximately US\$440 million of the costs of the Company are related to the Chilean Peso. A significant portion of the effect of such obligations in the balance is covered derivatives that hedge the mismatch of balance in this currency.

At December 31, 2011, the Company had outstanding derivative instruments designated as hedging currency and interest rate risks associated with all Chilean Peso and UF denominated bond obligations, with a fair value of US\$ 56.1 million. As of December 31, 2012, the fair value was US\$100.6 million, in each case in favor of SQM.



Note 4 – Financial Risk Management, Objectives and Policies (continued)

On December 31, 2012, the Chilean Peso to U.S. Dollar exchange rate was Ch\$ 479.96 for US\$ 1.00 and at December 31, 2011 it was Ch\$ 519.20 for US\$ 1.00.

4.2.4 Interest rate risk

Interest rate fluctuations, due to the uncertain future behavior of markets, may have a material impact on the financial results of the Company.

The Company has short and long term debts valued at LIBOR plus a spread. The Company is partially exposed to fluctuations of this rate, as SQM currently holds derivative instruments to hedge a portion of its liabilities subject to LIBOR rate fluctuations.

As of December 31, 2012, approximately 21% of the Company's current financial obligations were subject to LIBOR rate fluctuation and therefore, significant increases in the rate may impact its financial position. A 100 basis points variation in this rate may trigger variations in financial expenses of approximately US\$3.1 million. Notwithstanding, this effect is significantly counter-balanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of December 31, 2012, the Company's total financial debt is primarily long-term, with 8% of maturities less than 12 months, which decreases the exposure to changes in the interest rates.

**Note 4 – Financial Risk Management, Objectives and Policies (continued)****4.2.5 Liquidity Risk**

Liquidity risk relates to funding requirements to comply with payment obligations. The Company's objective is to keep financial flexibility by comfortably balancing funding requirements and cash flows from the regular business conduct, bank loans, public bonds, short term investments, and negotiable instruments, among others.

The Company has an important capital expense program which is subject to change over time.

On the other hand, world financial markets go through contraction and expansion periods that are not foreseeable in the long term and may affect SQM's access to financial resources. These factors may have a material adverse impact on the business, financial position, and operational results of the Company.

SQM constantly monitors that its obligations and investments match, taking care as part of its financial risk management strategy of the obligations and investments maturities from a conservative perspective. As of December 31, 2012, the Company had non-committed and available working capital bank credit lines for a total of US\$530 million.

The position in other cash and cash equivalents generated by the Company is invested in highly liquid mutual funds which have an AAA risk rating.

4.3 Risk Measurement

The Company has methods to measure the effectiveness and efficiency of corporate risk strategies, both prospectively and retrospectively.

Note 5 – Background of consolidated companies**5.1 Parent's separate assets and liabilities**

The assets and liabilities of the legal entity Sociedad Química y Minera de Chile S.A. before the effects of consolidation consists of the following:

| | 12/31/2012 | 12/31/2011 |
|--------------|-------------------------|-------------------------|
| | ThUS\$ | ThUS\$ |
| Assets | 3,908,259 | 3,626,748 |
| Liabilities | <u>(1,775,476)</u> | <u>(1,813,914)</u> |
| Total | <u>2,132,783</u> | <u>1,812,834</u> |

5.2 Controlling entity

In accordance with the Company's By-Laws, no shareholder can control more than 32% of the Company's voting shares; therefore, there is no controlling shareholder.



Note 5 – Background of consolidated companies (continued)

5.3 Joint arrangements of the controlling interest

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A. and Global Mining Investments (Chile) S.A. together form the Pampa Group, and are the owners of 30.50% of SQM 's issued, subscribed and fully-paid shares as of December 31 2012. Additionally, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada. Kochi S.A. and La Esperanza Delaware Corporation, together the Kowa Group, are the owners of 2.08% of SQM S.A.'s currently issued, subscribed and fully-paid shares as of December 31, 2012.

In December 2006, the Pampa and Kowa groups entered into a joint venture agreement in regards to the management of their ownership of the Company's shares. However, both the Pampa Group and the Kowa Group have informed SQM, the SVS, and the relevant stock markets in Chile and the United States that they are not currently, nor have they ever been, related parties between themselves. Therefore, neither the Pampa Group, nor the Kowa Group individually control more than 32% of the voting right shares of SQM S.A.

Detail of effective concentration

| Tax ID Number | Name | Ownership interest % |
|--------------------------|----------------------------------------------|-----------------------------|
| 96.511.530-7 | Sociedad de Inversiones Pampa Calichera S.A. | 20.35 |
| 96.863.960-9 | Global Mining Investments (Chile) S.A. | 3.34 |
| 76.165.311-5 | Potasios de Chile S.A. | 6.81 |
| Total Pampa Group | | 30.50 |
| 79.798.650-k | Inversiones la Esperanza (Chile) Ltda. | 1.40 |
| 59.046.730-8 | Kowa Co Ltd. | 0.30 |
| 96.518.570-4 | Kochi S.A. | 0.29 |
| 59.023.690-k | La Esperanza Delaware Corporation | 0.09 |
| Total Kowa Group | | 2.08 |



Note 5 – Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries

Financial information as of December 31, 2012 of the companies in which the group exerts control and significant influence is as follows:

| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | 12/31/2012 | | | Assets ThUS\$ | Liabilities ThUS\$ | Total equity ThUS\$ | Net profit (loss) ThUS\$ |
|---------------------------------------------------------------|--------------|--------------------------|---------------------|--------------------|----------|----------|------------------|-----------------------|------------------------|-----------------------------|
| | | | | Ownership interest | | | | | | |
| | | | | Direct | Indirect | Total | | | | |
| SQM Nitratos S.A. | 96.592.190-7 | Chile | US\$ | 99.9999 | 0.0001 | 100.0000 | 735,546 | 534,869 | 200,677 | 148,768 |
| Proinsa Ltda. | 78.053.910-0 | Chile | Chilean peso | - | 60.5800 | 60.5800 | 221 | - | 221 | - |
| SQMC Internacional Ltda. | 86.630.200-6 | Chile | Chilean peso | - | 60.6381 | 60.6381 | 292 | - | 292 | 2 |
| SQM Potasio S.A. | 96.651.060-9 | Chile | US\$ | 99.9974 | - | 99.9999 | 1,149,717 | 14,306 | 1,135,411 | 259,578 |
| Serv. Integrales de Tránsito y Transf. S.A. | 79.770.780-5 | Chile | US\$ | 0.0003 | 99.9997 | 100.0000 | 357,590 | 326,522 | 31,068 | 4,330 |
| Isapre Norte Grande Ltda. | 79.906.120-1 | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 1,527 | 872 | 655 | 263 |
| Ajay SQM Chile S.A. | 96.592.180-K | Chile | US\$ | 51.0000 | - | 51.0000 | 26,262 | 6,226 | 20,036 | 9,980 |
| Almacenes y Depósitos Ltda. | 79.876.080-7 | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 451 | - | 451 | (11) |
| SQM Salar S.A. | 79.626.800-K | Chile | US\$ | 18.1800 | 81.8200 | 100.0000 | 1,611,208 | 464,669 | 1,146,539 | 318,275 |
| SQM Industrial S.A. | 79.947.100-0 | Chile | US\$ | 99.0470 | 0.9530 | 100.0000 | 1,988,068 | 1,070,450 | 917,618 | 93,488 |
| Exploraciones Mineras S.A. | 76.425.380-9 | Chile | US\$ | 0.2691 | 99.7309 | 100.0000 | 31,944 | 4,383 | 27,561 | (236) |
| Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | 76.534.490-5 | Chile | Chilean peso | - | 100.0000 | 100.0000 | 1,037 | 902 | 135 | 17 |
| Soquimich Comercial S.A. | 79.768.170-9 | Chile | US\$ | - | 60.6383 | 60.6383 | 186,462 | 73,470 | 112,992 | 8,555 |
| Comercial Agrorama Ltda. | 76.064.419-6 | Chile | Chilean peso | - | 42.4468 | 42.4468 | 17,208 | 15,996 | 1,212 | (185) |
| Comercial Hydro S.A. | 96.801.610-5 | Chile | Chilean peso | - | 60.6383 | 60.6383 | 8,100 | 230 | 7,870 | 430 |
| Agrorama S.A. | 76.145.229-0 | Chile | Chilean peso | - | 60.6377 | 60.6377 | 14,250 | 14,093 | 157 | 47 |
| SQM North America Corp. | Foreign | United States | US\$ | 40.0000 | 60.0000 | 100.0000 | 319,812 | 284,290 | 35,522 | 23,737 |



Note 5 – Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries, continued

| | | | | 12/31/2012 | | | | | | |
|--------------------------------------|------------|--------------------------|---------------------|--------------------|----------|----------|---------|-------------|--------------|-------------------|
| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | Ownership interest | | | Assets | Liabilities | Total equity | Net profit (loss) |
| | | | | Direct | Indirect | Total | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| RS Agro Chemical Trading A.V.V. | Foreign | Aruba | US\$ | 98.3333 | 1.6667 | 100.0000 | 5,214 | - | 5,214 | (10) |
| Nitratos Naturais do Chile Ltda. | Foreign | Brazil | US\$ | - | 100.0000 | 100.0000 | 290 | 5,005 | (4,715) | (284) |
| Nitrate Corporation of Chile Ltd. | Foreign | United Kingdom | US\$ | - | 100.0000 | 100.0000 | 5,076 | - | 5,076 | - |
| SQM Corporation N.V. | Foreign | Dutch Antilles | US\$ | 0.0002 | 99.9998 | 100.0000 | 86,953 | 3,724 | 83,229 | (3,314) |
| SQM Perú S.A. | Foreign | Peru | US\$ | 0.9800 | 99.0200 | 100.0000 | 904 | 1,214 | (310) | (165) |
| SQM Ecuador S.A. | Foreign | Ecuador | US\$ | 0.0040 | 99.9960 | 100.0000 | 19,419 | 18,065 | 1,354 | 244 |
| SQM Brasil Ltda. | Foreign | Brazil | US\$ | 2.7900 | 97.2100 | 100.0000 | 723 | 942 | (219) | 78 |
| SQI Corporation N.V. | Foreign | Dutch Antilles | US\$ | 0.0159 | 99.9841 | 100.0000 | 17 | 43 | (26) | (8) |
| SQMC Holding Corporation L.L.P. | Foreign | Aruba | US\$ | 0.1000 | 99.9000 | 100.0000 | 24,597 | 1,657 | 22,940 | 2,422 |
| SQM Japan Co. Ltd. | Foreign | Japan | US\$ | 1.0000 | 99.0000 | 100.0000 | 2,476 | 711 | 1,765 | (125) |
| SQM Europe N.V. | Foreign | Belgium | US\$ | 0.8600 | 99.1400 | 100.0000 | 391,590 | 356,719 | 34,871 | (14,928) |
| SQM Italia SRL | Foreign | Italy | US\$ | - | 100.0000 | 100.0000 | 1,360 | 18 | 1,342 | - |
| SQM Indonesia S.A. | Foreign | Indonesia | US\$ | - | 80.0000 | 80.0000 | 5 | 1 | 4 | - |
| North American Trading Company | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 305 | 39 | 266 | - |
| SQM Virginia LLC | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 29,204 | 14,829 | 14,375 | (1) |
| SQM Comercial de México S.A. de C.V. | Foreign | Mexico | US\$ | 0.0013 | 99.9987 | 100.0000 | 79,092 | 55,672 | 23,420 | 3,254 |



Note 5 – Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries, continued

| | | | | 12/31/2012 | | | Assets | Liabilities | Total equity | Net profit (loss) |
|-----------------------------------------------------------------------|------------|--------------------------|---------------------|--------------------|----------|----------|------------------|------------------|------------------|-------------------|
| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | Ownership interest | | | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| | | | | Direct | Indirect | Total | | | | |
| SQM investment Corporation N.V. Royal Seed Trading Corporation A.V.V. | Foreign | Dutch Antilles | US\$ | 1.0000 | 99.0000 | 100.0000 | 64,264 | 40,239 | 24,025 | 743 |
| SQM Lithium Specialties LLP | Foreign | Aruba | US\$ | 1.6700 | 98.3300 | 100.0000 | 242,707 | 253,736 | (11,029) | (2,435) |
| Soquimich SRL Argentina | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 15,785 | 1,265 | 14,520 | (1) |
| Comercial Caimán Internacional S.A. | Foreign | Argentina | US\$ | - | 100.0000 | 100.0000 | 422 | 176 | 246 | (39) |
| SQM France S.A. | Foreign | Panama | US\$ | - | 100.0000 | 100.0000 | 333 | 1,146 | (813) | (58) |
| Administración y Servicios Santiago S.A. de C.V. | Foreign | France | US\$ | - | 100.0000 | 100.0000 | 351 | 114 | 237 | - |
| SQM Nitratos México S.A. de C.V. | Foreign | Mexico | US\$ | - | 100.0000 | 100.0000 | 50 | 811 | (761) | 127 |
| Soquimich European Holding B.V. | Foreign | Mexico | US\$ | - | 51.0000 | 51.0000 | 33 | 23 | 10 | - |
| SQM Iberian S.A. | Foreign | The Netherlands | US\$ | - | 100.0000 | 100.0000 | 179,048 | 102,950 | 76,098 | (4,932) |
| Iodine Minera B.V. | Foreign | Spain | US\$ | - | 100.0000 | 100.0000 | 81,429 | 81,883 | (454) | (2,135) |
| SQM Africa Pty Ltd. | Foreign | The Netherlands | US\$ | - | 100.0000 | 100.0000 | 16,929 | 0 | 16,929 | 3,708 |
| SQM Oceania Pty Ltd. | Foreign | South Africa | US\$ | - | 100.0000 | 100.0000 | 98,127 | 91,370 | 6,757 | (2,921) |
| SQM Agro India Pvt. Ltd. | Foreign | Australia | US\$ | - | 100.0000 | 100.0000 | 5,621 | 1,613 | 4,008 | 755 |
| SQM Beijing Commercial Co. Ltd. | Foreign | India | US\$ | - | 100.0000 | 100.0000 | 18 | 11 | 7 | (38) |
| | Foreign | China | US\$ | - | 100.0000 | 100.0000 | 3,637 | 1,779 | 1,858 | 1,621 |
| Total | | | | | | | 7.805.674 | 3.847.033 | 3.958.641 | 848.596 |



Note 5 – Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries, continued

| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | 12/31/2011 | | | Assets ThUS\$ | Liabilities ThUS\$ | Total equity ThUS\$ | Net profit (loss) ThUS\$ |
|---------------------------------------------------------------|--------------|--------------------------|---------------------|--------------------|----------|----------|------------------|-----------------------|------------------------|-----------------------------|
| | | | | Ownership interest | | | | | | |
| | | | | Direct | Indirect | Total | | | | |
| SQM Nitratos S.A. | 96.592.190-7 | Chile | US\$ | 99.9999 | 0.0001 | 100.0000 | 819,424 | 665,515 | 153,909 | 106,473 |
| Proinsa Ltda. | 78.053.910-0 | Chile | Chilean peso | - | 60.5800 | 60.5800 | 204 | - | 204 | (1) |
| SQMC Internacional Ltda. | 86.630.200-6 | Chile | Chilean peso | - | 60.6381 | 60.6381 | 268 | - | 268 | (4) |
| SQM Potasio S.A. | 96.651.060-9 | Chile | US\$ | 99.9974 | - | 99.9974 | 771,112 | 120,138 | 650,974 | 246,439 |
| Serv. Integrales de Tránsito y Transf. S.A. | 79.770.780-5 | Chile | US\$ | 0.0003 | 99.9997 | 100.0000 | 277,296 | 250,558 | 26,738 | 4,302 |
| Isapre Norte Grande Ltda. | 79.906.120-1 | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 1,127 | 716 | 411 | 28 |
| Ajay SQM Chile S.A. | 96.592.180-K | Chile | US\$ | 51.0000 | - | 51.0000 | 26,977 | 9,855 | 17,122 | 10,066 |
| Almacenes y Depósitos Ltda. | 79.876.080-7 | Chile | Chilean peso | 1.0000 | 99.0000 | 100.0000 | 419 | 1 | 418 | (17) |
| SQM Salar S.A. | 79.626.800-K | Chile | US\$ | 18.1800 | 81.8200 | 100.0000 | 1,438,672 | 610,538 | 828,134 | 286,239 |
| SQM Industrial S.A. | 79.947.100-0 | Chile | US\$ | 99.0470 | 0.9530 | 100.0000 | 1,889,981 | 1,066,598 | 823,383 | 93,062 |
| Minera Nueva Victoria S.A.. | 78.602.530-3 | Chile | US\$ | 99.0000 | 1.0000 | 100.0000 | 112,628 | 4,527 | 108,101 | 4,069 |
| Exploraciones Mineras S.A. | 76.425.380-9 | Chile | US\$ | 0.2691 | 99.7309 | 100.0000 | 31,878 | 4,082 | 27,796 | (207) |
| Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | 76.534.490-5 | Chile | Chilean peso | - | 100.0000 | 100.0000 | 757 | 648 | 109 | (23) |
| Soquimich Comercial S.A. | 79.768.170-9 | Chile | US\$ | - | 60.6383 | 60.6383 | 191,346 | 82,750 | 108,596 | 7,220 |
| Comercial Agrorama Ltda. | 76.064.419-6 | Chile | Chilean peso | - | 42.4468 | 42.4468 | 11,555 | 10,264 | 1,291 | 29 |
| Comercial Hydro S.A. | 96.801.610-5 | Chile | Chilean peso | - | 60.6383 | 60.6383 | 7,681 | 241 | 7,440 | 334 |
| Agrorama S.A. | 76.145.229-0 | Chile | Chilean peso | - | 60.6377 | 60.6377 | 328 | 226 | 102 | (91) |
| SQM North America Corp. | Foreign | United States | US\$ | 40.0000 | 60.0000 | 100.0000 | 188,554 | 176,816 | 11,738 | (19,702) |



Note 5 – Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries, continued

| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | 12/31/2011 | | | Assets ThUS\$ | Liabilities ThUS\$ | Total equity ThUS\$ | Net profit (loss) ThUS\$ |
|--------------------------------------|------------|--------------------------|---------------------|--------------------|----------|----------|------------------|-----------------------|------------------------|-----------------------------|
| | | | | Ownership interest | | | | | | |
| | | | | Direct | Indirect | Total | | | | |
| RS Agro Chemical Trading A.V.V. | Foreign | Aruba | US\$ | 98.3333 | 1.6667 | 100.0000 | 5,224 | - | 5,224 | (4) |
| Nitratos Naturais do Chile Ltda. | Foreign | Brazil | US\$ | - | 100.0000 | 100.0000 | 2,349 | 6,804 | (4,455) | 271 |
| Nitrate Corporation of Chile Ltd. | Foreign | United Kingdom | US\$ | - | 100.0000 | 100.0000 | 5,076 | - | 5,076 | - |
| SQM Corporation N.V. | Foreign | Dutch Antilles | US\$ | 0.0002 | 99.9998 | 100.0000 | 89,469 | 3,715 | 85,754 | 40,340 |
| SQM Perú S.A. | Foreign | Peru | US\$ | 0.9800 | 99.0200 | 100.0000 | 6,466 | 6,611 | (145) | (759) |
| SQM Ecuador S.A. | Foreign | Ecuador | US\$ | 0.0040 | 99.9960 | 100.0000 | 9,724 | 9,176 | 548 | (83) |
| SQM Brasil Ltda. | Foreign | Brazil | US\$ | 2.7900 | 97.2100 | 100.0000 | 354 | 1,050 | (696) | 113 |
| SQI Corporation N.V. | Foreign | Dutch Antilles | US\$ | 0.0159 | 99.9841 | 100.0000 | 17 | 36 | (19) | 6 |
| SQMC Holding Corporation L.L.P. | Foreign | Aruba | US\$ | 0.1000 | 99.9000 | 100.0000 | 21,131 | 614 | 20,517 | 10,926 |
| SQM Japan Co. Ltd. | Foreign | Japan | US\$ | 1.0000 | 99.0000 | 100.0000 | 2,968 | 1,078 | 1,890 | 518 |
| SQM Europe N.V. | Foreign | Belgium | US\$ | 0.8600 | 99.1400 | 100.0000 | 430,994 | 393,419 | 37,575 | 20,135 |
| SQM Italia SRL | Foreign | Italy | US\$ | - | 100.0000 | 100.0000 | 1,333 | 17 | 1,316 | - |
| SQM Indonesia S.A. | Foreign | Indonesia | US\$ | - | 80.0000 | 80.0000 | 5 | 1 | 4 | (1) |
| North American Trading Company | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 306 | 39 | 267 | - |
| SQM Virginia LLC | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 29,207 | 14,830 | 14,377 | (3) |
| SQM Comercial de México S.A. de C.V. | Foreign | Mexico | US\$ | 0.0013 | 99.9987 | 100.0000 | 68,572 | 48,406 | 20,166 | (1,061) |



Note 5– Background of consolidated companies (continued)

5.4 Information on consolidated subsidiaries, continued

| 12/31/2011 | | | | | | | | | | |
|--------------------------------------------------|------------|--------------------------|---------------------|--------------------|----------|----------|------------------|------------------|------------------|-------------------|
| Subsidiary | Tax ID No. | Country of incorporation | Functional currency | Ownership interest | | | Assets | Liabilities | Total equity | Net profit (loss) |
| | | | | Direct | Indirect | Total | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| SQM investment Corporation N.V. | Foreign | Dutch Antilles | US\$ | 1.0000 | 99.0000 | 100.0000 | 65,123 | 41,991 | 23,132 | 1,887 |
| Royal Seed Trading Corporation A.V.V. | Foreign | Aruba | US\$ | 1.6700 | 98.3300 | 100.0000 | 196,735 | 203,543 | (6,808) | 1,251 |
| SQM Lithium Specialties LLP | Foreign | United States | US\$ | - | 100.0000 | 100.0000 | 15,785 | 1,264 | 14,521 | (3) |
| Soquimich SRL Argentina | Foreign | Argentina | US\$ | - | 100.0000 | 100.0000 | 429 | 144 | 285 | (78) |
| Comercial Caimán Internacional S.A. | Foreign | Panama | US\$ | - | 100.0000 | 100.0000 | 477 | 1,232 | (755) | (14) |
| SQM France S.A. | Foreign | France | US\$ | - | 100.0000 | 100.0000 | 351 | 114 | 237 | - |
| Administración y Servicios Santiago S.A. de C.V. | Foreign | Mexico | US\$ | - | 100.0000 | 100.0000 | 13 | 915 | (902) | 100 |
| SQM Nitratos México S.A. de C.V. | Foreign | Mexico | US\$ | - | 51.0000 | 51.0000 | 27 | 17 | 10 | - |
| Soquimich European Holding B.V. | Foreign | The Netherlands | US\$ | - | 100.0000 | 100.0000 | 153,211 | 72,969 | 80,242 | 38,850 |
| SQM Iberian S.A. | Foreign | Spain | US\$ | - | 100.0000 | 100.0000 | 27,225 | 25,638 | 1,587 | 258 |
| Iodine Minera B.V. | Foreign | The Netherlands | US\$ | - | 100.0000 | 100.0000 | 13,228 | 7 | 13,221 | 3,100 |
| SQM Africa Pty Ltd. | Foreign | South Africa | US\$ | - | 100.0000 | 100.0000 | 62,335 | 52,657 | 9,678 | 7,821 |
| SQM Venezuela S.A. | Foreign | Venezuela | US\$ | - | 100.0000 | 100.0000 | 5 | 328 | (323) | (157) |
| SQM Oceania Pty Ltd. | Foreign | Australia | US\$ | - | 100.0000 | 100.0000 | 4,349 | 1,042 | 3,307 | 2,372 |
| SQM Agro India Pvt. Ltd. | Foreign | India | US\$ | - | 100.0000 | 100.0000 | 63 | 18 | 45 | (27) |
| SQM Beijing Commercial Co. Ltd. | Foreign | China | US\$ | - | 100.0000 | 100.0000 | 2,147 | 1,910 | 237 | 140 |
| Total | | | | | | | 6,984,905 | 3,893,058 | 3,091,847 | 864,114 |



Note 5 – Background of consolidated companies (continued)

5.5 Detail of transactions between consolidated companies

a) Transactions conducted in 2012

On November 30, 2012, SQM transferred its 99% ownership interest in Minera Nueva Victoria Limitada to SQM Potasio S.A., which resulted in SQM Potasio S.A. owning 100% of the outstanding shares in this entity. Subsequent to this transaction, the assets and liabilities of Minera Nueva Victoria Limitada were absorbed into SQM Potasio S.A. resulting in the legal dissolution of Minera Victoria Limitada.

b) Transactions conducted in 2011

On April 7, 2011, Agrorama S.A. was incorporated with an ownership interest of Soquimich Comercial S.A. of 99.999% and by Sociedad Productora de Insumos Agrícolas Ltda. of 0.001%. This new company will have share capital of ThCh\$100.000 (ThUS\$211), its lifespan will be indefinite and its line of business will be the trading and distribution of fertilizers, pesticides and agricultural products or supplies.

In August and September of 2011, SQM Industrial S.A. made capital contributions totaling ThUS\$22,017 in its subsidiary SQMC Mexico S.A. de CV. increasing its ownership interest to 99.8739% .

In September 2011, Soquimich European Holding B.V., acquired from its associate, Nutrisi Holding N.V. a 66.6% ownership interest in Fertilizantes Naturales S.A. for ThUS\$3,179.

In December, 2011, Comercial Agrorama Callegari Ltda. changed its name to “Comercial Agrorama Limitada” and Fertilizantes Naturales S.A. changed its name to “SQM Iberian S.A.”

In December 2011, Soquimich European Holding B.V. sold its 50% ownership interest in Nutrisi Holding N.V. for ThUS\$5,736.



Note 6 – Cash and cash equivalents

6.1 Cash and cash equivalents

Cash and cash equivalents consist of the following:

| a) Cash | 12/31/2012 | 12/31/2011 |
|----------------------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Cash on hand | 90 | 73 |
| Cash in banks | 41,541 | 34,659 |
| Other demand deposits | 833 | 3,291 |
| Total cash | 42,464 | 38,023 |
| | | |
| b) Cash equivalents | 12/31/2012 | 12/31/2011 |
| | ThUS\$ | ThUS\$ |
| Short-term deposits | 139,943 | 263,396 |
| Short-term investments | 141,946 | 143,573 |
| Total cash equivalents | 281,889 | 406,969 |
| | | |
| Total cash and cash equivalents | 324,353 | 444,992 |

6.2 Short-term investments, classified as cash equivalents

Short-term investments consist of the following investments in USD short-term fixed rate liquidity funds:

| Institution | 12/31/2012 | 12/31/2011 |
|----------------------------------------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Legg Mason - Western Asset Institutional Liquid Reserves | 47,408 | 47,162 |
| BlackRock - Institutional cash series PLC | 47,490 | 48,025 |
| JP Morgan USD Dollar Liquidity Fund Institutional | 47,048 | 48,386 |
| Total | 141,946 | 143,573 |



Note 6 – Cash and cash equivalents (continued)

6.3 Information on cash and cash equivalents by currency

Cash and cash equivalents classified by currency consist of the following:

| Original currency | 12/31/2012 | 12/31/2011 |
|--------------------|----------------|----------------|
| | ThUS\$ | ThUS\$ |
| U.S. Dollar | 234,166 | 308,631 |
| Chilean Peso (*) | 76,712 | 125,118 |
| South African Rand | 7,421 | 5,450 |
| Euro | 3,601 | 3,070 |
| All other | 2,453 | 2,723 |
| Total | 324.353 | 444,992 |

(*) The Company maintains financial derivative policies to convert CLP (Chilean Peso) term deposits in into U.S. Dollars.

6.4 Amount of significant restricted or (unavailable) cash balances

Cash on hand and in current bank accounts are available resources, and their carrying value is equal to their fair value.

Except as disclosed in note 9.8, there were no significant cash balances with any type of restriction at December 31, 2012 and 2011.



Note 6 – Cash and cash equivalents (continued)

6.5 Short-term deposits, classified as cash equivalents

The detail at the end of each period is as follows:

| Receiver of the deposit | Type of deposit | Original Currency | Interest rate | Placement date | Expiration date | Principal ThUS\$ | Interest accrued to-date ThUS\$ | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|-----------------------------|-----------------|-------------------|---------------|----------------|-----------------|------------------|---------------------------------|-------------------|-------------------|
| Banco Crédito e Inversiones | Fixed term | Chilean peso | 0,49 | 12/10/2012 | 01/17/2013 | 25.290 | 87 | 25.377 | 9.677 |
| Banco Crédito e Inversiones | Fixed term | Chilean peso | 0,50 | 12/07/2012 | 02/07/2013 | 12.299 | 49 | 12.348 | 9.676 |
| Banco Crédito e Inversiones | - | - | - | - | - | - | - | - | 25.209 |
| Banco Crédito e Inversiones | - | - | - | - | - | - | - | - | 20.010 |
| Banco Crédito e Inversiones | - | - | - | - | - | - | - | - | 20.531 |
| Banco Crédito e Inversiones | - | - | - | - | - | - | - | - | 20.011 |
| Banco Crédito e Inversiones | - | - | - | - | - | - | - | - | 20.014 |
| Banco Santander-Santiago | Fixed term | Chilean peso | 0,49 | 12/06/2012 | 01/03/2013 | 11.609 | 47 | 11.656 | 12.093 |
| Banco Santander-Santiago | Fixed term | Chilean peso | 0,49 | 12/06/2012 | 01/03/2013 | 7.493 | 30 | 7.523 | 20.110 |
| Banco Santander-Santiago | Fixed term | Chilean peso | 0,45 | 12/28/2012 | 01/10/2013 | 6.252 | 3 | 6.255 | 20.110 |
| Banco Santander-Santiago | Fixed term | US\$ | 1,12 | 12/07/2012 | 02/07/2013 | 8.005 | 6 | 8.011 | 20.110 |
| Banco Santander-Santiago | Fixed term | US\$ | 0,70 | 12/21/2012 | 01/07/2013 | 3.500 | 1 | 3.501 | 3.001 |
| Banco Santander Santiago | Fixed term | US\$ | 0,70 | 12/21/2012 | 01/07/2013 | 3.500 | 1 | 3.501 | - |
| Citibank New – York | Overnight | US\$ | 0,01 | 12/31/2012 | 12/01/2013 | 20.146 | - | 20.146 | 115 |
| Citibank New – York | Overnight | US\$ | 0,01 | 12/31/2012 | 01/01/2013 | 1.181 | - | 1.181 | 1.586 |
| Citibank New – York | Overnight | US\$ | 0,01 | 12/31/2012 | 01/01/2013 | 17.256 | - | 17.256 | - |
| Citibank New – York | Overnight | US\$ | 0,01 | 12/31/2012 | 01/03/2013 | 10.605 | - | 10.605 | - |
| Citibank New – York | Overnight | US\$ | 0,01 | 12/31/2012 | 01/02/2013 | 2.582 | - | 2.582 | - |
| Corpbanca | Fixed term | Chilean peso | 0,53 | 12/26/2012 | 02/01/2013 | 9.990 | - | 9.999 | 16.043 |
| Corpbanca | - | - | - | - | - | - | - | - | 20.016 |
| Corpbanca | - | - | - | - | - | - | - | - | 10.032 |
| Corpbanca | - | - | - | - | - | - | - | - | 10.008 |
| IDBI Bank | - | - | - | - | - | - | - | - | 2 |
| Banco BBVA Chile | Fixed term | Indian rupee | - | 12/31/2012 | 01/31/2013 | 2 | - | 2 | 5.042 |



Note 6 – Cash and cash equivalents (continued)

6.5 Short-term deposits, classified as cash equivalents, continued

The detail at the end of each period is as follows:

| Receiver of the deposit | Type of Deposit | Original Currency | Interest rate | Placement date | Expiration date | Principal ThUS\$ | Interest accrued to-date ThUS\$ | 12.31.2012 ThUS\$ | 12.31.2011 ThUS\$ |
|-------------------------|-----------------|-------------------|---------------|----------------|-----------------|---------------------|---------------------------------------|----------------------|----------------------|
| Corpbanca | Fixed term | US Dollar | 1.30 | 10/18/2011 | 01/11/2012 | 16,000 | 43 | - | - |
| Corpbanca | Fixed term | US Dollar | 2.60 | 12/20/2011 | 01/19/2012 | 20,000 | 16 | - | - |
| Corpbanca | Fixed term | US Dollar | 2.75 | 12/21/2011 | 01/25/2012 | 10,024 | 8 | - | - |
| Corpbanca | Fixed term | US Dollar | 2.75 | 12/21/2011 | 01/25/2012 | 10,000 | 8 | - | - |
| IDBI Bank | Fixed term | Rupia Hindú | - | 12/31/2011 | 01/31/2012 | 2 | - | - | - |
| Total | | | | | | | | 139,943 | 263,396 |

**Note 7 - Inventory**

Inventory consists of the following:

| Type of inventory | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|--------------------------|------------------------------|------------------------------|
| Raw materials | 8,675 | 10,111 |
| Supplies for production | 37,919 | 31,602 |
| Products-in-progress | 411,039 | 356,038 |
| Finished products | 438,603 | 346,651 |
| Total | <u>896,236</u> | <u>744,402</u> |

Inventory reserves recognized as of December 31, 2012 and 2011 amounted to ThUS\$72,687 and ThUS\$58,220, respectively. Inventory reserves have been made based on a technical studies covering different variables affecting products in stock such as density, humidity, and others. Reserves are also recognized for lower of cost or market assessments, and for differences that arise from inventory counts.

Reserves by inventory class are as follows:

| Type of inventory | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|----------------------------------|------------------------------|------------------------------|
| Raw material reserves | 93 | 593 |
| Supplies for production reserves | 500 | 500 |
| Products-in-progress reserves | 46,635 | 33,811 |
| Finished product reserves | 25,459 | 23,316 |
| Total | <u>72,687</u> | <u>58,220</u> |

The Company has not pledged inventory as collateral for the periods indicated above.



Note 8 – Related party disclosures

8.1 Related party disclosures

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties. The Company has not recorded any impairment in accounts receivable related to amounts owed by related parties based on evaluations conducted each reporting period through an examination of the financial position of the related party in the market in which they operate.

8.2 Detailed identification of the link between the company and its related parties

Details of the Company's related parties is as follows:

| Tax ID no. | Name | Country of origin | Functional currency | Nature |
|--------------|-------------------------------------------------|----------------------|----------------------|-----------------------------------------|
| 77.557.430-5 | Sales de Magnesio Ltda. | Chile | Chilean peso | Associate |
| | | United Arab Emirates | | Associate |
| Foreign | Abu Dhabi Fertilizer Industries WWL | Emirates | Arab Emirates dirham | Associate |
| Foreign | Doktor Tarsa Tarim Sanayi AS | Turkey | Turkish lira | Associate |
| Foreign | Ajay North America | United States | US\$ | Associate |
| Foreign | Ajay Europe SARL | France | Euro | Associate |
| Foreign | SQM Eastmed Turkey | Turkey | Euro | Associate |
| Foreign | SQM Thailand Co. Ltd. | Thailand | Bath Tailandés | Associate |
| | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China | US\$ | Joint business |
| Foreign | Coromandel SQM | India | Indian rupee | Joint business |
| Foreign | SQM Vitas Fzco. | United Arab Emirates | Arab Emirates dirham | Joint business |
| Foreign | SQM Star Qingdao Crop Nutrition Co., Ltd. | China | US\$ | Joint business |
| Foreign | Kowa Company Ltd. | Japan | US\$ | Other related parties |
| 96.511.530-7 | Sociedad de Inversiones Pampa Calichera | Chile | US\$ | Other related parties |
| 79.049.778-9 | Callegari Agricola S.A. | Chile | Chilean peso | Other related parties |
| Foreign | Coromandel Internacional | India | Indian rupee | Other related parties |
| Foreign | Vitas Roullier SAS | France | Euro | Other related parties |
| Foreign | SQM Vitas Brasil Agroindustria | Brazil | US\$ | Joint business or significant influence |
| Foreign | SQM Vitas Perú S.A.C. | Peru | US\$ | Joint business or significant influence |
| Foreigning | SQM Vitas Southem Africa Pty. | South Africa | US\$ | Joint business or significant influence |
| Foreign | Misr Speciality Fertilizers(*) | Egypt | Egyptian pound | Associate |
| Foreign | NU3 N.V. (a) | Belgium | Euro | Associate |
| Foreign | NU3 B.V. (a) | The Netherlands | Euro | Associate |

A detail listing of the Company's subsidiaries is provided in note 5.4.



Note 8 – Related party disclosures (continued)

8.2 Detail of related parties and transactions with related parties

Transactions between the Parent (SQM S.A) and its subsidiaries are part of the Company's common transactions. Their conditions are those customary for this type of transactions in respect of terms and market prices. In addition, these have been eliminated in consolidation and are not detailed in this note.

Maturity terms for each case vary by virtue of the transaction giving rise to them.

As of December 31, 2012, 2011 and 2010, there were no allowances for doubtful accounts related to balances pending of transactions with related parties as there was no impairment to them.

Set forth below are the transactions with related parties as of December 31, 2012, 2011 and 2010.

| Tax ID No. | Company | Nature | Country of origin | Transaction | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|------------|-------------------------------------|-----------|----------------------|------------------|----------------------|----------------------|----------------------|
| Foreign | Doktor Tarsa Tarim Sanayi As | Associate | Turkey | Sale of products | 9,587 | 26,748 | 12,460 |
| Foreign | Ajay Europe S.A.R.L. | Associate | France | Sale of products | 37,232 | 27,743 | 22,150 |
| Foreign | Ajay Europe S.A.R.L. | Associate | France | Dividends | 3,564 | 824 | 628 |
| Foreign | Ajay North America LLC. | Associate | United States | Sale of products | 42,081 | 47,501 | 35,502 |
| Foreign | Ajay North America LLC. | Associate | United States | Dividends | 10,175 | 1,499 | |
| Foreign | Abu Dhabi Fertilizer Industries WWL | Associate | United Arab Emirates | Sale of products | 6,285 | 8,234 | 12,384 |
| Foreign | Abu Dhabi Fertilizer Industries WWL | Associate | United Arab Emirates | Dividends | 525 | - | - |
| Foreign | NU3 B.V. | Associate | The Netherlands | Sale of products | - | 15,708 | 12,921 |
| Foreign | NU3 B.V. | Associate | The Netherlands | Services sales | - | - | 102 |
| Foreign | NU3 N.V. | Associate | Belgium | Sale of products | - | 9,993 | 12,590 |
| Foreign | SQM Thailand Co. Ltd. | Associate | Thailand | Sale of products | 10,203 | 7,355 | 1,613 |
| Foreign | Misr Speciality Fertilizers | Associate | Egypt | Sale of products | - | - | 502 |

Note 8 – Related party disclosures (continued)



Notes to the consolidated financial statements as of December 31 2012

8.2 Detail of related parties and transactions with related parties, continued

| Tax ID No. | Company | Nature | Country of origin | Transaction | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|--------------|-------------------------------------------------|----------------------------------------|----------------------|------------------|----------------------|----------------------|----------------------|
| Foreign | SQM Thailand Co. Ltd. | Associate | Thailand | Dividends | 11 | - | - |
| 77.557.430-5 | Sales de Magnesio Ltda. | Associate | Chile | Sale of products | 1,472 | - | 834 |
| 77.557.430-5 | Sales de Magnesio Ltda. | Associate | Chile | Dividends | 1,052 | 491 | - |
| 77.557.430-5 | Sales de Magnesio Ltda. | Associate | Chile | Services sales | - | - | 353 |
| Foreign | Kowa Company Ltd. | Other related parties | Japan | Sale of products | 123,581 | 138,818 | 94,611 |
| 78.062.420-5 | Minera Saskatchewan Ltda. (PCS) | Other related parties | Chile | Services sales | - | - | 423 |
| Foreign | SQM Vitas Brasil Agroindustria | Joint control or significant influence | Brazil | Sale of products | 40,518 | 34,514 | - |
| Foreign | SQM Vitas Perú S.A.C. | Joint control or significant influence | Peru | Sale of products | 26,123 | 13,608 | - |
| Foreign | SQM Vitas Southern Africa Pty. | Joint control or significant influence | South Africa | Sale of products | 10,930 | 2,287 | - |
| Foreign | SQM Vitas Fzco. | Joint venture | United Arab Emirates | Sale of products | 120 | 1,562 | - |
| Foreign | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | Joint Venture | China | Services sales | 62 | - | - |
| Foreign | Coromandel SQM | Joint Venture | India | Sale of products | 2,300 | - | - |



Note 8 – Related party disclosures (continued)

8.3 Trade receivables due from related parties, current:

| Tax ID No. | Name | Nature | Country of origin | Currency | 12/31/2012 | 12/31/2011 |
|----------------------|----------------------------------------------------------------------------------|--------------------------------------------|----------------------|----------------------|----------------|----------------|
| | | | | | ThUS\$ | ThUS\$ |
| 77.557.430-5 | Sales de Magnesio Ltda. | Associate | Chile | Chilean peso | 303 | 685 |
| Foreign | SQM Thailand Co. Ltd. | Associate | Thailand | US\$ | 6,098 | 5,521 |
| Foreign | Doktor Tarsa Tarim Sanayi AS | Associate | Turkey | US\$ | - | 3,899 |
| Foreign | Ajay Europe S.A.R. L. | Associate | France | US\$ | 4,775 | 4,603 |
| Foreign | Ajay North America LLC. | Associate | United States | US\$ | 4,633 | 7,387 |
| Foreign | Abu Dhabi Fertilizer Industries WWL | Associate | United Arab Emirates | US\$ | 1,805 | 4,587 |
| Foreign | Misr Speciality Fertilizers | Associate | Egypt | US\$ | - | 199 |
| Foreign | Kowa Company Ltd. | Jointly controlled entity | Japan | US\$ | 29,929 | 44,188 |
| 96.511.530-7 | Soc.de Inversiones Pampa Calichera SQM Star Qingdao Corp Nutrition Co. Ltd | Jointly controlled entity Joint venture | Chile China | US\$ US\$ | 8 27 | 8 71 |
| Foreign | SQM Vitas Brasil Agroindustria | Joint venture | Brazil | US\$ | 27,903 | 27,523 |
| Foreign | SQM Vitas Perú S.A.C. | Joint venture | Peru | US\$ | 18,143 | 17,534 |
| Foreign | SQM Vitas Southern Africa PTY | Joint venture | South Africa | US\$ | 1,478 | 597 |
| Foreign | Coromandel SQM Sichuan SQM Migao Chemical Fertilizers Co Ltda. | Joint venture Joint venture | India China | Indian rupee US\$ | 756 4,000 | 23 - |
| 79.049.778-9 | Callegari Agrícola S.A. | Other related parties | Chile | Chilean peso | 844 | 314 |
| Foreign | Coromandel Internacional | Other related parties | India | Indian rupee | 670 | - |
| Total to-date | | | | | 101,372 | 117,139 |



Note 8 – Related party disclosures (continued)

8.3 Trade payables due to related parties, current:

| Tax ID No. | Name | Nature | Country of origin | Currency | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|----------------------|----------------|---------------|--------------------------|----------------------|------------------------------|------------------------------|
| Foreign | SQM Vitas Fzco | Joint venture | United Arab Emirates | Arab Emirates dirham | 19 | 873 |
| Total to-date | | | | | 19 | 873 |



Note 8 – Related party disclosures (continued)

8.4 Board of directors and senior management

1) Board of directors

The Company is managed by a Board of Directors which is composed of eight regular directors who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 28, 2011.

As of December 31, 2012, the Company has an Audit Committee made up of three members of the Board of Directors. This Committee performs those duties provided in Article 50 bis of Law No. 18,046 of the Chilean Corporation Act.

During the periods covered by these financial statements, there were no pending balances receivable and payable between the Company, its directors or members of Senior Management other than those related to remuneration, fee allowances and profit-sharing. In addition, there were no transactions conducted between the Company, its directors or members of Senior Management.

2) Directors' Compensation

For the years ended December 31, 2012 and 2011, Directors' compensation was as follows:

- a) A payment of a monthly fixed gross amount of UF 300 to the Chairman of the Company's Board of Directors and UF 50 in favor of the seven remaining board members regardless of their attendance at Board meetings or the number of meetings attended during the related month.
- b) A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a variable and gross amount equivalent to 0.35% of profit for the period effectively earned by the Company during each fiscal year.
- c) A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, consisting of a variable and gross amount equivalent to 0.04% of profit for the period effectively earned by the Company during each fiscal year.
- d) The fixed and variable amounts indicated above will not be subject to any charge between them, and those expressed as a percentage will be paid immediately after the shareholders at the respective Annual General Shareholders' Meeting of the Company approve the consolidated financial statements, the annual report, the report by the account inspectors and the report of external auditors for each fiscal year.



Note 8 – Related party disclosures (continued)

8.4 Board of directors and senior management, continued

The remuneration of the Audit Committee is detailed as follows:

- a) A payment of a monthly, fixed and gross amount of UF 17 in favor of each of the three Directors who are a part of the Company's Audit Committee regardless of the number of meetings conducted during the respective month.
- b) A payment in domestic currency and in favor of each of the three Directors of a variable and gross amount equivalent to 0.013% of the Company's profit for the period effectively earned by the Company during fiscal years 2012 and 2011.
- 3) The remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2012 and 2011 amount to ThUS\$3,973 and ThUS\$3,030, respectively.
- 4) As of December 31, 2012 and 2011, the global compensation paid to the 120 top executives amounted to ThUS\$32,888 and ThUS\$22,509, respectively. This includes monthly fixed salary and variable performance bonuses.
- 5) Additionally, the Company has retention bonuses for the Company's executives. The amount of these bonuses is linked to the price of the Company's shares and is payable in cash between 2012 and 2016 (See note 15).
- 6) No guarantees have been constituted in favor of the Company's management.
- 7) The Company's Directors and senior management do not receive or have not received any benefit during the period ended December 31, 2012 and 2011 or compensation related to pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding paragraphs.
- 8) One of the Company's Board of Directors is member of the Ultramar Group. Operations with between the Company and the Ultramar Group consisted of approximately ThUS\$22,577 and ThUS\$13,751 for the years ended December 31, 2012 and 2011, respectively.
- 9) No guarantees have been constituted in favor of the directors.



Note 9 – Financial instruments

Financial assets in conformity with IAS 39 are detailed as follows:

9.1 Types of other financial assets

| Types of other financial assets | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|-------------------------------------------------|----------------------|----------------------|
| Other current financial assets (1) | 244,161 | 129,069 |
| Derivatives (2) | 680 | 14,455 |
| Hedging assets, current | 71,262 | 25,737 |
| Total other current financial assets | 316,103 | 169,261 |
| Other non-current financial assets (3) | 107 | 117 |
| Hedging assets, non-current | 29,385 | 30,371 |
| Total other non-current financial assets | 29,492 | 30,488 |

(1) Term deposits with maturities exceeding 90 days from the investment date.

(2) Forwards and options that are not classified as hedging instruments (see detail in note 9.3).

(3) Guarantees delivered for the lease of offices and investments in Sociedad Garantizadora de Pensiones (ownership interest of 3%).

Detail of other current financial assets

| Institution | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|--------------------------------|----------------------|----------------------|
| Banco Santander | 41,691 | 13,753 |
| BBVA | 31,579 | 33,528 |
| Banco de Crédito e Inversiones | 82,145 | 17,739 |
| Banco de Chile | 42,992 | 44,849 |
| Corpbanca | 10,499 | 19,200 |
| Banco Scotiabank | 25,141 | - |
| Banco Itau | 10,114 | - |
| Total | 244,161 | 129,069 |

9.2 Trade and other receivables, current and non-current

| | 12/31/2012 | | | 12/31/2011 | | |
|------------------------------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
| | Current ThUS\$ | Non-current ThUS\$ | Total ThUS\$ | Current ThUS\$ | Non-current ThUS\$ | Total ThUS\$ |
| Trade receivables | 490,770 | - | 490,770 | 387,607 | - | 387,607 |
| Prepayments | 14,046 | - | 14,046 | 10,706 | - | 10,706 |
| Other receivables | 5,800 | 1,311 | 7,111 | 13,749 | 1,070 | 14,819 |
| Total trade and other receivables | 510,616 | 1,311 | 511,927 | 412,062 | 1,070 | 413,132 |



Note 9 – Financial instruments, (continued)

9.2 Trade and other receivables, continued

| | Assets before allowances | 12/31/2012 Allowance for doubtful trade receivables | Assets for trade receivables, net | Assets before allowances | 12/31/2011 Allowance for doubtful trade receivables | Assets for trade receivables, net |
|---------------------------------------------------|-----------------------------|--------------------------------------------------------------|--------------------------------------------|-----------------------------|--------------------------------------------------------------|--------------------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Receivables related to credit operations, current | 507,562 | (16,792) | 490,770 | 404,320 | (16,713) | 387,607 |
| Trade receivables, current | 507,562 | (16,792) | 490,770 | 404,320 | (16,713) | 387,607 |
| Prepayments, current | 14,046 | - | 14,046 | 10,706 | - | 10,706 |
| Other receivables, current | 7,801 | (2,001) | 5,800 | 15,709 | (1,960) | 13,749 |
| Trade and other receivables, current | 529,409 | (18,793) | 510,616 | 430,735 | (18,673) | 412,062 |
| Other receivables, non-current | 1,311 | - | 1,311 | 1,070 | - | 1,070 |
| Non-current receivables | 1,311 | - | 1,311 | 1,070 | - | 1,070 |
| Total trade and other receivables | 530,720 | (18,793) | 511,927 | 431,805 | (18,673) | 413,132 |



Note 9 – Financial instruments (continued)

9.2 Trade and other receivables, continued

Portfolio stratification, continued

The Company's policy is to require guarantees (such as letters of credit, guarantee clauses and others) and/or maintaining insurance policies for certain accounts as deemed necessary by management.

Unsecuritized portfolio

As of December 31, 2012 and December 31, 2011, the detail of the unsecuritized portfolio is as follows:

| | 12/31/2012 | | | | | | | | | | Total ThUS\$ |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------|
| | Not overdue ThUS\$ | 1 - 30 days ThUS\$ | 31 and 60 days ThUS\$ | 61 - 90 days ThUS\$ | 91 - 120 days ThUS\$ | 121 - 150 days ThUS\$ | 151 - 180 days ThUS\$ | 181 - 210 days ThUS\$ | 211 - 250 days ThUS\$ | Over 250 days ThUS\$ | |
| Number of customers, non-renegotiated portfolio | 2,666 | 2,241 | 545 | 409 | 367 | 308 | 325 | 279 | 311 | 33,724 | 41,041 |
| Non-renegotiated portfolio, gross | 412,557 | 20,121 | 1,259 | 46,268 | 38 | 129 | 395 | 10,140 | 794 | 15,862 | 507,562 |
| Number of customers, renegotiated portfolio | - | - | - | - | - | - | - | - | - | - | - |
| Renegotiated portfolio, gross | - | - | - | - | - | - | - | - | - | - | - |
| Total portfolio, gross | 412,557 | 20,121 | 1,259 | 46,268 | 38 | 129 | 395 | 10,140 | 794 | 15,862 | 507,562 |

| | 12/31/2011 | | | | | | | | | | Total ThUS\$ |
|-------------------------------------------------|-----------------------|-----------------------|-----------------------------|---------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------------|-----------------|
| | Not overdue ThUS\$ | 1 - 30 days ThUS\$ | 31 and 60 days ThUS\$ | 61 - 90 days ThUS\$ | 91 - 120 days ThUS\$ | 121 - 150 days ThUS\$ | 151 - 180 days ThUS\$ | 181 - 210 days ThUS\$ | 211 - 250 days ThUS\$ | Over 250 days ThUS\$ | |
| Number of customers, non-renegotiated portfolio | 5,369 | 1,701 | 640 | 401 | 340 | 340 | 332 | 335 | 340 | 2,147 | 11,945 |
| Non-renegotiated portfolio, gross | 348,299 | 27,945 | 4,778 | 12,058 | 817 | 87 | 407 | 103 | 299 | 8,673 | 403,466 |
| Number of customers, renegotiated portfolio | 1 | 2 | - | - | - | - | - | - | - | - | 3 |
| Renegotiated portfolio, gross | 504 | 350 | - | - | - | - | - | - | - | - | 854 |
| Total portfolio, gross | 348,803 | 28,295 | 4,778 | 12,058 | 817 | 87 | 407 | 103 | 299 | 8,673 | 404,320 |



Note 9 – Financial instruments (continued)

9.2 Trade and other receivables, continued

The detail of allowance is as follows:

| Allowance and write-offs | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|------------------------------------------|------------------------------|------------------------------|------------------------------|
| Allowance for non-renegotiated portfolio | 20,191 | 21,961 | 19,000 |
| Write-offs for the period | <u>(1,398)</u> | <u>(3,288)</u> | <u>(118)</u> |
| Total | <u>18,793</u> | <u>18,673</u> | <u>18,882</u> |

a) Credit risk concentration

Credit risk concentrations with respect to trade receivables are reduced due to the large number of entities included in the Company's client database and their distribution throughout the world.

9.3 Hedging assets and liabilities

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations relating to bonds of the Company in Chilean Pesos and UF (and the exchange risk in Chilean Pesos of the Company's investment plans). As of December 31, 2012. The face value of cash flows in Cross Currency Swap contracts agreed upon in U.S. Dollars amounted to ThUS\$515,156 as of December 31, 2011 such contracts amounted to ThUS\$ 405,486, and as of December 31, 2010 such contracts amounted to ThUS\$ 410,618.

| Hedging assets | Derivative instruments (CCS) | Effect on profit or loss for the year, derivative instruments | Hedging reserve in gross equity | Deferred tax hedging reserve in equity | Hedging reserve in equity |
|--------------------------|-------------------------------------|----------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|----------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| December 31, 2012 | 100,647 | 49,853 | (18,419) | 3,684 | (14,735) |
| December 31, 2011 | 56,108 | (39,718) | (12,184) | 2,104 | (10,080) |
| December 31, 2010 | 97,553 | 46,936 | (11,093) | 1,886 | (9,207) |

| Hedging liabilities | Derivative instruments (IRS) | Effect on profit or loss for the year, derivative instruments | Hedging reserve in gross equity | Deferred tax hedging reserve in equity | Hedging reserve in equity |
|----------------------------|-------------------------------------|----------------------------------------------------------------------|----------------------------------------|-----------------------------------------------|----------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| December 31, 2012 | 1,879 | 27 | (1,786) | - | (1,786) |
| December 31, 2011 | 270 | (120) | (150) | - | (150) |
| December 31, 2010 | - | - | - | - | - |

Amounts recorded in the effect on profit or loss column consider the mark - market effects of the contracts in force as of December 31, 2012, 2011 and 2010.

**Note 9 – Financial instruments (continued)****9.3 Hedging assets and liabilities, continued**

Derivative contract maturities are detailed as follows:

| Series | Contract amount ThUS\$ | Currency | Maturity date |
|--------|------------------------|--------------|---------------|
| C | 71,841 | UF | 12/01/2026 |
| G | 33,673 | Chilean peso | 01/05/2014 |
| H | 146,360 | UF | 01/05/2013 |
| I | 56,041 | UF | 04/01/2014 |
| J | 92,440 | Chilean peso | 04/01/2014 |
| M | 46,463 | UF | 02/01/2017 |
| O | 68,338 | UF | 02/01/2017 |

The Company uses cross currency swap derivative instruments to hedge the possible financial risk associated with the volatility of the exchange rate associated with Chilean Pesos and UF. The objective is to hedge the exchange rate financial risks associated with bonds payable. Hedges are documented and tested to measure their effectiveness.

Based on a comparison of critical terms, hedging is highly effective, given that the hedged amount is consistent with obligations maintained for bonds denominated in Chilean Pesos and UF. Likewise, hedging contracts are denominated in the same currencies and have the same expiration dates of bond principal and interest payments.

Hedge Accounting

The Company classifies derivative instruments as hedging that may include derivative or embedded derivatives either as fair value hedge derivative instruments, cash flow hedge derivative instruments, or hedge derivative instruments.

a) Fair value hedge

Changes in fair values of derivative instruments classified as fair value hedge derivative instruments are accounted for in gains and losses immediately along with any change in the fair value of the hedged item that is attributable to the risk being hedged.

The Company documents the relationship between hedge instruments and the hedged item along with the objectives of its risk management and strategy to carry out different hedging transactions. In addition, upon commencement of the period hedged and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective of hedging market fluctuations for the purpose of which we use the effectiveness test. A hedge instrument is deemed effective if the effectiveness test result is between 80% to 120%.

The hedge instruments are classified as effective or not effective on the basis of the effectiveness test results. This note includes the detail of fair values of derivatives classified as hedging instruments.



Note 9 - Financial instruments (continued)

9.3 Hedging assets and liabilities, continued

b) Cash flow hedges

Cash flow hedges cover exposure to the cash flow variations attributable to a risk associated with a specific transaction that is very likely to be executed, that may have material effects on the results of the Company.

9.4 Financial liabilities

Other current and non-current financial liabilities

As of December 31, 2012 and 2011, the detail is as follows:

| | Current | 12/31/2012 Non- current | Total | Current | 12/31/2011 Non- current | Total |
|------------------------------------------------|----------------|----------------------------------------|------------------|----------------|----------------------------------------|------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Bank loans | 122,373 | 379,119 | 501,492 | 141,436 | 329,150 | 470,586 |
| Obligations with the public (bonds payable) | 20,135 | 1,067,075 | 1,087,210 | 17,129 | 907,877 | 925,006 |
| Other financial liabilities | 10,335 | - | 10,335 | 2,443 | - | 2,443 |
| Total | 152,843 | 1,446,194 | 1,599,037 | 161,008 | 1,237,027 | 1,398,035 |

9.4 Financial liabilities

Other current and non-current financial liabilities

The detail of current and non-current loans assumed

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|--------------------------------------------------------------------|------------------------------|------------------------------|
| Long-term loans | 379,119 | 329,150 |
| Short-term loans | 120,921 | 140,538 |
| Current portion of long-term loans | 1,452 | 898 |
| Short-term loans and current portion of long-term loans | 122,373 | 141,436 |
| Total loans assumed | 501,492 | 470,586 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

a) Bank loans, current are as follows:

| Tax ID No. | Debtor | | Tax ID No. | Creditor | | Currency or adjustment index | Amortization | Effective rate | Nominal rate | 12/31/2012 Current maturities | | Total ThUS\$ |
|------------------------|---------------------------------------|---------|--------------|---------------------------------------------------|----------------|------------------------------|---------------|----------------|--------------|-------------------------------|--------------------------|----------------|
| | Subsidiary | Country | | Financial institution | Country | | | | | Up to 90 days ThUS\$ | 91 days to 1 year ThUS\$ | |
| 93.007.000-9 | SQM.S.A. | Chile | 97.030.000-7 | Banco Estado | Chile | US\$ | Upon maturity | 1.70% | 1.70% | - | 20,175 | 20,175 |
| 93.007.000-9 | SQM.S.A. | Chile | 97.030.000-7 | Banco Estado | Chile | US\$ | Upon maturity | 1.09% | 1.09% | - | 20,017 | 20,017 |
| 93.007.000-9 | SQM S.A. | Chile | Foreign | Banco Estado NY Branch | United States | US\$ | Upon maturity | 3.01% | 2.69% | 1,139 | - | 1,139 |
| 79.626.800-K | SQM Salar S.A. | Chile | 97.032.000-8 | Banco BBVA Chile | Chile | US\$ | Upon maturity | 1.90% | 1.90% | - | 20,243 | 20,243 |
| 79.626.800-K | SQM Salar S.A. | Chile | 97.018.000-1 | Scotiabank Sud Americano | Chile | US\$ | Upon maturity | 1.03% | 1.03% | 20,153 | - | 20,153 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Bank of America | United States | US\$ | Upon maturity | 1.83% | 1.52% | - | 141 | 141 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Export Development Canada | Canada | US\$ | Upon maturity | 1.81% | 1.46% | - | 20 | 20 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.60% | 1.54% | - | 235 | 235 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.92% | 1.62% | - | 164 | 164 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | United States | US\$ | Upon maturity | 1.49% | 1.26% | - | 140 | 140 |
| 79.947.100-0 | SQM Industrial S.A. | Chile | 97.030.000-7 | Banco Estado | Chile | US\$ | Upon maturity | 1.64% | 1.64% | - | 20,172 | 20,172 |
| 79.947.100-0 | SQM Industrial S.A. | Chile | 97.018.000-1 | Scotiabank Sud Americano | Chile | US\$ | Upon maturity | 1.04% | 1.04% | 20,162 | - | 20,162 |
| Total | | | | | | | | | | 41,454 | 81,307 | 122,761 |
| Borrowing costs | | | | | | | | | | (26) | (362) | (388) |
| Total | | | | | | | | | | 41,428 | 80,945 | 122,373 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

| Tax ID No. | Debtor | | Tax ID No. | Creditor | | Currency or adjustment index | Amortization | Effective rate | Nominal rate | 12/31/2011 | | Total ThUS\$ |
|------------------------|---------------------------------------|---------|--------------|---------------------------------------------------|----------------|------------------------------|---------------|----------------|--------------|----------------------|---------------------------------------------|----------------|
| | Subsidiary | Country | | Financial institution | Country | | | | | Up to 90 days ThUS\$ | Current maturities 91 days to 1 year ThUS\$ | |
| 93.007.000-9 | SQM.S.A. | Chile | 97.032.000-8 | Banco BBVA Chile | United States | US\$ | Upon maturity | 1.00% | 1.00% | 20,094 | - | 20,094 |
| 93.007.000-9 | SQM.S.A. | Chile | 97.030.000-7 | Banco Estado | United States | US\$ | Upon maturity | 0.95% | 0.95% | 20,089 | - | 20,089 |
| 93.007.000-9 | SQM S.A. | Chile | Foreign | Banco Estado NY Branch | United States | US\$ | Upon maturity | 3.02% | 2.72% | - | 645 | 645 |
| 79.626.800-K | SQM Salar S.A. | Chile | 97.030.000-7 | Banco Estado | Chile | US\$ | Upon maturity | 1.24% | 1.24% | - | 20,114 | 20,114 |
| 79.626.800-K | SQM Salar S.A. | Chile | 97.004.000-5 | Banco de Chile | Chile | US\$ | Upon maturity | 1.03% | 1.03% | 20,085 | - | 20,085 |
| 79.626.800-K | SQM Salar S.A. | Chile | 97.018.000-1 | Scotiabank Sud Americano | Chile | US\$ | Upon maturity | 0.75% | 0.75% | 48 | 20,000 | 20,048 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Bank of America | United States | US\$ | Upon maturity | 2.56% | 1.47% | - | 140 | 140 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Export Development Canada | United States | US\$ | Upon maturity | 2.36% | 1.75% | - | 24 | 24 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.74% | 1.35% | 207 | - | 207 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | United States | US\$ | Upon maturity | 2.17% | 1.23% | - | 137 | 137 |
| 79.947.100-0 | SQM Industrial S.A. | Chile | 97.004.000-5 | Banco de Chile | Chile | US\$ | Upon maturity | 1.58% | 1.58% | - | 20,057 | 20,057 |
| 79.947.100-0 | SQM Industrial S.A. | Chile | 97.018.000-1 | Scotiabank Sud Americano | Chile | US\$ | Upon maturity | 0.70% | 0.70% | 51 | 20,000 | 20,051 |
| Total | | | | | | | | | | 60,574 | 81,117 | 141,691 |
| Borrowing costs | | | | | | | | | | (61) | (194) | (255) |
| Total | | | | | | | | | | 60,513 | 80,923 | 141,436 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

b) Unsecured obligations, current:

The detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

Bonds

| TAX ID No. | Debtor | | Number of registration or ID of the instrument | Series | Maturity date | Adjustment index for the bond | Periodicity | | Effective rate | Nominal rate | Up to 90 days ThUS\$ | 12/31/2012 | Total ThUS\$ | |
|--------------|------------|---------|------------------------------------------------|--------|---------------|-------------------------------|---------------------|---------------|----------------|--------------|----------------------|---------------------------------------------|----------------|----------------|
| | Subsidiary | Country | | | | | Payment of interest | Repayment | | | | Current maturities 91 days to 1 year ThUS\$ | | |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/15/2013 | US\$ | Semi-annual | Upon maturity | 6.32% | 6.13% | - | 2,577 | 2,577 | |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/21/2013 | US\$ | Semi-annual | Upon maturity | 5.70% | 5.50% | - | 2,667 | 2,667 | |
| 93.007.000-9 | SQM S.A | Chile | 446 | C | 06/01/2013 | UF | Semi-annual | Semi-annual | 4.44% | 4.00% | - | 7,464 | 7,464 | |
| 93.007.000-9 | SQM S.A | Chile | 563 | G | 01/05/2013 | Ch\$ | Semi-annual | Upon maturity | 7.50% | 7.00% | 1,465 | - | 1,465 | |
| 93.007.000-9 | SQM S.A | Chile | 564 | H | 01/05/2013 | UF | Semi-annual | Semi-annual | 5.10% | 4.90% | 4,484 | - | 4,484 | |
| 93.007.000-9 | SQM S.A | Chile | 563 | I | 04/01/2013 | UF | Semi-annual | Upon maturity | 3.35% | 3.00% | - | 532 | 532 | |
| 93.007.000-9 | SQM S.A | Chile | 563 | J | 04/01/2013 | Ch\$ | Semi-annual | Upon maturity | 6.23% | 5.50% | - | 1,470 | 1,470 | |
| 93.007.000-9 | SQM S.A. | Chile | 700 | M | 02/01/2013 | UF | Semi-annual | Upon maturity | 3.62% | 3.30% | 644 | - | 644 | |
| 93.007.000-9 | SQM S.A. | Chile | 699 | O | 02/01/2013 | UF | Semi-annual | Upon maturity | 3.95% | 3.80% | 1,110 | - | 1,110 | |
| | | | Total | | | | | | | | | 7,703 | 14,710 | 22,413 |
| | | | Bond issue costs | | | | | | | | | (473) | (1,805) | (2,278) |
| | | | Total | | | | | | | | | 7,230 | 12,905 | 20,135 |

Effective rates of bonds in Chilean Pesos and UF are expressed and calculated in U.S. dollars based on the flows agreed in Cross Currency Swap Agreements.



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

| Tax ID No. | Debtor | | Number of registration or ID of the instrument | Series | Maturity date | Adjustment index for the bond | Periodicity | | Effective rate | Nominal rate | 12/31/2011 Current maturities | | Total ThUS\$ | | |
|--------------|------------|---------|------------------------------------------------|--------|---------------|-------------------------------|---------------------|---------------|----------------|--------------|-------------------------------|--------------------------|--------------|----------------|----------------|
| | Subsidiary | Country | | | | | Payment of interest | Repayment | | | Up to 90 days ThUS\$ | 91 days to 1 year ThUS\$ | | | |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/15/2012 | US\$ | Semi-annual | Upon maturity | 6.32% | 6.13% | - | 2,577 | 2,577 | | |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/21/2012 | US\$ | Semi-annual | Upon maturity | 5.70% | 5.50% | - | 2,667 | 2,667 | | |
| 93.007.000-9 | SQM S.A | Chile | 446 | C | 06/01/2012 | UF | Semi-annual | Semi-annual | 4.44% | 4.00% | - | 6,754 | 6,754 | | |
| 93.007.000-9 | SQM S.A | Chile | 563 | G | 01/05/2012 | Ch\$ | Semi-annual | Upon maturity | 7.50% | 7.00% | 1,354 | - | 1,354 | | |
| 93.007.000-9 | SQM S.A | Chile | 564 | H | 01/05/2012 | UF | Semi-annual | Semi-annual | 5.10% | 4.90% | 4,045 | - | 4,045 | | |
| 93.007.000-9 | SQM S.A | Chile | 563 | I | 04/01/2012 | UF | Semi-annual | Upon maturity | 3.35% | 3.00% | - | 477 | 477 | | |
| 93.007.000-9 | SQM S.A | Chile | 563 | J | 04/01/2012 | Ch\$ | Semi-annual | Upon maturity | 6.23% | 5.50% | - | 1,351 | 1,351 | | |
| | | | Total | | | | | | | | | | 5,399 | 13,826 | 19,225 |
| | | | Bond issue costs | | | | | | | | | | (276) | (1,820) | (2,096) |
| | | | Total | | | | | | | | | | 5,123 | 12,006 | 17,129 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

c) Types of non-current interest-bearing loans

Non-current interest-bearing loans as of December 31, 2012 and December 31, 2011 are detailed as follows:

Non-current interest-bearing bank loans

| Debtor | | Creditor | | Currency | Repayment | Effective rate | Nominal rate | 12/31/2012 | | | Total ThUS\$ | | |
|--------------|---------------------------------------|----------|------------|--------------------------------------------------|----------------|----------------|---------------|-----------------------|---------|----------------|----------------|---------------------------------|----------------|
| Tax ID No. | Subsidiary | Country | Tax ID No. | | | | | Financial institution | Country | 1 to 3 ThUS\$ | | Years to maturity 3 to 5 ThUS\$ | Over 5 ThUS\$ |
| 93.007.000-9 | SQM S.A. | Chile | Foreign | Banco Estado NY Branch | United States | US\$ | Upon maturity | 3.01% | 2.69% | - | 140,000 | - | 140,000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.60% | 1.54% | 50,000 | - | - | 50,000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.92% | 1.62% | 50,000 | - | - | 50,000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Bank of America | United States | US\$ | Upon maturity | 1.83% | 1.52% | - | 40,000 | - | 40,000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Export Development Canada | Canada | US\$ | Upon maturity | 1.81% | 1.46% | - | 50,000 | - | 50,000 |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York) | United States | US\$ | Upon maturity | 1.49% | 1.26% | - | 50,000 | - | 50,000 |
| Total | | | | | | | | | | 100,000 | 280,000 | - | 380,000 |
| | Borrowing costs | | | | | | | | | (235) | (646) | - | (881) |
| Total | | | | | | | | | | 99,765 | 279,354 | - | 379,119 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

| Tax ID No. | Debtor | | Tax ID No. | Creditor | | Currency | Repayment | Effective rate | Nominal rate | 12/31/2011 | | | Total ThUS\$ | | | |
|--------------|---------------------------------------|---------|------------|--------------------------------------------------|----------------|----------|---------------|----------------|--------------|---------------|---------------------------------|---------------|----------------|----------------|----------|----------------|
| | Subsidiary | Country | | Financial institution | Country | | | | | 1 to 3 ThUS\$ | Years to maturity 3 to 5 ThUS\$ | Over 5 ThUS\$ | | | | |
| 93.007.000-9 | SQM S.A. | Chile | Foreign | Banco Estado NY Branch | United States | US\$ | Upon maturity | 3.02% | 2.72% | 140,000 | - | - | 140,000 | | | |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Scotiabank & Trust (Cayman) Ltd. | Cayman Islands | US\$ | Upon maturity | 1.74% | 1.35% | 50,000 | - | - | 50,000 | | | |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Bank of America | United States | US\$ | Upon maturity | 2.56% | 1.47% | - | 40,000 | - | 40,000 | | | |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | Export Development | Cayman Islands | US\$ | Upon maturity | 2.36% | 1.74% | - | 50,000 | - | 50,000 | | | |
| Foreign | Royal Seed Trading Corporation A.V.V. | Aruba | Foreign | The Bank of Tokyo-Mitsubishi UFJ, Ltd (New York) | United States | US\$ | Upon maturity | 2.17% | 1.23% | - | 50,000 | - | 50,000 | | | |
| Total | | | | | | | | | | | | | 190,000 | 140,000 | - | 330,000 |
| Total | Borrowing costs | | | | | | | | | | | | (104) | (746) | - | (850) |
| Total | | | | | | | | | | | | | 189,896 | 139,254 | - | 329,150 |

d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of December 31, 2012 and 2011 is detailed as follows:

| Tax ID No. | Debtor | | Number of registration or ID of the instrument | Series | Maturity date | Currency | Periodicity | | Effective rate | Nominal rate | 12/31/2012 | | | Total ThUS\$ | | |
|--------------|-------------------------|---------|------------------------------------------------|--------|---------------|----------|---------------------|---------------|----------------|--------------|---------------------|---------------------|----------------------------------------|----------------|----------------|------------------|
| | Subsidiary | Country | | | | | Payment of interest | Repayment | | | 1 to 3 years ThUS\$ | 3 to 5 years ThUS\$ | Current maturities Over 5 years ThUS\$ | | | |
| 93.007.000-9 | SQM S.A. | Chile | - | Single | 04/15/2016 | US\$ | Semi-annual | Upon maturity | 6.32% | 6.13% | - | 200,000 | - | 200,000 | | |
| 93.007.000-9 | SQM S.A. | Chile | - | Single | 04/21/2020 | US\$ | Semi-annual | Upon maturity | 5.70% | 5.50% | - | - | 250,000 | 250,000 | | |
| 93.007.000-9 | SQM S.A. | Chile | 446 | C | 12/01/2026 | UF | Semi-annual | Semi-annual | 4.44% | 4.00% | 14,280 | 14,280 | 64,260 | 92,820 | | |
| 93.007.000-9 | SQM S.A. | Chile | 564 | H | 01/05/2030 | UF | Semi-annual | Semi-annual | 7.50% | 4.90% | - | - | 190,401 | 190,401 | | |
| 93.007.000-9 | SQM S.A. | Chile | 563 | G | 01/05/2014 | Ch\$ | Semi-annual | Upon maturity | 5.10% | 7.00% | 43,764 | - | - | 43,764 | | |
| 93.007.000-9 | SQM S.A. | Chile | 563 | I | 04/01/2014 | UF | Semi-annual | Upon maturity | 3.35% | 3.00% | 71,400 | - | - | 71,400 | | |
| 93.007.000-9 | SQM S.A. | Chile | 563 | J | 04/01/2014 | Ch\$ | Semi-annual | Upon maturity | 6.23% | 5.50% | 108,368 | - | - | 108,368 | | |
| 93.007.000-9 | SQM S.A. | Chile | 700 | M | 02/01/2017 | UF | Semi-annual | Upon maturity | 3.62% | 3.30% | - | 47,600 | - | 47,600 | | |
| 93.007.000-9 | SQM S.A. | Chile | 699 | O | 02/01/2033 | UF | Semi-annual | Upon maturity | 3.95% | 3.80% | - | - | 71,400 | 71,400 | | |
| Total | | | | | | | | | | | | | 237,812 | 261,880 | 576,061 | 1,075,753 |
| Total | Bond issue costs | | | | | | | | | | | | (631) | (1,420) | (6,627) | (8,678) |
| Total | | | | | | | | | | | | | 237,181 | 260,460 | 569,434 | 1,067,075 |

Note 9 - Financial instruments (continued)



Notes to the consolidated financial statements as of December 31 2012

9.4 Financial liabilities, continued

| Tax ID No. | Debtor | | Number of registration or ID of the instrument | Series | Maturity date | Currency | Periodicity | | Effective rate | Nominal rate | 12/31/2011 | | | Total ThUS\$ |
|-------------------------|------------|---------|------------------------------------------------|--------|---------------|----------|---------------------|---------------|----------------|--------------|---------------------|---------------------|----------------------------------------|----------------|
| | Subsidiary | Country | | | | | Payment of interest | Repayment | | | 1 to 3 years ThUS\$ | 3 to 5 years ThUS\$ | Current maturities Over 5 years ThUS\$ | |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/15/2016 | US\$ | Semi-annual | Upon maturity | 6,32% | 6,13% | - | 200,000 | - | 200,000 |
| 93.007.000-9 | SQM S.A | Chile | - | Single | 04/21/2020 | US\$ | Semi-annual | Upon maturity | 5,70% | 5,50% | - | - | 250,000 | 250,000 |
| 93.007.000-9 | SQM S.A | Chile | 446 | C | 12/01/2026 | UF | Semi-annual | Semi-annual | 4,44% | 4,00% | 12,881 | 12,881 | 64,408 | 90,170 |
| 93.007.000-9 | SQM S.A | Chile | 564 | H | 01/05/2030 | UF | Semi-annual | Semi-annual | 7,50% | 4,90% | - | - | 171,753 | 171,753 |
| 93.007.000-9 | SQM S.A | Chile | 563 | G | 01/05/2014 | Ch\$ | Semi-annual | Upon maturity | 5,10% | 7,00% | 40,446 | - | - | 40,446 |
| 93.007.000-9 | SQM S.A | Chile | 563 | I | 04/01/2014 | UF | Semi-annual | Upon maturity | 3,35% | 3,00% | 64,408 | - | - | 64,408 |
| 93.007.000-9 | SQM S.A | Chile | 563 | J | 04/01/2014 | Ch\$ | Semi-annual | Upon maturity | 6,23% | 5,50% | 100,152 | - | - | 100,152 |
| Total | | | | | | | | | | | 217,887 | 212,881 | 486,161 | 916,929 |
| Bond issue costs | | | | | | | | | | | (1,700) | (1,332) | (6,030) | (9,052) |
| Total | | | | | | | | | | | 216,187 | 211,559 | 480,131 | 907,877 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

e) Additional information

Bonds

As of December 31, 2012 and 2011, ThUS\$20,135 and ThUS\$17,129, respectively are presented as short-term related to principal, current portion plus interest accrued at that date, not including bond issue costs. The non-current portion, consisting of ThUS\$1,067,075 and ThUS\$907,877 as of December 31, 2012 and 2011, respectively, related to principal installments of Series C bonds, Single Series bonds, Series G bonds, Series H bonds, Series I bonds, Series J bonds and Single series Second Issue bonds. The details of each issue are as follows

Series "C" bonds

In January 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4.00%.

The Company has made the following payments towards the Series C bonds:

| Payments made | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|---------------|----------------------|----------------------|----------------------|
| Principal | 6,858 | 6,678 | 6,298 |
| Interest | 4,004 | 4,169 | 4,175 |

Single Series bonds

In April 2006, the Company placed Single Series bonds for ThUS\$200,000 at an annual rate of 6.125% under Rule 144 and Regulation S of the U.S. Securities Act of 1933.

The Company has made no principal payments and interest payments amounting to ThUS\$12,250 for the years ending December 31, 2012 and 2011, respectively on these bonds

**Note 9 - Financial instruments (continued)****9.4 Financial liabilities, continued****Series “G” and “H” bonds**

In January 2009, the Company placed two bond series in the domestic market, Series H for UF 4,000,000 (ThUS\$139,216) at an annual interest rate of 4.9% and a term of 21 years with payment of principal beginning in 2019 and Series G for ThCh\$ 21,000,000 (ThUS\$34,146), which was placed at a term of 5 years with a single payment upon maturity and an annual interest rate of 7%.

The Company has made the following payments on the Series G and H bonds:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|-------------------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Payment of interest, Series G bonds | 2,845 | 3,094 | 2,750 |
| Payment of interest, Series H bonds | 8,565 | 8,989 | 7,763 |

Series “J” and “I” bonds

In May 8, 2009, the Company placed two bond series in the domestic market, Series J for ThCh\$52,000,000 (ThUS\$92,456) which was placed at a term of 5 years with single payment at maturity and annual interest rate of 5.5% and Series I for UF 1,500,000 (ThUS\$56,051) which was placed at a term of 5 years with single payment upon maturity and an annual interest rate of 3.00%.

The Company has made the following payments on the Series J and I bonds:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|-------------------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Payment of interest, Series J bonds | 5,879 | 5,665 | 5,588 |
| Payment of interest, Series I bonds | 2,100 | 1,954 | 1,873 |



Note 9 - Financial instruments (continued)

9.4 Financial liabilities, continued

Single series bonds, second issue

In April 2010, the Company informed the SVS of its placement in international markets of an unsecured bond of ThUS\$250,000 with a maturity of 10 years beginning on the aforementioned date with annual interest rate of 5.5% which was used to refinance other long-term liabilities.

For the years ended December 31, 2012 and 2011, the Company has made interest payments totaling ThUS\$13,750 and ThUS\$13,750, respectively.

Series “M” and “O” bonds

In April 2012 the company placed two series of bonds in the national market. The “series M” of UF 1,000,000 (ThUS\$46,601) was placed at a period of 5 years, with a sole amortization when the term ends and with an annual interest rate of 3.3%, and the “series O” of UF 1,500,000 (ThUS\$69,901) that was placed at a term of 21 years, with a sole amortization when the term expires and with an annual interest rate of 3.80%.

For the year ended December 31 2012, the Company paid interest of ThUS\$765 on Series M bonds and ThUS\$1,320 on Series O bonds.

Promissory notes with middle-term maturities

On April 2, 2009 the Company issued promissory notes in the local market for an amount of ThCH\$ 15,000,000 (ThUS\$ 25,770) identified as line 47, Series 1-B, with a maturity of 10 years. The maximum amount to be issued is UF 1,500,000. In 2010, the Company paid ThUS\$29,040 in full settlement of these notes.



Note 9 - Financial instruments (continued)

9.5 Trade and other payables

Current trade and other payables consists of the following:

| | 12/31/2012 | 12/31/2011 |
|-----------------------|-----------------------|-----------------------|
| | Current | Current |
| | ThUS\$ | ThUS\$ |
| Accounts payable | 207,429 | 182,552 |
| Retained (or accrued) | <u>515</u> | <u>480</u> |
| Total | <u>207,944</u> | <u>183,032</u> |

The Company had no long-term trade and other payables as of December 31, 2012 and 2011, respectively.

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of December 31, 2012 the Company had open purchase orders amounting to ThUS\$127,484 (ThUS\$79,045, as of December 31, 2011).



Note 9 - Financial instruments (continued)

9.6 Financial liabilities at fair value through profit or loss

Derivative instruments measured at their fair value through profit or loss consists of the following:

| Financial liabilities at fair value through profit or loss | 12/31/2012 | Effect on profit or loss as of 12/31/2012 | 12/31/2011 | Effect on profit or loss as of 12/31/2011 | 12/31/2010 | Effect on profit or loss as of 12/31/2010 |
|------------------------------------------------------------|---------------|-------------------------------------------|--------------|-------------------------------------------|---------------|-------------------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Current | | | | | | |
| Derivative instruments (forward) | 5,612 | (4,559) | 1,053 | (1,053) | 15,818 | (15,818) |
| Derivative instruments (options) | 2,492 | (1,456) | 1,036 | (1,036) | 2,535 | (2,533) |
| Derivative instruments (Swaps) | 2,231 | (240) | 354 | (150) | - | - |
| | 10,335 | (6,255) | 2,443 | (2,239) | 18,353 | (18,355) |



Note 9 - Financial instruments (continued)

9.7 Financial asset and liability categories

a) Financial Assets

| Description of financial assets | Current Amount ThUS\$ | 12/31/2012 Non-current Amount ThUS\$ | Total Amount ThUS\$ | Current Amount ThUS\$ | 12/31/2011 Non-current Amount ThUS\$ | Total Amount ThUS\$ |
|-------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------|---------------------------|-----------------------------|-----------------------------------------------|---------------------------|
| Financial assets at fair value through profit or loss, classified as held-for-trading | 244,161 | - | 244,161 | 129,069 | - | 129,069 |
| Financial assets at fair value through profit or loss, mandatorily measured at fair value | 680 | - | 680 | 14,455 | - | 14,455 |
| Financial assets at fair value through profit or loss | 244,841 | - | 244,841 | 143,524 | - | 143,524 |
| Investments held to maturity | - | 107 | 107 | - | 117 | 117 |
| Loans and receivables | 510,616 | 1,311 | 511,927 | 412,062 | 1,070 | 413,132 |
| Financial assets at fair value through other comprehensive income | 71,261 | 29,385 | 100,646 | 25,737 | 30,371 | 56,108 |
| Total financial assets | 826,718 | 30,803 | 857,521 | 581,323 | 31,558 | 612,881 |



Note 9 - Financial instruments (continued)

9.7 Financial asset and liability categories (continued)

b) Financial liabilities

| Description of financial liabilities at fair value through profit or loss | 12/31/2012 | | | 12/31/2011 | | |
|-----------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------|---------------------------|-----------------------------|---------------------------------|---------------------------|
| | Current Amount ThUS\$ | Non-current Amount ThUS\$ | Total Amount ThUS\$ | Current Amount ThUS\$ | Non-current Amount ThUS\$ | Total Amount ThUS\$ |
| Financial liabilities at fair value through profit or loss, designed as such at initial recognition | 10,335 | - | 10,335 | 2,443 | - | 2,443 |
| Financial liabilities at fair value through profit or loss | 10,335 | - | 10,335 | 2,443 | - | 2,443 |
| Financial liabilities measured at amortized cost | 350,452 | 1,446,194 | 1,796,646 | 341,597 | 1,237,027 | 1,578,624 |
| Total financial liabilities | 360,787 | 1,446,194 | 1,806,981 | 344,040 | 1,237,027 | 1,581,067 |



Note 9 - Financial instruments (continued)

9.8 Financial assets pledged as guarantee

On November 4, 2004, the Company's subsidiary Isapre Norte Grande maintains a guarantee equivalent to the total amount owed to its members and healthcare providers, which is managed and maintained by Banco de Chile. Assets, in the form of restricted cash pledged as guarantees as of December 31, 2012 and 2011 were ThUS\$571 and ThUS\$428, respectively.

9.9 Estimated fair value of financial instruments and financial derivatives

Although inputs used to estimate the fair value of financial assets and liabilities represent Management's best estimate, they are subjective in nature and involve assumptions related to the current economic and market conditions, as well as underlying risk features. The methodologies and assumptions used to value each financial instrument depend on the risk profile and underlying characteristics of instrument as follows:

- Cash equivalent approximates fair value due to the short-term maturities of these instruments.
- Other current financial liabilities are considered at fair value equal to their carrying values.
- Interest-bearing liabilities with original maturity of more than a year, fair values are calculated at discounting contractual cash flows at their original current market values with similar terms.
- Forward and swap contracts fair value is determined using quoted market prices of financial instruments with similar characteristics.



Note 9 - Financial instruments (continued)

9.9 Estimated fair value of financial instruments and financial derivatives, continued

Details of the carrying values and estimated fair values of the Company's financial instruments is as follows:

| | 12/31/2012 | | 12/31/2011 | |
|------------------------------------------------|--------------------------|----------------------|--------------------------|----------------------|
| | Carrying value ThUS\$ | Fair value ThUS\$ | Carrying value ThUS\$ | Fair value ThUS\$ |
| Cash and cash equivalents | 324,353 | 324,353 | 444,992 | 444,992 |
| Current trade and other receivables | 510,616 | 510,616 | 412,062 | 412,062 |
| Other current financial assets: | | | | |
| - Time deposits | 244,161 | 244,161 | 129,069 | 129,069 |
| - Derivative instruments | 680 | 680 | 14,455 | 14,455 |
| - Current hedging assets | 71,262 | 71,262 | 25,737 | 25,737 |
| Total other current financial assets | <u>316,103</u> | <u>316,103</u> | <u>169,261</u> | <u>169,261</u> |
| Other non-current financial assets: | | | | |
| Non-current hedging assets | 107 | 107 | 117 | 117 |
| Total other non-current financial assets | <u>29,492</u> | <u>29,492</u> | <u>30,488</u> | <u>30,488</u> |
| Other current financial liabilities: | | | | |
| - Bank loans | 122,373 | 122,373 | 141,436 | 141,436 |
| - Derivative instruments | 8,456 | 8,456 | 2,174 | 2,174 |
| - Hedging liabilities | 1,879 | 1,879 | 269 | 269 |
| - Unsecured obligations | 20,135 | 20,135 | 17,129 | 17,129 |
| Total other current financial liabilities | <u>152,843</u> | <u>152,843</u> | <u>161,008</u> | <u>161,008</u> |
| Current and non-current accounts payable | 207,944 | 207,944 | 183,032 | 183,032 |
| Other non-current financial liabilities: | | | | |
| - Bank loans | 379,119 | 401,065 | 329,150 | 348,218 |
| - Unsecured obligations | 1,067,075 | 1,137,363 | 907,877 | 1,074,907 |
| Total other non-current financial liabilities: | <u>1,446,194</u> | <u>1,538,428</u> | <u>1,237,027</u> | <u>1,423,125</u> |

Fair value hierarchies are as follows:

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

The valuation techniques used to determine the fair value of our hedging instruments are those indicated in level 2.

Note 9 - Financial instruments (continued)



9.10 Nature and scope of risks arising from financing instruments

Disclosure of information associated with the nature and scope of risks arising from financial instruments is presented in note 4.

Note 10 – Equity-accounted investees

10.1 Investment in associates recognized according to the equity method of accounting

Equity accounted investments and joint ventures consist of the following:

| | Note No. | Investment | | Share on profit (loss) of equity-accounted investees | | |
|----------------------------|----------------------------|----------------------|----------------------|------------------------------------------------------|----------------------|----------------------|
| | | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
| Equity-accounted investees | 10.1 10.3 | 50,955 | 43,057 | 24,104 | 22,157 | 10,090 |
| Joint ventures | 10.4 | 19,343 | 17,637 | 253 | (349) | 591 |
| Total | | <u>70,298</u> | <u>60,694</u> | <u>24,357</u> | <u>21,808</u> | <u>10,681</u> |



Note 10 – Equity-accounted investees (continued)

10.2 Assets, liabilities, revenue and expenses of associates

| 12-31-2012 | | | | | | | |
|--------------|-------------------------------------|--------------------------|---------------------|----------------|--------------------|----------------|--------------------------|
| Tax ID No. | Associate | Country of incorporation | Functional currency | Assets ThUS\$ | Liabilities ThUS\$ | Revenue ThUS\$ | Net profit (loss) ThUS\$ |
| 77.557.430-5 | Sales de Magnesio Ltda. | Chile | Chilean Peso | 5,026 | 1,713 | 14,436 | 2,177 |
| Foreign | Abu Dhabi Fertilizer Industries WWL | United Arab Emirates | U.A.E Dirham | 24,662 | 4,291 | 42,899 | 3,255 |
| Foreign | Doktor Tarsa Tarim Sanayi AS | Turkey | Turkish Lira | 77,084 | 44,635 | 77,839 | 8,267 |
| Foreign | Ajay North America | United States | US Dollar | 44,889 | 6,292 | 83,340 | 22,300 |
| Foreign | Ajay Europe SARL | France | Euro | 36,106 | 12,688 | 84,203 | 12,591 |
| Foreign | SQM Eastmed Turkey | Turkey | Euro | 428 | 258 | - | - |
| Foreign | SQM Thailand Co. Ltd. | Thailand | Thai Bath | 17,068 | 13,048 | 13,536 | 81 |
| Total | | | | 205,263 | 82,925 | 316,253 | 48,671 |

| 12-31-2011 | | | | | | | |
|--------------|-------------------------------------|--------------------------|---------------------|----------------|--------------------|----------------|--------------------------|
| Tax ID No. | Associate | Country of incorporation | Functional currency | Assets ThUS\$ | Liabilities ThUS\$ | Revenue ThUS\$ | Net profit (loss) ThUS\$ |
| 77.557.430-5 | Sales de Magnesio Ltda. | Chile | Chilean Peso | 4,484 | 1,595 | 8,652 | 1,335 |
| Foreign | Abu Dhabi Fertilizer Industries WWL | United Arab Emirates | U.A.E Dirham | 22,964 | 5,849 | 38,024 | 2,985 |
| Foreign | Doktor Tarsa Tarim Sanayi AS | Turkey | Turkish Lira | 78,090 | 53,752 | 67,205 | 5,160 |
| Foreign | Ajay North America | United States | US Dollar | 47,866 | 9,876 | 80,923 | 23,689 |
| Foreign | Ajay Europe SARL | France | Euro | 32,332 | 14,600 | 59,189 | 8,384 |
| Foreign | Mirs Specialty Fertilizers | Egypt | Egyptian pound | 5,476 | 2,802 | - | (266) |
| Foreign | SQM Eastmed Turkey | Turkey | Euro | 438 | 264 | 29 | (94) |
| Foreign | SQM Thailand Co. Ltd. | Thailand | Thai Bath | 8,130 | 4,227 | 10,895 | 175 |
| Total | | | | 199,780 | 92,965 | 264,917 | 41,368 |

| 12-31-2010 | | | | | | | |
|--------------|-------------------------------------|--------------------------|---------------------|----------------|--------------------|----------------|--------------------------|
| Tax ID No. | Associate | Country of incorporation | Functional currency | Assets ThUS\$ | Liabilities ThUS\$ | Revenue ThUS\$ | Net profit (loss) ThUS\$ |
| 77.557.430-5 | Sales de Magnesio Ltda. | Chile | Chilean Peso | 3,847 | 1,143 | 6,494 | 1,408 |
| Foreign | Abu Dhabi Fertilizer Industries WWL | United Arab Emirates | U.A.E Dirham | 22,001 | 7,869 | 35,506 | 1,960 |
| Foreign | Doktor Tarsa Tarim Sanayi AS | Turkey | Turkish Lira | 56,853 | 33,256 | 64,540 | 8,003 |
| Foreign | Nutrisi Holding N.V. | Belgium | Euro | 11,217 | 3,228 | - | 3,056 |
| Foreign | Ajay North America | United States | US Dollar | 22,511 | 5,168 | 52,237 | 4,143 |
| Foreign | Ajay Europe SARL | France | Euro | 17,651 | 6,519 | 41,992 | 2,212 |
| Foreign | Mirs Specialty Fertilizers | Egypt | Egyptian pound | 6,227 | 3,206 | 4,231 | (521) |
| Foreign | SQM Eastmed Turkey | Turkey | Euro | 626 | 247 | 646 | - |
| Foreign | SQM Thailand Co. Ltd. | Thailand | Thai Bath | 5,894 | 2,035 | 11,149 | 594 |
| Total | | | | 146,827 | 62,671 | 216,795 | 20,855 |



Note 10 – Equity-accounted investees (continued)

10.3 Detail of investments in associates

The Company's ownership in its associates is detailed as follows:

| Associate | Main activities of the associate | Ownership % | Investment | Investment |
|--------------------------------------------|-------------------------------------------------------------------------------------|-------------|---------------|---------------|
| | | | 12/31/2012 | 12/31/2011 |
| | | | ThUS\$ | ThUS\$ |
| Sales de Magnesio Ltda. | Commercialization of magnesium salts. | 50% | 1,656 | 1,444 |
| Abu Dhabi Fertilizer Industries Co. W.W.L. | Distribution and commercialization of specialty plant nutrients in the Middle East. | 50% | 9,890 | 8,558 |
| Ajay North America L.L.C | Production and commercialization of iodine derivatives. | 49% | 15,357 | 14,866 |
| Doktor Tarsa Tarim Sanayi AS | Distribution and commercialization of specialty plant nutrients in Turkey. | 50% | 15,346 | 12,169 |
| Nutrisi Holding N.V. | Holding company | 50% | - | - |
| Ajay Europe SARL | Production and distribution of iodine and iodine derivatives. | 50% | 8,495 | 3,102 |
| Misr Specialty Fertilizers S.A.E. | Production and commercialization of liquid specialty plant nutrients for Egypt. | 47.4857% | - | 1,270 |
| SQM Eastmed Turkey | Production and commercialization of specialty products. | 50% | 85 | 87 |
| SQM Thailand Co. Ltd. | Distribution and commercialization of specialty plant nutrients. | 40% | 126 | 1,561 |
| Total | | | 50,955 | 43,057 |

| Associate | Main activities of the associate | Ownership % | Share on profit (loss) of equity-accounted investees | | |
|--------------------------------------------|-------------------------------------------------------------------------------------|-------------|------------------------------------------------------|---------------|---------------|
| | | | 12/31/2012 | 12/31/2011 | 12/31/2010 |
| | | | ThUS\$ | ThUS\$ | ThUS\$ |
| Sales de Magnesio Ltda. | Commercialization of magnesium salts. | 50% | 1,088 | 667 | 704 |
| Abu Dhabi Fertilizer Industries Co. W.W.L. | Distribution and commercialization of specialty plant nutrients in the Middle East. | 50% | 1,628 | 1,492 | 980 |
| Ajay North America L.L.C | Production and commercialization of iodine derivatives. | 49% | 10,927 | 11,608 | 2,030 |
| Doktor Tarsa Tarim Sanayi AS | Distribution and commercialization of specialty plant nutrients in Turkey. | 50% | 4,134 | 2,580 | 4,002 |
| Nutrisi Holding N.V. | Holding company | 50% | - | 1,720 | 1,278 |
| Ajay Europe SARL | Production and distribution of iodine and iodine derivatives. | 50% | 6,295 | 4,192 | 1,106 |
| Misr Specialty Fertilizers S.A.E. | Production and commercialization of liquid specialty plant nutrients for Egypt. | 47.49% | - | (126) | (247) |
| SQM Eastmed Turkey | Production and commercialization of specialty products. | 50% | - | (46) | (1) |
| SQM Thailand Co. Ltd. | Distribution and commercialization of specialty plant nutrients. | 40% | 32 | 70 | 238 |
| Total | | | 24,104 | 22,157 | 10,090 |

The Company has no participation in unrecognized losses in investments in associates.



Note 10 - Equity-accounted investees (continued)

10.4 Detail of assets, liabilities and profit or loss of significant investments in joint ventures by company:

| Tax ID No. | Joint venture | Country of incorporation | Functional currency | 12/31/2012 | | | Current ThUS\$ | Liability Non-current ThUS\$ | Total ThUS\$ | Revenue ThUS\$ | Ownership-related expenses ThUS\$ | Profit or loss ThUS\$ |
|------------|-------------------------------------------------|--------------------------|---------------------|----------------|--------------------------|---------------|----------------|------------------------------|---------------|----------------|-----------------------------------|-----------------------|
| | | | | Current ThUS\$ | Asset Non-current ThUS\$ | Total ThUS\$ | | | | | | |
| Foreign | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China | US Dollar | 21,843 | 9,984 | 31,827 | 6,899 | 4,072 | 10,971 | 29,980 | (29,407) | 573 |
| Foreign | Coromandel SQM | India | Indian Rupee | 5,059 | 1,397 | 6,456 | 4,419 | - | 4,419 | 5,633 | (5,264) | 369 |
| Foreign | SQM Vitas Fzco. | United Arab Emirates | U.A.E. Dirham | 22,536 | 10,522 | 33,058 | 785 | - | 785 | 19,643 | (20,175) | (532) |
| Foreign | SQM Qindao-Star Co. Ltda. | China | US Dollar | 1,986 | 304 | 2,291 | 132 | - | 132 | 5,028 | (4,933) | 95 |
| | Total | | | 51,424 | 22,207 | 73,631 | 12,235 | 4,072 | 16,307 | 60,284 | (59,779) | 505 |

| Tax ID No. | Joint venture | Country of incorporation | Functional currency | 31/12/2011 | | | Current ThUS\$ | Liability Non-current ThUS\$ | Total ThUS\$ | Revenue ThUS\$ | Ownership-related expenses ThUS\$ | Profit or loss ThUS\$ |
|------------|-------------------------------------------------|--------------------------|---------------------|----------------|--------------------------|---------------|----------------|------------------------------|--------------|----------------|-----------------------------------|-----------------------|
| | | | | Current ThUS\$ | Asset Non-current ThUS\$ | Total ThUS\$ | | | | | | |
| Foreign | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China | US Dollar | 18,014 | 10,576 | 28,590 | 8,306 | - | 8,306 | 23,818 | (23,455) | 363 |
| Foreign | Coromandel SQM | India | Indian Rupee | 559 | 1,074 | 1,633 | 62 | - | 62 | 23 | (60) | (37) |
| Foreign | SQM Vitas Fzco. | United Arab Emirates | U.A.E. Dirham | 24,887 | 8,920 | 33,807 | 1,005 | - | 1,005 | 25,207 | (26,266) | (1,059) |
| Foreign | SQM Qindao-Star Co. Ltda. | China | US Dollar | 1,974 | 403 | 2,377 | 314 | - | 314 | 5,065 | (5,028) | 37 |
| | Total | | | 45,434 | 20,973 | 66,407 | 9,687 | - | 9,687 | 54,113 | (54,809) | (696) |

| Tax ID No. | Joint venture | Country of incorporation | Functional currency | 31/12/2010 | | | Current ThUS\$ | Liability Non-current ThUS\$ | Total ThUS\$ | Revenue ThUS\$ | Ownership-related expenses ThUS\$ | Profit or loss ThUS\$ |
|------------|-------------------------------------------------|--------------------------|---------------------|----------------|--------------------------|---------------|----------------|------------------------------|--------------|----------------|-----------------------------------|-----------------------|
| | | | | Current ThUS\$ | Asset Non-current ThUS\$ | Total ThUS\$ | | | | | | |
| Foreign | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | China | US Dollar | 2,987 | 11,677 | 14,664 | 3,744 | - | 3,744 | - | (46) | (46) |
| Foreign | Coromandel SQM | India | Indian Rupee | 10 | 862 | 872 | 7 | - | 7 | 3 | - | 3 |
| Foreign | SQM Vitas Fzco. | United Arab Emirates | U.A.E. Dirham | 27,534 | 9,499 | 37,033 | 2,828 | - | 2,828 | 19,954 | (18,756) | 1,198 |
| Foreign | SQM Qindao-Star Co. Ltda. | China | US Dollar | 2,448 | 387 | 2,835 | 808 | - | 808 | 2,900 | (2,873) | 27 |
| | Total | | | 32,979 | 22,425 | 55,404 | 7,387 | - | 7,387 | 22,857 | (21,675) | 1,182 |



Note 10 - Equity-accounted investees (continued)

10.5 Detail of investments in joint ventures:

| Joint venture | Main activities of the joint venture | Ownership % | Investment 12/31/2012 ThUS\$ | Investment 12/31/2011 ThUS\$ |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------|-------------|------------------------------------|------------------------------------|
| Coromandel SQM | Production and distribution of potassium nitrate. | 50% | 683 | 786 |
| Sichuan SQM Migao Chemical Fertilizer Co. Ltda. | Production and distribution of soluble fertilizers. | 50% | 10,428 | 10,142 |
| SQM Vitas Fzco. | Production and commercialization of specialty plant and animal nutrition and industrial hygiene. | 50% | 7,153 | 5,677 |
| SQM Quindao-Star Co. Ltda. | Production and distribution of nutrient plant solutions with specialties NPK soluble | 50% | 1,079 | 1,032 |
| Total | | | 19,343 | 17,637 |



Note 11 - Intangible assets and goodwill

11.1 Balances

| Balances | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|---------------------------------------|------------------------------|------------------------------|
| Intangible assets other than goodwill | 24,013 | 4,316 |
| Goodwill | 38,388 | 38,605 |
| Total | 62,401 | 42,921 |

11.2 Disclosures on intangible assets and goodwill

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way and software.

| Intangible assets and goodwill | Useful life | Gross amount ThUS\$ | 12/31/2012 Accumulated Amortization ThUS\$ | Net Value ThUS\$ |
|----------------------------------------------|--------------------|--------------------------------|---------------------------------------------------------------|-----------------------------|
| Trademarks | Finite | 3,821 | (3,821) | - |
| Software | Finite | 3,765 | (2,115) | 1,650 |
| Rights of way and water rights | Finite | 1,198 | (820) | 378 |
| Rights of way and water rights | Indefinite | 22,612 | (1,987) | 20,625 |
| Other intangible assets | Indefinite | 1,512 | (152) | 1,360 |
| Intangible assets other than goodwill | | 32,908 | (8,895) | 24,013 |
| Goodwill | Indefinite | 40,178 | (1,790) | 38,388 |
| Total intangible assets and goodwill | | 73,086 | (10,685) | 62,401 |

Note 11 - Intangible assets and goodwill (continued)

11.2 Disclosures on intangible assets and goodwill (continued)

| Intangible assets and goodwill | Useful life | Gross amount ThUS\$ | 12/31/2011 Accumulated Amortization ThUS\$ | Net Value ThUS\$ |
|---------------------------------------|--------------------|--------------------------------|---------------------------------------------------------------|-----------------------------|
| Trademarks | Finite | 3,821 | (3,821) | - |
| Software | Finite | 3,476 | (1,538) | 1,938 |
| Rights of way and water rights | Finite | 1,198 | (758) | 440 |
| Rights of way and water rights | Indefinite | 3,536 | (1,994) | 1,542 |
| Other intangible assets | Indefinite | 548 | (152) | 396 |



Notes to the consolidated financial statements as of December 31 2012

| | | | | |
|----------------------------------------------|------------|---------------|----------------|---------------|
| Intangible assets other than goodwill | | <u>12,579</u> | <u>(8,263)</u> | <u>4,316</u> |
| Goodwill | Indefinite | 40,178 | (1,573) | 38,605 |
| Total intangible assets and goodwill | | <u>52,757</u> | <u>(9,836)</u> | <u>42,921</u> |



Note 11 - Intangible assets and goodwill (continued)

11.2 Disclosures on intangible assets and goodwill, continued

The estimated useful life for software is 3 years. For other finite useful life assets, the amortization period corresponds to their contractually defined period. Indefinite useful life intangible assets primarily consist of water rights and rights of way, which do not expire.

The minimum and maximum useful lives of intangible assets are as follows:

| Estimated useful lives or amortization rate | Minimum life or rate | Maximum life or rate |
|---------------------------------------------|----------------------|----------------------|
| Rights of way and water rights | Indefinite | Indefinite |
| Other intangible assets | Indefinite | Indefinite |
| Rights of way and water rights | 1 year | 16 years |
| Trademarks | 1 year | 5 years |
| Software | 2 years | 3 years |

The Company has no internally generated intangible assets.



Note 11 - Intangible assets and goodwill (continued)

11.2 Disclosures on intangible assets and goodwill, continued

a) Movements in identifiable intangible assets as of December 31, 2012:

| Movements in identifiable intangible assets | Trademarks Net ThUS\$ | Software, Net ThUS\$ | Water rights and rights of way- finited life, Net ThUS\$ | Water rights and rights of way-indefinite life, Net ThUS\$ | Other intangible assets, Net ThUS\$ | Goodwill, Net ThUS\$ | Identifiable intangible assets, Net ThUS\$ |
|---------------------------------------------|-----------------------------|----------------------------|----------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------|----------------------------|-----------------------------------------------------|
| Opening balance | - | 1,938 | 440 | 1,542 | 396 | 38,605 | 42,921 |
| Additions | - | 501 | - | 19,080 | 964 | - | 20,545 |
| Amortization | - | (789) | (62) | - | - | - | (851) |
| Other increases (decreases) | - | - | - | 3 | - | (217) | (214) |
| Final balance | - | 1,650 | 378 | 20,625 | 1,360 | 38,388 | 62,401 |

b) Movements in identifiable intangible assets as of December 31, 2011:

| Movements in identifiable intangible assets | Trademarks Net ThUS\$ | Software, Net ThUS\$ | Water rights and rights of way- finited life, Net ThUS\$ | Water rights and rights of way-indefinite life, Net ThUS\$ | Other intangible assets, Net ThUS\$ | Goodwill, Net ThUS\$ | Identifiable intangible assets, Net ThUS\$ |
|---------------------------------------------|-----------------------------|----------------------------|----------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------|----------------------------|-----------------------------------------------------|
| Opening balance | 4 | 823 | 501 | 1,546 | 396 | 38,388 | 41,658 |
| Additions | - | 1,812 | - | - | - | 217 | 2,029 |
| Amortization | (4) | (697) | (61) | - | - | - | (762) |
| Other increases (decreases) | - | - | - | (4) | - | - | (4) |
| Final balance | - | 1,938 | 440 | 1,542 | 396 | 38,605 | 42,921 |



Note 12 - Property, plant and equipment

12.1 Classes of property, plant and equipment

The details of property, plant and equipment is as follows:

| Description of classes of property, plant and equipment | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|---------------------------------------------------------|----------------------|----------------------|
| Property, plant and equipment, net | | |
| Land | 109,060 | 108,992 |
| Buildings | 169,731 | 146,532 |
| Machinery | 438,331 | 424,460 |
| Transport equipment | 88,954 | 82,822 |
| Furniture and fixtures | 6,736 | 5,015 |
| Office equipment | 5,249 | 5,312 |
| Constructions in progress | 423,184 | 297,996 |
| Other property, plant and equipment | 747,045 | 683,913 |
| Total | 1,988,290 | 1,755,042 |
| Property, plant and equipment, gross | | |
| Land | 109,060 | 108,992 |
| Buildings | 329,397 | 291,401 |
| Machinery | 1,065,641 | 972,179 |
| Transport equipment | 224,462 | 199,998 |
| Furniture and fixtures | 22,667 | 19,090 |
| Office equipment | 36,215 | 34,480 |
| Constructions in progress | 423,184 | 297,996 |
| Other property, plant and equipment | 1,336,991 | 1,194,765 |
| Total | 3,547,617 | 3,118,901 |



Note 12 - Property, plant and equipment (continued)

12.1 Classes of property, plant and equipment, continued

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|----------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Accumulated depreciation and value impairment of property, plant and equipment, total | | |
| Accumulated depreciation and value impairment of buildings | 159,666 | 144,869 |
| Accumulated depreciation and value impairment of machinery | 627,310 | 547,719 |
| Accumulated depreciation and value impairment of transport equipment | 135,508 | 117,176 |
| Accumulated depreciation and value impairment of furniture and fixtures | 15,931 | 14,075 |
| Accumulated depreciation and value impairment of office equipment | 30,966 | 29,168 |
| Accumulated depreciation and value impairment of other property, plant and equipment | 589,946 | 510,852 |
| Total | <u>1,559,327</u> | <u>1,363,859</u> |



Note 12 - Property, plant and equipment (continued)

12.2 Reconciliation of changes in property, plant and equipment by class as of December 31, 2012 and December 31, 2011:

| Reconciliation entries of changes in property, plant and equipment by class as of December 31, 2012 | Land | Buildings, net | Machinery, net | Transport equipment, net | Furniture and fixtures, net | Office equipment, net | Construction in progress | Other property, plant and equipment, net | Property, plant and equipment net |
|-----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|--------------------------|-----------------------------|-----------------------|--------------------------|------------------------------------------|-----------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Opening balance | 108,992 | 146,532 | 424,460 | 82,822 | 5,015 | 5,312 | 297,996 | 683,913 | 1,755,042 |
| Changes | | | | | | | | | |
| Additions | 36 | - | 1,092 | 34 | 70 | 323 | 443,349 | 972 | 445,876 |
| Divestitures | - | - | (115) | - | (67) | (12) | (2,936) | (78) | (3,208) |
| Depreciation expense | - | (14,800) | (79,534) | (18,400) | (1,858) | (1,857) | - | (79,709) | (196,158) |
| Increase(decrease) in foreign currency exchange | 32 | (1) | 5 | 15 | - | (13) | - | 68 | 106 |
| Reclassifications | - | 37,916 | 92,441 | 24,535 | 3,576 | 1,478 | (287,291) | 127,345 | - |
| Other increases (decreases) (*) | - | 84 | (18) | (52) | - | 18 | (27,934) | 14,534 | (13,368) |
| Total changes | 68 | 23,199 | 13,871 | 6,132 | 1,721 | (63) | 125,188 | 63,132 | 233,248 |
| Ending balance | 109,060 | 169,731 | 438,331 | 88,954 | 6,736 | 5,249 | 423,184 | 747,045 | 1,988,290 |

(*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses recorded to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the change representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures.



Note 12 - Property, plant and equipment (continued)

12.2 Reconciliation of changes in property, plant and equipment by class as of December 31, 2012 and December 31, 2011, continued:

| Reconciliation entries of changes in property, plant and equipment by class as of December 31, 2011 | Land | Buildings, net | Machinery, net | Transport equipment, net | Furniture and fixtures, net | Office equipment, net | Construction in progress | Other property, plant and equipment, net | Property, plant and equipment net |
|-----------------------------------------------------------------------------------------------------|----------------|----------------|----------------|--------------------------|-----------------------------|-----------------------|--------------------------|------------------------------------------|-----------------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Opening balance | 107,869 | 88,320 | 295,467 | 48,936 | 4,450 | 5,706 | 356,551 | 546,674 | 1,453,973 |
| Changes | | | | | | | | | |
| Additions | 1,251 | 178 | 424 | 558 | 39 | 302 | 474,042 | 1,054 | 477,848 |
| Divestitures | (85) | (1,371) | (64) | (451) | - | - | - | - | (1,971) |
| Depreciation expense | - | (11,477) | (97,046) | (14,902) | (1,281) | (2,053) | - | (69,137) | (195,896) |
| Increase(decrease) in foreign currency exchange | (42) | - | 1 | (23) | - | 122 | - | (24) | 34 |
| Reclassifications | | 69,410 | 228,116 | 48,717 | 1,805 | 1,442 | (546,769) | 197,279 | - |
| Other increases (decreases) (*) | (1) | 1,472 | (2,438) | (13) | 2 | (205) | 14,172 | 8,067 | 21,055 |
| Total changes | 1,123 | 58,212 | 128,993 | 33,886 | 565 | (394) | (58,555) | 137,239 | 301,069 |
| Ending balance | 108,992 | 146,532 | 424,460 | 82,822 | 5,015 | 5,312 | 297,996 | 683,913 | 1,755,042 |

(*) The net balance of Other increases (decreases) corresponds to: 1) investment plan expenses recorded to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the change representing the purchase and use of materials and spare parts and 3) projects corresponding mainly to exploration expenditures.



Note 12 - Property, plant and equipment (continued)

12.3 Detail of property, plant and equipment pledged as guarantee

There are no title restrictions or guarantees associated with property, plant and equipment.

12.4 Additional Information

1) Leased property, plant and equipment

-

At December 31, 2012 and 2011, the Company had no leased assets.

2) Interest capitalized in construction in-progress

-

- The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the month end balances of construction in progress. The effective interest rate used to capitalize interest on construction in progress was 7% for the years ended December 31, 2012 and 2011.

- For the years ended December 31, 2012 and 2011, capitalized interest amounted to ThUS\$14,156 and ThUS\$22,249, respectively.

Note 13 – Employee benefits

13.1 Provisions for employee benefits

Provisions for employee benefits consists of the following:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|----------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Current | | | |
| Profit sharing and bonuses | 33,974 | 30,074 | 44,011 |
| Total | 33,974 | 30,074 | 44,011 |
| Non-current | | | |
| Profit sharing and bonuses | 6,056 | 4,083 | 800 |
| Severance indemnities | 34,431 | 28,188 | 27,208 |
| Pension Plan | 409 | 1,413 | 702 |
| Total | 40,896 | 33,684 | 28,710 |



Note 13 Employee benefits (continued)

13.2 Policies on employee benefits

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time-off, sickness, other leaves of absence, profit sharing and incentives, and non-monetary benefits such as healthcare, housing, and subsidized or free goods or services. These benefits will be paid in a term which does not exceed twelve months. The Company only provides compensation and benefits to active employees, with the exemption of SQM North America as described in Note 13.5 below.

Bonuses paid to the Company’s employees are disbursement in the first quarter of the following year, which is calculated based on profit for each reporting period in consideration of the employee appraisal process.

Benefits related to vacations are provided in accordance with the Labor Code which indicates that employees with more than a year of service will be entitled to annual holidays for a period not lower than fifteen paid business days per year. The Company provides the benefit of two additional vacation days per year.

Staff severance indemnities represent payments due to employees upon their separation from the Company including for retirement, involuntary and voluntary termination, disability, or death. Actual payments made to employees at the time of separation are calculated based on years of service and a percentage of employees final year’s salary as stipulated in established agreements between the Company and its employees and in accordance with local obligations. The Company recognizes a liability for severance indemnities using an actuarial model on an employee by employee basis considering the terms of individual employee contracts.

13.3 Other long-term benefits

Other long-term benefits relate to staff severance indemnities and defined benefit pension obligations and are recorded at their actuarial value and consist of the following

| Staff severance indemnities at actuarial value | 12/31/2012 | 12/31/2011 |
|-------------------------------------------------------|----------------------|----------------------|
| | ThUS\$ | ThUS\$ |
| Staff severance indemnities, Chile | 33,731 | 27,574 |
| Other obligations in companies elsewhere | 700 | 614 |
| Total other non-current liabilities | <u>34,431</u> | <u>28,188</u> |
| | | |
| SQM North America’s pensions plan | 409 | 1,413 |
| Total post employment obligations | <u>409</u> | <u>1,413</u> |



Note 13 - Employee benefits (continued)

13.4 Chilean staff severance indemnities

The change in severance indemnities calculated at the actuarial value are as follows:

| | 2012 ThUS\$ | 2011 ThUS\$ |
|--------------------------|------------------------------|------------------------------|
| Opening balance | (28,188) | (27,208) |
| Current cost of service | (8,087) | (7,871) |
| Interest cost | (1,037) | (1,106) |
| Actuarial gain/loss | 40 | (151) |
| Exchange rate difference | (2,237) | 2,693 |
| Contributions paid | 5,078 | 5,455 |
| Balance | <u>(34,431)</u> | <u>(28,188)</u> |

The liability for staff severance indemnities in accordance with an actuarial model , use the following significant assumptions:

| | 12/31/2012 | 12/31/2011 |
|------------------------------------------|------------|------------|
| Mortality rate | RV - 2011 | RV - 2010 |
| Actual annual interest rate | 6% | 6% |
| Annual voluntary turnover rotation rate: | | |
| Men | 0,9% | 0,9% |
| Women | 1,53% | 1,53% |
| Average annual salary increase | 3,0% | 3,0% |
| Retirement age (years): | | |
| Men | 65 | 65 |
| Women | 60 | 60 |

The methodology followed to determine the accrual for all employees considered RV-2010 turnover and mortality rates established by the Chilean Superintendence of Securities and Insurance to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method, which is an established methodology in IAS 19 Retirement Benefit Costs.

The discount rate of 6% is based on the Company's long-term borrowing rates.

The Company retains the full obligation for the payment of staff severance indemnities upon separation without establishing a separate fund or restriction of assets for payment of such obligations, which is typically referred to as an unfunded plan.



Note 13 - Employee benefits (continued)

13.5 Defined benefit pension obligations

SQM North America had a defined pension plan the SQM North America Retirement Income Plan, which was terminated in 2002 and replaced with a 401K plan, that does not generate future obligations to the Company. The obligations under this terminated plan are calculated measuring the expected future forecasted staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions discounting the resulting amounts to their present values.

The table below establishes the status of amounts recognized in the Consolidated Statement of Financial Position:

| | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|------------------------------------------------------------------------|----------------|----------------|----------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Variation in projected benefit obligation (liability): | | | |
| Benefit liability at the beginning of year | 6,620 | 6,548 | 6,972 |
| Cost of service | 1 | 1 | 1 |
| Interest cost | 406 | 413 | 427 |
| Actuarial loss | (236) | (46) | (374) |
| Benefits paid | <u>(309)</u> | <u>(297)</u> | <u>(297)</u> |
| Benefit obligation (liability) at year-end | <u>6,482</u> | <u>6,619</u> | <u>6,549</u> |
| Change in the plan's assets: | | | |
| Fair value of the plan's assets at beginning of year | 5,206 | 5,847 | 5,082 |
| Contributions by the employer | 436 | 189 | 192 |
| Actual return (loss) on plan assets | 740 | (533) | 869 |
| Benefits paid | <u>(309)</u> | <u>(297)</u> | <u>(296)</u> |
| Fair value of the plan's assets at year-end | <u>6,073</u> | <u>5,206</u> | <u>5,847</u> |
| Accrued liability pension plan | <u>(409)</u> | <u>(1,413)</u> | <u>(702)</u> |
| Items not yet recognized as net regular pension-related cost elements: | | | |
| Net actuarial loss at the beginning of year | (2,954) | (2,111) | (3,131) |
| Amortization during the period | 131 | 84 | 155 |
| Net gain or loss during the period | 580 | (927) | 865 |
| Adjustment made to recognize the minimum pension-related liability | <u>(2,243)</u> | <u>(2,954)</u> | <u>(2,111)</u> |



Note 13 - Employee benefits (continued)

The change in the defined benefit obligation over the years is as follows:

| | <u>2012</u> ThUS\$ | <u>2011</u> ThUS\$ | <u>2010</u> ThUS\$ |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|
| Costs or benefits of services earned during the period | 2 | 1 | 1 |
| Cost of interest in benefit liability | 406 | 413 | 427 |
| Actual return in plan's assets | 739 | (532) | (869) |
| Amortization of loss from prior periods | 131 | 84 | 154 |
| Net gain for the period | (344) | 973 | 492 |
| Net regular pension-related expense | 142 | 57 | (205) |

13.6 Shared based compensation

The Company maintains a share based compensation plan to encourage retention of its top 40 executives. Individuals receive annual cash payments based on changes in SQM's share price. Compensation for each individual is calculated as the differential between the average prices of the SQM's Series B shares as traded on the Santiago Stock Exchange during April of each year compared to a base price of US\$50 per share. Individuals are awarded a fixed number of shares over a five year vesting period through 2016.

Share based award activities are as following:

| Movement for the period | 2012 | 2011 |
|--------------------------------------|-------------|-------------|
| Shares outstanding as of January 1 | 2,340,000 | 3,370,025 |
| Grants | 103,500 | - |
| Forfeitures | 103,500 | - |
| Exercised during the fiscal year | 139,500 | 1,030,025 |
| Shares outstanding as of December 31 | 2,200,500 | 2,340,000 |
| Average contractual life | 40 months | 48 months |
| December 31 share price | US\$57.93 | US\$53.85 |

Compensation expense under the plan amount to ThUS\$3,142 and ThUS\$11,200 for the years ended December 31, 2012 and 2011, respectively.



Note 14 - Disclosures on equity

14.1 Capital management

The Company's primary capital management object is to administer the financial debt and capital of SQM and its subsidiaries, ensure continuing operations and long term business continuity, ensure financing of new investments in order to maintain steady growth, have an adequate capital structure in accordance with economic cycles that have an impact on the business and the nature of the industry, and maximize the value of SQM and its subsidiaries over the medium the mid and long term.

Capital management adheres to the limits specified in the Financial Policy approved at the General Ordinary Shareholders Meeting, which established a maximum level of consolidated leverage of 1.5 times equity. This limit can only be exceeded to the extent that Management has previously been granted express authorization at the previous Shareholders Meeting.

Additionally, capital management must meet external capital requirements (or covenants) established in SQM's financial obligations, which regulates the debt limit to 1.4 times equity.

Together with the overall debt level the Company seeks to maintain a reasonable maturity profile of its financial obligations, ensure financial ratios between short-term and long-term maturities, and the relationship they maintain with the distribution of the Company's assets. Consequently, the Company has maintained in recent periods current ratio levels in excess of 3.0.



Note 14 – Equity Disclosures (continued)

Management reviews overall

Capital management objectives are measured in accordance with the following ratios:

| Capital Management | 31/12/2012 | 31/12/2011 | Description (1) | Calculation (1) |
|------------------------------------|------------|------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Net Financial Debt ThUS\$ | 929,197 | 753,410 | Financial Debt - Financial Resources | Other Current Financial Liabilities + Other Financial Liabilities, Non-Current – Cash and cash equivalents – Other Current Financial Assets- Other non-current Hedging Assets |
| Current Ratio | 3.69 | 3.11 | Current Assets divided by Current Liabilities | Total Current assets / Total Current Liabilities |
| Net Financial Debt/ Capitalization | 0.30 | 0.29 | Net Financial Debt divided by Equity | Net Financial Debt / (Net Financial Debt + Equity) |
| ROE | 30.1% | 29.7% | Net Income divided by Equity | Net Income/ Equity (Last 12 months) |
| ROA | 25.1% | 24.1% | EBITDA – Depreciation divided by total assets of financial resources minus investments in related enterprises | (Net Income – Administrative expenses) / (Total Assets – Cash and cash equivalents – Other Current Assets – Other Current Financial Assets- investments using the participation method) (Last 12 months) |
| Leverage | 1.02 | 1.08 | Total Liability divided by Equity | Total Liabilities / Total Equity |
| | | | | |

(1) Assumes absolute value of various accounts

The Company’s capital requirements vary depending on: working capital requirements, financing of new investments and dividends, among others. SQM manages its capital structure and makes adjustments based on prevailing economic conditions, in order to mitigate the risks associated with adverse market conditions and to take advantage of opportunities to improve overall liquidity.

There have been no changes in the capital management objectives or policies within the years covered by these consolidated financial statements.



Note 14 – Equity Disclosures (continued)

14.2 Disclosures on preferred share capital

Issued share capital is divided into 263,196,524 fully paid and subscribed shares with no par value composed of 142,819,552 Series "A" shares and 120,376,972 Series "B" shares.

The voting rights for each series are detailed as follows:

Series "A":

If the election of the Company's President results in a tie vote, the Company's directors may vote once again, without the vote of the director elected by the Series B shareholders.

Series "B":

A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.

Extraordinary meeting of the Board of Directors may be called with or without the agreement of the Company's President, at the request of the director elected by Series B shareholders.

As of December 31, 2012 and 2011, the Company did not hold any shares in the parent either directly or through its companies in which it has investments.



Note 14 – Disclosures on equity (continued)

14.3 Disclosures on preferred share capital (continued)

Capital in preference shares consist of the following:

| Type of capital in preferred shares | 12/31/2012 | | 12/31/2011 | |
|-----------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Series A | Series B | Series A | Series B |
| Description of type of capital in preferred shares | | | | |
| Number of authorized shares | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Number of fully subscribed and paid shares | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Par value of shares in ThUS\$ | 0,9435 | 2,8464 | 0,9435 | 2,8464 |
| Number of current shares | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Capital amount in shares ThUS\$ | 134,750 | 342,636 | 134,750 | 342,636 |
| Total number of subscribed shares, total | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |

During the years ended December 31, 2012 and 2011 the Company did not issue any new shares.

**Note 14 - Disclosures on equity (continued)****14.4 Disclosures on reserves in equity****Reserves for currency exchange conversion**

This balance reflects retained earnings for changes due to the translation of subsidiaries financial statements into U.S. Dollars.

Reserve for cash flow hedges

This balance reflects changes in the fair value of derivative financial instruments classified as hedging changes in cash flows associated with UF-and Chilean Peso-denominated debt obligations.

Reserve for actuarial gains or losses in defined benefit plans

This balance reflects changes in the actuarial gains and losses in the calculation of defined benefit obligations, refer to Note 13.5.

Other reserves

Other reserves correspond to the acquisition of the remaining interest in SQM Iberian S.A., which was already controlled by the Company upon the acquisition date of the additional interest.

Changes in these reserves consist of the following:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|----------------------------------------------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Reserve for currency exchange conversion | (330) | (1,251) | 1,530 |
| Reserve for cash flow hedge | (16,522) | (10,230) | (9,207) |
| Reserve for actuarial gains or losses in defined benefit plans | (2,243) | (2,954) | (2,036) |
| Other reserves | (1,677) | (1,677) | - |
| Total other reserves | (20,772) | (16,112) | (9,713) |



Note 14 - Disclosures on equity (continued)

14.5 Dividend policies

As required by Article 79 of the Chilean Companies Act, the Company is required to distribute a cash dividend in an amount equal to at least 30% of its consolidated profit for the period for year unless and except to the extent it has a deficit in retained earnings (losses not absorbed in prior years), or as otherwise determined by a unanimous vote of shareholders.

The dividend policy defined by the Shareholders' General Meeting is:

- Distribution and payment in favor of each shareholder of a final dividend which will be equivalent to 50% of profit for the period.
- Distribution and payment, if possible during the year, of a provisional dividend which will be recorded against the aforementioned final dividend, This provisional dividend will normally be paid during the last quarter of the year and its amount can not exceed 50% of the retained earnings for distribution obtained during the year, which are reflected in the Company's financial statements as of September 30 of each year.
- The distribution and payment by the Company of the remaining balance of the final dividend related to profit for the year in up to two installments, which must be paid prior to June 30 of the following year.
- An amount equivalent to the remaining 50% of the Company's profit for the year will be retained and used to finance operations and one or more of the Company's investment projects with no prejudice of the possible future capitalization of this investment.
- The Board of Directors does not consider the payment of any additional or interim dividends.
- The application of the Company's dividend policy is dependent upon final profit for the year, and in future, to the Company's regular forecasts and the existence of conditions or events that could affect them. Any significant change in the Company's dividend policy or in events and conditions that may affect the Company's dividend policy will be timely communicated to all shareholders.

14.6 Provisional dividends

On November 20, 2012, the Company reported to the SVS, that the Company's Board of Directors agreed to pay and distribute a provisional dividend of approximately US\$0.94986 per share. The dividend was paid on December 12, 2012 from accumulated profits during the first nine months of 2012, in favor of all Shareholders registered in SQM Shareholders Register as of December 5, 2012. The dividend was paid in equivalent Chilean Pesos, based on U.S. Dollar exchange rate as published in the Official Gazette on December 5, 2012.

**Note 14 - Disclosures on equity (continued)**

On April 26, 2012, in the Thirty-Seventh General Ordinary Shareholders' Meeting, the payment of a definite dividend of US\$1,03679 per share was approved because of the net profit obtained during the 2011's commercial exercise, to that dividend, should be discounted US\$0.73329 per share that has already been paid on account of provisory dividend and the remainder, then amounting to US\$0.30350 per share, will be paid and distributed in favor of SQM's shareholders who are registered in the corresponding Record, during the fifth working day before the date when this will be paid, such last amount, in case that correspond, will be paid in its equivalent in CLP (Chilean Peso) according to the value of "Dólar Observado" or "U.S. Dollar" published in the Official Gazette of April 26, 2012.

On November 22, 2011, it was reported to the Superintendence of Securities and Insurance that the Board of Directors of Sociedad Química y Minera de Chile S.A., in its meeting on November 22, 2011, unanimously agreed to pay and distribute the provisional dividend referred to in SQM's current "2011 Dividends Policy" which was informed to SQM's General Annual Ordinary Shareholders Meeting that was held on April 28 of this year, this, for the essential purpose of being able to pay and distribute as of December 19, 2011, a provisional dividend of US\$0.73329 per share –and which is approximately equivalent to the total amount of US\$193 million and the latter corresponds to 50% of the distributable net income of the fiscal year 2011 that has been accrued at September 30, 2011, the above, is charged against the net income of said fiscal year, in favor of the Shareholders who appeared registered in SQM's Shareholders Registry by the 5 working day prior to December 19, 2011, and in its equivalent in Chilean pesos according to the value of the "Observed dollar" or "USA dollar" that appears published in the Official Gazette on December 13, 2011.

At the Annual Board of Directors meeting held on April 28, 2011, the Directors unanimously agreed to pay a final dividend of US\$0.7259 per share in relation to net profit for the year, notwithstanding the above, US\$0.41794 per share was already paid as an interim dividend, and this amount should be subtracted from the final dividend detailed above, line with this, the balance, amounting to US\$0.30798 per share, will be paid and distributed among shareholders of the Company who are registered with their respective shareholders registry as of the fifth business day prior to the day in which this dividend will be paid.

Dividends presented deducted from equity are:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|-------------------------------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Dividends attributable to controlling interests | 253,438 | 270,915 | 173,527 |
| Dividends payable | 76,267 | 82,120 | 5,831 |



Note 15 – Provisions and other non-financial liabilities

15.1 Classes of provisions

| | 12/31/2012 | | | 12/31/2011 | | | |
|-----------------------------------------------------------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|
| | Current | Non-current | Total | Current | Non-current | Total | Current |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Legal provision | 5,567 | 3,000 | 8,567 | 4,571 | 3,000 | 7,571 | 2,590 |
| Provision for dismantling, restoration and rehabilitation costs | - | 4,357 | 4,357 | - | 3,724 | 3,724 | - |
| Other provisions | 12,922 | - | 12,922 | 12,366 | 1,871 | 14,237 | 12,424 |
| Total | 18,489 | 7,357 | 25,846 | 16,937 | 8,595 | 25,532 | 15,014 |

(*) Legal provisions consists primarily of estimated obligations related to certain legal claims brought against the Company's subsidiaries in Brazil and United States (see note 16.1).



Note 15 - Provisions and other non-financial liabilities (continued)

15.2 Description of other provisions

| Description of other provisions | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|---------------------------------------------------------------------------------|----------------------|----------------------|
| Current provisions | | |
| Provision for tax loss in fiscal litigation | 1,606 | 1,441 |
| Royalties, agreement with CORFO (the Chilean Economic Development Agency) | 7,712 | 6,800 |
| Closure of Toco operations | - | - |
| Fines payable in Brazil | 2,500 | 2,500 |
| Miscellaneous provisions | 1,104 | 1,625 |
| Total | 12,922 | 12,366 |
| Long-term provisions | | |
| Mine closure | 4,357 | 3,724 |
| Indemnity obligation to Yara South Africa | - | 1,871 |
| Total | 4,357 | 5,595 |

15.3 Other non-financial liabilities, current

| Description of other liabilities | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|-----------------------------------------------------|----------------------|----------------------|
| Tax withholdings | 11,887 | 9,837 |
| VAT payable | 16,481 | 21,087 |
| Guarantees received | 872 | 920 |
| Accrual for dividend | 76,267 | 81,325 |
| Monthly tax provisional payments | 22,073 | 11,239 |
| Deferred income | 16,291 | 15,284 |
| Withholdings from employees and salaries payable | 7,546 | 5,554 |
| Accrued vacations | 20,710 | 15,874 |
| Other current liabilities | 73 | 841 |
| Total | 172,200 | 161,961 |



Note 15 - Provisions and other non-financial liabilities (continued)

15.4 Changes in provisions for the year ending December 31, 2012:

| Description of items that gave rise to variations | Legal complaints | Provision for dismantling, restoration and rehabilitation cost | Other provisions | Total |
|-----------------------------------------------------|------------------|----------------------------------------------------------------|------------------|---------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Total provisions, initial balance | 7,571 | 3,724 | 14,237 | 25,532 |
| Changes in provisions: | | | | |
| Additional provisions | 1,000 | 633 | 8,863 | 10,496 |
| Provision used | (4) | - | (10,061) | (10,065) |
| Increase (decrease) in foreign currency translation | - | - | (117) | (117) |
| Total provisions, final balance | 8,567 | 4,357 | 12,922 | 25,846 |



Note 15- Provisions and other non-financial liabilities (continued)

15.4 Changes in provisions for the year ending December 31, 2011:

| Description of items that gave rise to variations | Legal complaints | Provision for dismantling, restoration and rehabilitation cost | Other provisions | Total |
|-----------------------------------------------------|------------------|----------------------------------------------------------------|------------------|---------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Total provisions, initial balance | 4,590 | 3,500 | 12,424 | 20,514 |
| Changes in provisions: | | | | |
| Additional provisions | 3,000 | 224 | 13,076 | 16,300 |
| Provision used | (19) | - | (11,080) | (11,099) |
| Increase (decrease) in foreign currency translation | - | - | (183) | (183) |
| Total provisions, final balance | 7,571 | 3,724 | 14,237 | 25,532 |

Note 15 - Provisions and other non-financial liabilities (continued)

15.4 Changes in provisions for the year ending December 31, 2010



Notes to the consolidated financial statements as of December 31 2012

| Description of items that gave rise to variations | Legal complaints | Provision for dismantling, restoration and rehabilitation cost | Other provisions | Total |
|-----------------------------------------------------|------------------|----------------------------------------------------------------|------------------|---------------|
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Total provisions, initial balance | 590 | 3,500 | 15,852 | 19,942 |
| Changes in provisions: | | | | |
| Additional provisions | 4,000 | - | 16,081 | 20,081 |
| Provision used | - | - | (19,583) | (19,583) |
| Increase (decrease) in foreign currency translation | - | - | 74 | 74 |
| Total provisions, final balance | 4,590 | 3,500 | 12,424 | 20,514 |



Note 15 - Provisions and other non-financial liabilities (continued)

15.5 Detail of main classes of provisions

Legal expenses: Provision for legal claims brought against the Company's subsidiaries in Brazil and the United States.

Tax accrual in tax litigation: This accrual relates to lawsuits pending resolution of taxes claims in Brazil for SQM Brazil and NNC.

CORFO royalties agreement: Relates to the commercialization of mining properties payable from SQM Salar S.A. to CORFO on a quarterly basis. The royalty is calculated based on sales of products extracted from the Salar de Atacama.

Provisions are updated each reporting period based on changes in the facts and circumstances of each obligation.

There are no significant uncertainties with respect to the timing or amount of an specific provision.



Note 16 - Contingencies and restrictions

16.1 Lawsuits and other relevant events

1. Plaintiffs : JB Comércio de Fertilizantes e Defensivos Agrícolas Ltda. (JB)
Defendant : Nitratos Naturais do Chile Ltda. (NNC)
Date : December 1995
Court : MM 1ª, Vara Cível de Comarca de Barueri, Brazil,
Reason : Compensation claim filed by JB against NNC for having appointed a distributor in a territory of Brazil for which JB had an exclusive contract,
Status : Lower court ruling against Nitratos Naturais do Chile Ltda, and recourse of appeal pending resolution
Claim amount : ThUS\$1,800

2. Plaintiff : Nancy Erika Urra Muñoz
Defendants : Fresia Flores Zamorano, Duratec-Vinilit S,A, and SQM S,A, and their insurers
Date : December 2008
Court : 1st Civil Court of Santiago
Reason : Labor Accident
Status : Evidence
Claim amount : ThUS\$550

3. Plaintiffs : Eduardo Fajardo Nuñez, Ana Maria Canales Poblete, Raquel Beltran Parra, Eduardo Fajardo Beltran and Martina Fajardo Beltran
Defendants : SQM Salar S.A. and insured parties
Date : November 2009
Court : 20th Civil Court in Santiago
Reason : Labor accident
Status : Summons to hear the judgement
Claim amount : ThUS\$1,880

4. Plaintiff : City of Pomona, California USA
Defendant : SQM North America Corp (SQM NA)
The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. however the Company has not yet been formally notified
Date : December 2010
Court : United States District Court for the Central District of California

Note 16 - Contingencies and restrictions (continued)

16.1 Lawsuits and other relevant events, continued

- Reason : Expenses and related damages to treat and remove perchlorate from groundwater allegedly caused by the Company's fertilizer products
Status : Pending appeal by the the plaintiff, who lost in the first instance.
Claim amount : Not possible to determine



5. Plaintiff : City of Lindsay, California USA
Defendant : SQM North America Corp (SQM NA)
The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. this lawsuit has not yet been notified to the Company
Date : December 2010
Court : United States District Court for the Eastern District of California
Reason : Expenses and related damages to treat and remove perchlorate from groundwater allegedly caused by the Company's fertilizer products
Status : Claim, Procedure suspended
Claim value : Not possible to determine
6. Plaintiff : Metalúrgica FAT Limitada
Defendant : SQM Salar S.A.
Date : August 2011
Court : 9th Civil Court in Santiago
Reason : Compensation for early termination of supply contract and installation of metal structures
Status : Evidence gathering
Claim value : ThUS\$200
7. Plaintiff : Angelina Castillo Figueroa and others
Defendant : SQM Nitratos S,A, and its assurers
Date : June 2012
Court : 2nd Civil Court of Santiago
Reason : Demand for damages related to a 2010 explosion near Baquedano, that resulted in the death of six employees
Status : Evidence gathering
Claim value : ThUS\$9,400

Note 16 - Contingencies and restrictions (continued)

16.1 Lawsuits and other relevant events, continued

8. Plaintiff : Nilda Ester Muñoz Muñoz y otros
Defendant : Alejandro Reyes R., Transportes Transerik Limitada, Constructora Excon S.A., y SQM Salar S.A. and their insurers
Date : July 2012
Court : 15th Civil Court of Santiago
Reason : Claim for damages for an accident occurring in 2010 at our Salar de Atacama facility causing the death of Mr. Daniel Opazo Muñoz
Status : Answer to the complaint
Claim value : ThUS\$2,400
9. Plaintiff : Sociedad industrial Seguel y Ortiz Limitada
Defendant : SQM Salar S.A.
Date : August 2012
Court : Arbitral



Reason : Indemnity for supposed damages derived from anticipated end of contract for services rendered
Status : Answer to the complaint
Claim value : ThUS\$3,500

10. Plaintiff : María Angélica Alday Fuentes
Defendant : Vladimir Roco Alvarez, Compass Catering S.A. y SQM S.A.
Date : August 2012
Court : 1st Civil Court Antofagasta
Reason : Damages related to attempted sexual abuse
Status : Answer to the complaint
Claim amount : ThUS\$200

The Company has only registered a provision for estimated losses in those lawsuits described above in which the probability of loss is considered to be more likely than not.

The Company and its subsidiaries have been involved and will likely continue to be involved either as plaintiffs or defendants in certain judicial proceedings that have been and will be heard by the Arbitral or Ordinary Courts of Justice who will make the final decision. Those proceedings governed by the appropriate legal regulations are intended to exercise or oppose certain actions or exceptions related to specific mining claims either granted or to be granted and that do not or will not have an adverse affect on the development of the Company and its subsidiaries.

Note 16 - Contingencies and restrictions (continued)

16.1 Lawsuits and other relevant events, continued

Soquimich Comercial S.A. has been involved and will probably continue being involved either as plaintiff or defendant in certain judicial proceedings through which it intends to collect and receive the amounts owed, the total claim value of which is approximately ThUS\$700.

The Company has made efforts and continues making efforts to obtain payment of certain amounts that are still owed. Such amounts will continue required using judicial or non-judicial means by the plaintiffs, until the actions and exercise related to these actions are currently in full force and effect.

The Company and its subsidiaries have not received legal notice of any claims other than those mentioned above. The claims detailed above seek to annul certain mining claims that were purchased by SQM and its subsidiaries, the proportional purchase value of which, with respect to the portion affected by the superimposition, exceeds the nominal and approximate amount of ThUS\$150. The claims seek payment of certain amounts allegedly owed by the Company due to its own activities, which exceed the approximate, nominal and individual amount of ThUS\$150.

16.2 Restrictions to the management or financial limits

Credit Agreements executed by the Company and its subsidiaries with national and foreign banks and international bonds outstanding, require the Company comply with the following consolidated financial ratios:

- Maintain a minimum Net Worth of ThUS\$900,000.
- Maintain a Net Financial Debt to EBITDA ratio no greater than 3.00:1.00.
- Maintain a Leverage ratio no greater than 1.40:1.00.



Notes to the consolidated financial statements as of December 31 2012

- Maintain an Operating Subsidiaries' Interest Indebtedness ratio, defined as the sum of SQM Salar S.A. and SQM Industrial S.A. financial debt over Total Current Assets, no greater than 0.30:1.00.

The calculated ratios mentioned above are as follows:

| Indicator | 12/31/2012 | 12/31/2011 |
|--------------------------------------------------|-------------------|-------------------|
| Net Worth ThUS\$ | 2,187,446 | 1,864,380 |
| Net Financial Debt/EBITDA | 0.83 | 0.79 |
| Leverage | 1.02 | 1.08 |
| Debt SQM Industrial and SQM Salar/Current Assets | 0.04 | 0.05 |



Note 16 - Contingencies and restrictions (continued)

Covenants included in notes issued outside of Chile require that the Company will not consolidate with or merge into any other entity or convey or substantially transfer its properties and assets to another entity, unless (i) the successor entity will be an entity existing under the laws of the United States (or any State thereof or the District of Columbia) or Chile and will assume, by a supplemental indenture, the due and punctual payment of the principal, premium, if any related, and interest in respect of all the outstanding notes and the performance of every covenant in the indenture on the part of the Company to be performed or observed, (ii) immediately after giving effect to such transaction, no event of default, and no event which, after notice or lapse of time, or both, would become an event of default, will have happened and be continuing; and (iii) the Company will have delivered to the Trustee an officer's certificate and opinion of counsel stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with the foregoing provisions relating to such transaction. In case of any such consolidation, merger conveyance or transfer (other than a lease), such successor entity will succeed to and be substituted for the Company as obligor on the notes, with the same effect as if it had been named in the Indenture as such obligor.

In addition, SQM is required to provide quarterly financial information. The Company and its subsidiaries are in full compliance with all limitations, restrictions and obligations mentioned above.

16.3 Commitments

The SQM Salar S.A. entered into a royalty agreement with the CORFO which requires annual payments to CORFO for the commercialization of certain mining properties owned by CORFO and the related products produced from these mining properties. Annual royalties are calculated based on the sales of each type of product. The contract expires in 2030. Royalties amounted to ThUS\$27,193 and ThUS\$23,951 for the years ended December 31, 2012 and 2011, respectively.

16.4 Restricted or pledged cash

Isapre Norte Grande Ltda, in compliance with requirements established by the Chilean Superintendence of Healthcare, which regulates the running of pension-related health institutions, maintains a guarantee of financial instruments, delivered in the form of deposits, in the custody and administration of Banco de Chile. This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is the equivalent of the total amounts owed to its members and medical providers. Banco de Chile reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda, on a daily basis. As of December 31, 2012 and 2011, the guarantee amounted to ThUS\$571 and ThUS\$428, respectively.



Note 16 - Contingencies and restrictions (continued)

16.5 Securities obtained from third parties

Security received from third parties (distributors) to guarantee Soquimich Comercial S.A.'s compliance with contractual obligations derived from the distribution and sale of fertilizers amounted to ThUS\$4,126 and ThUS\$4,467 as of December 31, 2012 and 2011, respectively. The following entities have provided securities:

| Entity name | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|--------------------------------|------------------------------|------------------------------|
| Llanos y Wammes Soc, Com, Ltda | 2,084 | 1,926 |
| Fertglobal Chile Ltda, | 1,042 | 1,541 |
| Tattersall Agroinsumos S,A, | 1,000 | 1,000 |



Nota 16 - Contingencies and restrictions (continued)

16.6 Indirect guarantees

Guarantees issued in which there is no current balance, reflect indirect guarantees in force and approved by the Company's Board of Directors and have not been drawn upon by the respective subsidiary.

| Creditor of the guarantee | Debtor | | Type of guarantee | Pending balances as of the closing date of the financial statements | |
|---------------------------------------|----------------------------------|--------------|-------------------|---------------------------------------------------------------------|------------|
| | Name | Relationship | | 12/31/2012 | 12/31/2011 |
| | | | | ThUS\$ | ThUS\$ |
| Australian and New Zealand Bank | SQM North America Corp | Subsidiary | Bond | - | - |
| Australian and New Zealand Bank | SQM Europe N.V | Subsidiary | Bond | - | - |
| Generale Bank | SQM North America Corp | Subsidiary | Bond | - | - |
| Generale Bank | SQM Europe N.V. | Subsidiary | Bond | - | - |
| Kredietbank | SQM North America Corp | Subsidiary | Bond | - | - |
| Kredietbank | SQM Europe N.V. | Subsidiary | Bond | - | - |
| Banks and financial institutions | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| Banks and financial institutions | SQM Europe N.V. | Subsidiary | Bond | - | - |
| Banks and financial institutions | SQM North America Corp | Subsidiary | Bond | - | - |
| Banks and financial institutions | Nitratos Naturais do Chile Ltda. | Subsidiary | Bond | - | - |
| Banks and financial institutions | SQM México S.A. de C.V. | Subsidiary | Bond | - | - |
| Banks and financial institutions | SQM Brasil Ltda. | Subsidiary | Bond | - | - |
| "BNP" | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| Sociedad Nacional de Minería A,G, | SQM Potasio S.A. | Subsidiary | Bond | - | - |
| ING Capital LLC | Royal Seed Trading A.V.V. | Subsidiary | Bond | - | - |
| Scotiabank & Trust (Cayman) Ltd, | Royal Seed Trading A.V.V. | Subsidiary | Bond | 50,235 | 50,207 |
| Scotiabank & Trust (Cayman) Ltd, | Royal Seed Trading A.V.V. | Subsidiary | Bond | 50,164 | - |
| Bank of America | Royal Seed Trading A.V.V. | Subsidiary | Bond | 40,141 | 40,140 |
| Export Development Canada | Royal Seed Trading A.V.V. | Subsidiary | Bond | 50,020 | 50,024 |
| The Bank of Tokyo-Mitsubishi UFJ Ltd, | Royal Seed Trading A.V.V. | Subsidiary | Bond | 50,140 | 50,137 |
| JP Morgan Chase Bank | SQM Industrial S.A. | Subsidiary | Bond | - | - |
| The Bank of Nova Scotia | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| Morgan Stanley Capital Services | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| The Bank of Tokyo-Mitsubishi UFJ Ltd, | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| HSBC | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| Deutsche Bank AG | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |
| Credit Suisse International | SQM Investment Corp. N.V. | Subsidiary | Bond | - | - |



Note 17 - Earnings per Share

Basic earnings per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average of the number of shares outstanding during that period, As expressed, earnings per share are detailed as follows:

| Basic earnings per share | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|-----------------------------------------------|------------------------------|------------------------------|------------------------------|
| Earnings attributable to owners of the parent | 649,167 | 545,758 | 382,122 |
| Number of common shares in circulation | 263,196,524 | 263,196,524 | 263,196,524 |
| Basic earnings per share (US\$ per share) | 2.47 | 2.07 | 1.45 |

The Company has not entered into any operation or issued any securities or financial instruments with a potential dilutive effect. Therefore diluted earnings per share is the same as basic earnings per share.



Note 18 - Effect of fluctuations on the foreign currency exchange rates

a) Foreign currency exchange differences recognized in profit or loss except for financial instruments measured at fair value through profit or loss:

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|----------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| Conversion foreign exchange gains (losses) recognized in the result of the year | (26,787) | (25,307) | (5,807) |
| Conversion of foreign exchange reserves attributable to the owners of the controlling entity | 921 | (2,781) | 296 |
| Conversion of foreign exchange reserves attributable to the non-controlling entity | 61 | (109) | 367 |

b) Reserves for foreign currency exchange differences:

Foreign currency exchange differences are detailed as follows:

| Detail | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|--------------------------------------------------------|----------------------|----------------------|----------------------|
| Changes in equity generated through the equity method: | | | |
| Comercial Hydro S.A. | 937 | 937 | 937 |
| SQMC Internacional Ltda. | 36 | 23 | 41 |
| Proinsa Ltda. | 27 | 17 | 31 |
| Agroorama Callegari Ltda. | 152 | 102 | 161 |
| Isapre Cruz del Norte Ltda. | 89 | 55 | 99 |
| Almacenes y Depósitos Ltda. | 103 | 57 | 90 |
| Sales de Magnesio Ltda. | 177 | 48 | 132 |
| Sociedad de Servicios de Salud S.A. | 33 | 24 | 39 |
| Agroorama S.A. | (11) | (11) | - |
| Doktor Tarsa | (1,035) | (1,964) | - |
| Nutrisi Holding | (42) | (42) | - |
| SQM Vitas Fzco | (318) | (159) | - |
| Ajay Europe | (275) | (176) | - |
| Misr Specialty Ferti | (39) | (39) | - |
| SQM Eastmed Turkey | (42) | (40) | - |
| Charlee SQM (Thailand) Co. Lta. | (32) | (52) | - |
| Coromandel SQM India | (118) | (31) | - |
| SQM Italia SRL | 28 | - | - |
| Total | (330) | (1,251) | 1,530 |

c) Functional and presentation currency

The functional currency in these companies corresponds to the currency of the country of origin of each entity, and its presentation currency is the U.S. Dollar.



Note 18 - Effect of fluctuations on the foreign currency exchange rates (continued)

d) Reasons to use one presentation currency and a different functional currency

- The total revenues of these subsidiaries are associated with the local currency.
- The commercialization cost structure of these companies is affected by the local currency.
- The equities of these companies are expressed in local currency (Chilean peso).

Note 19 - Environment

19.1 Disclosures of disbursements related to the environment

The Company is concerned with protecting the environment both in its production processes and with respect to products manufactured. This commitment is supported by the principles indicated in the Company's Sustainable Development Policy. The Company is currently operating under an Environmental Management System (EMS) that has allowed it to strengthen its environmental performance through the effective application of the Company's Sustainable Development Policy.

Operations that use caliche as a raw material are carried out in desert areas with climatic conditions that are favorable for drying solids and evaporating liquids using solar energy. Operations involving the open-pit extraction of minerals, due to their low waste-to-mineral ratio, generate remaining deposits that slightly alter the environment. A portion of the ore extracted is crushed, a process in which the emission of particulates. Currently this operation is only conducted at the Company's Pedro de Valdivia operations.

Many of the Company's products are shipped in bulk at the Port of Tocopilla, Chile. In 2007, the city of Tocopilla was declared a zone saturated with MP10 particles mainly due to the emissions from electric power plants that operate in that city. In October 2010 the Decontamination Plan for Tocopilla was put in place. Accordingly, the Company has committed to taking several measures to mitigate the effects derived from bulk product movements in the port. These measures have been successfully implemented since 2007.

The Company carries out environmental monitoring plans based on specialized scientific studies. Within this context, the Company entered into a contract with the National Forestry Corporation (CONAF) aimed at researching the activities of flamingo groups that live in the Salar de Atacama lagoons. Such research includes a population count of the birds, as well as breeding research. Environmental monitoring activities carried out by the Company at the Salar de Atacama and other systems in which it operates are supported by a number of studies that have integrated diverse scientific efforts from prestigious research centers, including Dictuc from the Pontificia Universidad Católica in Santiago and the School of Agricultural Science of the Universidad de Chile.

Note 19 - Environment (continued)

19.1 Disclosures of disbursements related to the environment (continued)

Furthermore, within the framework of the environmental studies that the Company is conducting, the Company performs significant activities in relation to the recording of Pre-Columbian and historical cultural heritage, as well as the protection of heritage sites, in accordance with current Chilean laws. These activities have been specifically performed in the areas surrounding our Maria Elena and Nueva Victoria plants. This effort is being accompanied by cultural initiatives within the community and the organization of exhibits in local and regional museums.



As emphasized in its Sustainable Development Policy, the Company strives to maintain positive relationships with the communities surrounding the locations in which it carries out its operations, as well as to participate in communities' development by supporting joint projects and activities which help to improve the quality of life for residents. For this purpose, the Company has focused its efforts on activities involving the rescue of historical heritage, education and culture, as well as development, and in order to do so, it acts both individually and in conjunction with private and public entities.

19.2 Detail of information on disbursements related to the environment

Cumulative disbursements as of December 31, 2012 in related to investments in production processes, verification and control of compliance with environmental ordinances and laws relative to industrial processes and facilities, amounted to ThUS\$23,207 and are detailed as follows:



Note 19- Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of December 31, 2012

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| SQM Industrial S,A, | Environmental Management (Expense as of December 2012) | Not classified | Expense | Not classified | 1,808 | 12-31-2012 |
| SQM Industrial S,A, | IQ8G – Improvement of Bureau of Exchange, offices and facilities | Sustainability | Asset | Not classified | 72 | 12-31-2012 |
| SQM Industrial S,A, | JQEZ – Change of Bertrams Prilling Boiler CS | Sustainability: Replacement of equipment | Asset | Development | 235 | 12-31-2012 |
| SQM Industrial S,A, | JQH9 – Purchase of Bertrams Boiler | Sustainability: Replacement of equipment | Asset | Development | 600 | 12-31-2012 |
| SQM Industrial S,A, | MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena | Sustainability: Environment and Risk prevention | Expense | Not classified | 37 | 12-31-2012 |
| SQM Industrial S,A, | MP5W - TK's Fuel Standards | Sustainability | Asset | Not classified | 841 | 12-31-2012 |
| SQM Industrial S,A, | MPQU - Construction of Hazardous Chemical Supplies warehouse | Sustainability: Environment and Risk prevention | Asset | Development | 211 | 12-31-2012 |
| SQM Industrial S,A, | MQ8M - Reconditioning monitoring station ME | Sustainability: Renovation | Expense | Not classified | 8 | 12-31-2012 |
| SQM Industrial S,A, | MQA8 – Normalization gas systems peripheral casinos (stage 1 of project) | Not classified | Expense | Not classified | 106 | 12-31-2012 |
| SQM Industrial S,A, | MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS) | Not classified | Expense | Not classified | 8 | 12-31-2012 |
| SQM Industrial S,A, | MQBM - Archaeological Digging Deployment Maria Elena - Toco | Sustainability: Environment and Risk prevention | Expense | Not classified | 7 | 12-31-2012 |
| SQM Industrial S,A, | MQHF- Pilas ME Maintenance | Sustainability | Asset | Not classified | 161 | 12-31-2012 |
| SQM Industrial S,A, | MQK2- Elimination of PCBs I | Not classified | Expense | Not classified | 16 | 12-31-2012 |

Note 19 - Environment (continued)



19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of December 31, 2012, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| SQM Industrial S,A, | PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia | Sustainability: Replacement of equipment | Expense | Not classified | 147 | 12-31-2012 |
| SQM Industrial S,A, | PPNK - Management of Ammonia PV stoppage plant | Sustainability: Environment and Risk prevention | Asset Expense | Not classified | 193 | 12-31-2012 |
| SQM Industrial S,A, | PPZU - Standardize and certify Plant Fuel Tanks | Sustainability: Environment and Risk prevention | Asset | Not classified | 1,763 | 12-31-2012 |
| SQM Industrial S,A, | SQ7X - Reach 2011-2013 | Sustainability | Expense | Not classified | 199 | 12-31-2012 |
| SQM Industrial S,A, | TQA2 – Improvement sewage Villa Prat | Not classified | Expense | Not classified | 16 | 12-31-2012 |
| SQM Industrial S,A, | JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4) | Environmental procedure | Asset | Not classified | 32 | 12-31-2012 |
| SQM Industrial S,A, | FP55 - FPXA - Zone Mine EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I) | Environmental procedure | Asset | Not classified | 1,425 | 12-31-2012 |
| SQM Industrial S,A, | JQB6 - NPTIV (DIA Planta NPT4, Coya Sur) | Environmental procedure | Asset | No Clasificado | 65 | 12-31-2012 |
| SQM Industrial S,A, | PQLV- Mine PV New Area (DIA Pedro de Valdivia Mine) | Ambient procedure | Expense | Not classified | 131 | 12-31-2012 |
| SQM Industrial S,A, | CQLX-Yard for Hazrdous Waste – S. del Carmen and Lagarto | Sustainability | | Not classified | 47 | 12-31-2012 |
| SQM S,A, | MQLQ- Gas Washing System | Sustainability: Risk Prevention and Environment | Asset | Development | 324 | 12-31-2012 |
| SQM S,A, | AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa | Sustainability: Natural Resources | Asset | Development | 534 | 12-31-2012 |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of December 31, 2012, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period | Actual or estimated date on which disbursements were or |
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|---------------------------------------------------------|
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|---------------------------------------------------------|



Notes to the consolidated financial statements as of December 31 2012

| | | | | | ThUS\$ | will be made |
|----------|------------------------------------------------------------------|-------------------------------------------------|---------|----------------|--------|--------------|
| SQM S,A, | IPFT - Cultural Heritage Region I | Sustainability: Environment and Risk prevention | Expense | Not classified | 166 | 12-31-2012 |
| SQM S,A, | IPXE - Environmental Monitoring Plan Llamara Salt flat | Sustainability: Environment and Risk prevention | Expense | Not classified | 872 | 12-31-2012 |
| SQM S,A, | IPXF - Environmental Monitoring Plan Tamarugal Pampa | Sustainability: Environment and Risk prevention | Expense | Not classified | 881 | 12-31-2012 |
| SQM S,A, | IQ08 - PSA Llamara & Pampa Tamarugal | Sustainability: Natural Resources | Asset | Development | 1,759 | 12-31-2012 |
| SQM S,A, | IQ0C - Mine Area Enhancement NV | Sustainability: Environment and Risk prevention | Expense | Not classified | 66 | 12-31-2012 |
| SQM S,A, | IQ1K - Construction of 3 observation wells in Sur Viejo | Sustainability: Natural Resources | Asset | Development | 195 | 12-31-2012 |
| SQM S,A, | IQ1M - PSA Re-injection of water to Puquios Llamara | Not classified | Asset | Not classified | 1,653 | 12-31-2012 |
| SQM S,A, | IQ3S - Hazardous Materials Management Standardization | Sustainability: Environment and Risk prevention | Expense | Not classified | 251 | 12-31-2012 |
| SQM S,A, | IQ52 - New Victoria Environment Office | Not classified | Expense | Not classified | 29 | 12-31-2012 |
| SQM S,A, | IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa) | Sustainability: Environment and Risk prevention | Expense | Not classified | 24 | 12-31-2012 |
| SQM S,A, | IQ54 - Cultural heritage Pampa Hermosa | Sustainability: Environment and Risk prevention | Expense | Not classified | 500 | 12-31-2012 |
| SQM S,A, | IQ9V - Project Quillagua | Not classified | Expense | Not classified | 788 | 12-31-2012 |
| SQM S,A, | IQOW- Equipping deposit for heritage interest at Humberstone | Sustainability: Environment and Risk prevention | Expense | Not classified | 1 | 12-31-2012 |
| SQM S,A, | IQPJ- Cultural Heritage Measures in Mina Etapa | Sustainability | Expense | Not classified | 61 | 12-31-2012 |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of December 31, 2012, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|----------------------------------------------------------------------|
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|----------------------------------------------------------------------|



Notes to the consolidated financial statements as of December 31 2012

| | | | | | ThUS\$ | |
|----------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------|----------------|--------|------------|
| SQM S,A, | PQB9 - Change of exhaust SO2 gas | Sustainability | Asset | Not classified | 178 | 12-31-2012 |
| SQM S,A, | IQ6M/ IQ6N - DIA Expansion Nueva Victoria Sur Mine (Projects: Exploration NVS7 2011 and Exploration Nva, Victoria Oeste) | Environmental procedure | Expense | Not classified | 115 | 12-31-2012 |
| SQM S,A, | IP83 - DIA Expansion TLN-15 (Projects: Management Administration Expenses SQM Nueva Victoria) | Not classified | Expense | Not classified | 23 | 12-31-2012 |
| SQM Salar S,A | LQFD- Changing Houses | Sustainability | Asset | Not classified | 160 | 12-31-2012 |
| SQM Salar S,A, | CQ4M – Regularization of Contractor facilities | Sustainability: Environment and Risk prevention | Asset | Not classified | 17 | 12-31-2012 |
| SQM Salar S,A, | CQ8U - New Changing Room CL - HL | Capacity Upgrade | Asset | Not classified | 242 | 12-31-2012 |
| SQM Salar S,A, | LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit | Sustainability | Expense | Development | 1,126 | 12-31-2012 |
| SQM Salar S,A, | LPTF – Environmental study and exploration 2010 | Sustainability | Expense | Not classified | 398 | 12-31-2012 |
| SQM Salar S,A, | LPTJ - Improvements Sanitary Works | Sustainability | Asset | Not classified | 206 | 12-31-2012 |
| SQM Salar S,A, | LQDM – Certification of tanks | Sustainability | Asset - Expense | Not classified | 146 | 12-31-2012 |
| SQM Salar S,A | LQI6- Surveys and Ambient Prospections 2011 (EIA Operation Actualization in Salar de Atacama) | Ambient Procedure | Asset | Not classified | 358 | 12-31-2012 |
| SQM Salar S,A | LQNI-DIA Expansion of drying plant and compacted KCL facility | Ambient Procedure | Asset | Not classified | 19 | 12-31-2012 |
| SIT S,A, | TQNA- Meteorological station Tocopilla (Decontamination plan system Tocopilla) | Sustainability: Risk and Environment Prevention | Asset | Not classified | 15 | 12-31-2012 |
| SIT S,A, | MQ6Y - Maintenance and repair and bureau of exchange Tocopilla ME | Sustainability: Environment and Risk prevention | Expense | Not classified | 20 | 12-31-2012 |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses as of December 31, 2012, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|----------------------------------------------------------------------|
|--------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|---------------------------------------|----------------------------------------------------------------------|



Notes to the consolidated financial statements as of December 31 2012

| | | | | | ThUS\$ | |
|-------------------|-------------------------------------------------------------------------------|-------------------------------------------------|-----------------|----------------|---------------|------------|
| SIT S,A, | TQM2 – Capsulation Project charge/ discharge Fields 1 and 8 | Costs Reduction | Expense | Not classified | 8 | 12-31-2012 |
| SIT S,A, | TPR8 - Disposal of liquid waste generation by aspiration | Sustainability: Environment and Risk prevention | Expense | Not classified | 64 | 12-31-2012 |
| SIT S,A, | TPYX – Equipping of dust collector of the cradle and seal - Field 3 Tocopilla | Sustainability: Environment and Risk prevention | Asset - Expense | Development | 1,658 | 12-31-2012 |
| SIT S,A, | TQAP - Paving Field No, 3 and No, 4 | Capacity Upgrade | Expense | Not classified | 13 | 12-31-2012 |
| SIT S,A, | TQAV - Paving paths IV | Sustainability: Environment and Risk prevention | Expense | Development | 3 | 12-31-2012 |
| SIT S,A, | TQLY- Dust Extractor for packing line N°1 | Ambient Procedure | Expense | Not classified | 25 | 12-31-2012 |
| SIT S,A, | TQQ5- Environmental Divisions yard N°8 | Sustainability: Environment and Risk prevention | Expense | Not classified | 22 | 12-31-2012 |
| SQM Potasio S,A, | IQ4C - Camp Development (Osmosis and Others) | Capacity Upgrade | Asset | Not classified | 1,987 | 12-31-2012 |
| SQM Nitratos S,A, | IQDN- Storage Rises – Maintenance of Mine NV | Sustainability: Risk Prev., and Environment | Asset | Not classified | 26 | 12-31-2012 |
| SQM Nitratos S,A, | PQ19 – Mine waste water treatment plant | Sustainability: Environment and Risk prevention | Asset | Not classified | 47 | 12-31-2012 |
| SQM Nitratos S,A | IQMH-Operation Standardization NV mine | Sustainability: Environment and Risk prevention | Asset | Not classified | 99 | 12-31-2012 |
| | | | | Total | 23,207 | |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future expenses as of December 31, 2012

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| SQM Industrial S,A, | Environment management (Budget 2012 Available at IV Quarter 2012) | Not classified | Expense | Not classified | 2,027 | 12-31-2013 |



Notes to the consolidated financial statements as of December 31 2012

| | | | | | | |
|---------------------|-------------------------------------------------------------------------------------|-------------------------------------------------|-----------------|----------------|-------|------------|
| SQM Industrial S,A, | MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena | Sustainability: Environment and Risk prevention | Asset | Not classified | 68 | 12-31-2013 |
| SQM Industrial S,A, | MP5W - TK's Fuel Standards | Sustainability | Asset | Not classified | 1,600 | 12-31-2013 |
| SQM Industrial S,A, | MPQU - Construction of Hazardous Chemical Supplies warehouse | Sustainability: Environment and Risk prevention | Asset | Development | 152 | 06-30-2013 |
| SQM Industrial S,A, | MQBM - Archaeological Digging Deployment Maria Elena - Toco | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 49 | 03-31-2013 |
| SQM Industrial S,A, | MQHF – Sustaining of batteries ME | Sustainability | Asset - Expense | Not classified | 16 | 08-01-2013 |
| SQM Industrial S,A, | MQK2 – Elimination of PCBs I | Not classified | Asset - Expense | Not classified | 554 | 03-31-2014 |
| SQM Industrial S,A, | PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia | Sustainability: Replacement of equipment | Asset - Expense | Not classified | 44 | 12-31-2013 |
| SQM Industrial S,A, | PPZU - Standardize and certify Plant Fuel Tanks | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 1,315 | 12-31-2013 |
| SQM Industrial S,A, | SQ7X - Reach 2011-2013 | Sustainability | Expense | Not classified | 20 | 01-31-2014 |
| SQM Industrial S,A, | TQA2 - Drainage Improvement Villa Prat | Not classified | Asset - Expense | Not classified | 104 | 06-30-2013 |
| SQM Industrial S,A, | CQLX- Yard for Dangerous Residue - S, Carmen y Lagarto | Sustainability: Risk Prevention and Environment | Asset - Expense | Not classified | 53 | 03-31-2013 |
| SQM Industrial S,A | JQL7- Engineering and Project for the reception of prilado and dried dust, KNO3 | Capacity Upgrade | Expense | Research | 200 | 08-01-2013 |

Note 19- Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future expenses as of December 31, 2012

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| SQM Industrial S,A, | FP55 - FPXA - EIA Expansion (Projects: Pampa Blanca Saltwater - Saltwater Stage I) | Sustainability | Asset | Development | 135 | 08-31-2013 |
| SQM Industrial S,A | JQB6 – NPTIV (DIA Planta NPT4, Coya Sur) | Ambient Procedure | Asset | Not classified | 5 | 11-30-2013 |
| SQM Industrial S,A | PQLV – New Area of Mine PV (DIA Pedro de Valdivia | Ambient Procedure | Asset | Not classified | 243 | 09-30-2013 |



Notes to the consolidated financial statements as of December 31 2012

| | | | | | | |
|---------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------|----------------|-----|------------|
| | Mine) | | | | | |
| SQM S,A, | IPFT - Cultural Heritage Region I | Sustainability: Environment and Risk prevention | Expense | Not classified | 17 | 03-31-2013 |
| SQM S,A, | IPXE - Environmental Monitoring Plan Llamara Salt flat | Sustainability: Environment and Risk prevention | Expense | Not classified | 87 | 03-31-2013 |
| SQM S,A, | IPXF - Environmental Monitoring Plan Tamarugal Pampa | Sustainability: Environment and Risk prevention | Expense | Not classified | 168 | 06-30-2013 |
| SQM S,A, | IQ1M - PSA Re-injection of water to Puquios Llamara | Not classified | Asset | Not classified | 441 | 12-31-2013 |
| SQM S,A, | IQ3S - Hazardous Materials Management Standardization | Sustainability: Environment and Risk prevention | Asset | Not classified | 148 | 12-31-2013 |
| SQM S,A, | IQ54 - Cultural heritage Pampa Hermosa | Sustainability: Environment and Risk prevention | Asset | Not classified | 219 | 12-31-2013 |
| SQM S,A, | MQLQ – Fumes Washing System | Sustainability: Risk Prevention and Environment | Asset | Development | 288 | 06-30-2013 |
| SQM S,A, | IQOW- Equipping deposit of patrimony Humberstone | Sustainability: Risk and Environment Prevention | Expense | Not classified | 38 | 03-31-2013 |
| SQM S,A, | IQ6M/ IQ6N - DIA Expansion Nueva Victoria Sur Mine (Projects: Exploration NVS7 2011 and Exploration Nva, Victoria Oeste) | Sustainability: Natural Resources | Asset | Not classified | 2 | 03-31-2013 |
| SQM Salar S,A | LQDM – Certification of tanks | Sustainability | Expense | Not classified | 600 | 12-31-2013 |
| SQM Salar S,A | LQI6 –EIA Update: operation in the Salar de Atacama | Ambient Procedure | Asset | Not classified | 265 | 06-30-2013 |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future expenses as of December 31, 2012

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Actual or estimated date on which disbursements were or will be made |
|--------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| SQM Salar S,A | LQNI-DIA Expansion of drying plant and compacted KCL facility | Ambient Procedure | Asset | Not classified | 16 | 08-31-2013 |
| SQM Salar S,A | LQG8 – Waste room Toconao Campsite | Not classified | Asset - Expense | Not classified | 16 | 03-31-2013 |
| SIT S,A, | TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla | Sustainability: Environment and Risk prevention | Asset | Development | 40 | 12-31-2013 |
| SIT S,A, | TQAV - Paving paths IV | Sustainability: Environment | Expense | Development | 162 | 12-31-2013 |



Notes to the consolidated financial statements as of December 31 2012

| | | | | | | |
|------------------|---------------------------------------------|-------------------------------------------------|---------|----------------|--------------|------------|
| | | and Risk prevention | | | | |
| SIT S,A, | TQQ5- Environmental Divisions yard N°8 | Sustainability: Environment and Risk prevention | Expense | Not classified | 30 | 04-27-2013 |
| SQM Nitratos S,A | IQMH-Normalización Operaciones área mina NV | Sustainability: Environment and Risk prevention | Asset | Not classified | 157 | 03-31-2013 |
| | | | | Total | 9,279 | |



Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM Industrial S,A, | Environment Management (2010 Expense) | Not classified | Expense | Not classified | 1,868 | 12-31-2011 |
| SQM Industrial S,A, | SQ7X - Reach 2011-2013 | Sustainability | Expense | Not classified | 59 | 01-31-2014 |
| SQM Industrial S,A, | ANMI - Infrastructure consulting for the storage of dangerous chemical substances | Sustainability: Environment and Risk prevention | Asset | Development | 46 | 06-30-2011 |
| SQM Industrial S,A, | FNWR EID Discard field Pampa Blanca | Sustainability: Environment and Risk prevention | Expense | Development | 30 | 12-31-2011 |
| SQM Industrial S,A, | FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I) | Sustainability | Asset | Development | 945 | 12-31-2012 |
| SQM Industrial S,A, | JNTU - Assessment of waters at San Isidro | Sustainability: Environment and Risk prevention | Asset | Not classified | 556 | 12-31-2011 |
| SQM Industrial S,A, | JPX9 - Enhanced Ground Granulated EID-Prilado Coya Sur (Project: Pilot Plant TD and Pilot Testing of Resin) | Sustainability: Research and Development | Asset | Research | 11 | 06-30-2011 |
| SQM Industrial S,A, | MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena | Sustainability: Environment and Risk prevention | Asset | Not classified | 29 | 12-01-2011 |
| SQM Industrial S,A, | MP17 - Standardization Water Chlorination ME / CS / PV | Sustainability | Asset | Not classified | 7 | 06-30-2011 |
| SQM Industrial S,A, | MP5W - TK's Fuel Standards | Sustainability | Asset | Not classified | 613 | 12-31-2011 |
| SQM Industrial S,A, | MPIS - Stabilization of streets and sidewalks dust suppression | Sustainability | Asset | Development | 736 | 06-30-2011 |
| SQM Industrial S,A, | MPL5 - Repair sanitary and electrical services | Sustainability | Asset | Development | 184 | 06-30-2011 |
| SQM Industrial S,A, | MPLS - Automation and Alarm Monitoring Station Hospital information | Not classified | Asset | Not classified | 10 | 06-30-2011 |



Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM Industrial S,A, | MQ51 - Terms of Reference Project ME equity measures | Sustainability: Environment and Risk prevention | Expense | Not classified | 2 | 12-31-2011 |
| SQM Industrial S,A, | PPNK - Management of Ammonia PV stoppage plant | Sustainability: Environment and Risk prevention | Asset | Not classified | 22 | 12-31-2011 |
| SQM Industrial S,A, | PPZU - Standardize and certify Plant Fuel Tanks | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 785 | 12-01-2011 |
| SQM Industrial S,A, | JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4) | Capacity Upgrade | Asset | Development | 17 | 09-01-2012 |
| SQM Industrial S,A, | IQ8G – Improvement of Bureau of Exchange, offices and facilities | Sustainability | Asset | Not classified | 45 | 12-31-2011 |
| SQM Industrial S,A, | MQ7P - ME Village sewer lids change | Sustainability | Expense | Not classified | 19 | 12-31-2011 |
| SQM Industrial S,A, | JQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV) | Capacity Upgrade | Asset | Development | 5 | 04-30-2012 |
| SQM Industrial S,A, | TQ78 - motorized sweepers | Sustainability: Replacement of equipment | Asset | Development | 206 | 12-31-2011 |
| Minera Nueva Victoria Ltda, | IPMN - Capacity Expansion Sanitary Iris | Capacity upgrade | Asset | Development | 85 | 06-30-2011 |
| SQM Industrial S,A, | MPQU - Construction of Hazardous Chemical Supplies warehouse | Sustainability: Environment and Risk prevention | Asset | Development | 199 | 12-31-2011 |
| SQM Industrial S,A, | PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia | Sustainability: Replacement of equipment | Asset – Expense | Not classified | 68 | 12-31-2012 |
| SQM Industrial S,A, | MQ8M - Reconditioning monitoring station ME | Sustainability: Renovation | Asset | Not classified | 7 | 12-31-2011 |
| SQM Industrial S,A, | MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS) | Not classified | Asset | Not classified | 3 | 12-31-2011 |

Note 19 - Environment (continued)



19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| Minera Nueva Victoria Ltda, | IPNW - Improvements Halls C / D / B Iris | Sustainability | Asset | Not classified | 44 | 08-31-2011 |
| Minera Nueva Victoria Ltda, | IQ4C - Development Camp (Osmosis and Others) | Capacity Upgrade | Asset | Not classified | 1,630 | 12-31-2012 |
| SIT S,A, | TPLR - Implementation sewage pumping system to sewer | Sustainability: Environment and Risk prevention | Asset | Not classified | 68 | 06-30-2011 |
| SIT S,A, | TPM7 – Environmental nets field 3 and 4 | Not classified | Asset - Expense | Not classified | 524 | 06-30-2011 |
| SIT S,A, | TPR8 - Disposal of liquid waste generation by aspiration | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 64 | 12-31-2011 |
| SIT S,A, | TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla | Sustainability: Environment and Risk prevention | Asset | Development | 1,496 | 12-31-2011 |
| SIT S,A, | TQAV - Paving paths IV | Sustainability: Environment and Risk prevention | Expense | Development | 3 | 12-01-2011 |
| SIT S,A, | TQAP - Paving Field No. 3 and No. 4 | Capacity Upgrade | Expense | Not classified | 4 | 10-30-2012 |
| SQM Nitratos S,A | IP6W - Treatment Plant Riles | Sustainability: Environment and Risk prevention | Asset | Not classified | 39 | 06-30-2011 |
| SQM Nitratos S,A | PP0V - Environmental Medium Maintenance Projects ME-PV-NV-PB | Sustainability: Environment and Risk prevention | Asset – Expense | Development | 82 | 06-30-2011 |
| SQM S,A, | AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa | Sustainability: Natural Resources | Asset | Development | 534 | 12-31-2011 |
| SQM S,A, | IPFT - Cultural Heritage Region I | Sustainability: Environment and Risk prevention | Expense | Not classified | 127 | 12-31-2011 |
| SQM S,A, | IPXE - Environmental Monitoring Plan Llamara Salt flat | Sustainability: Environment and Risk prevention | Expense | Not classified | 465 | 12-31-2012 |

Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued



Notes to the consolidated financial statements as of December 31 2012

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM S,A, | IPXF - Environmental Monitoring Plan Tamarugal Pampa | Sustainability: Environment and Risk prevention | Expense | Not classified | 230 | 12-31-2012 |
| SQM S,A, | IQ08 - PSA Llamara & Pampa Tamarugal | Sustainability: Natural Resources | Expense | Development | 1,740 | 12-31-2011 |
| SQM S,A, | IQ0C - Mine Area Enhancement NV | Sustainability: Environment and Risk prevention | Expense | Not classified | 65 | 12-31-2011 |
| SQM S,A, | IQ1K - Construction of 3 observation wells in Sur Viejo | Sustainability: Natural Resources | Asset | Development | 195 | 12-31-2011 |
| SQM S,A, | IQ1M - PSA Re-injection of water to Puquios Llamara | Not classified | Asset | Not classified | 962 | 12-31-2011 |
| SQM S,A, | IQ3S - Hazardous Materials Management Standardization | Sustainability: Environment and Risk prevention | Asset | Not classified | 100 | 12-31-2012 |
| SQM S,A, | IQ52 - New Victoria Environment Office | Not classified | Asset | Not classified | 29 | 12-31-2011 |
| SQM S,A, | IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa) | Sustainability: Environment and Risk prevention | Asset | Not classified | 9 | 12-31-2011 |
| SQM S,A, | IQ54 - Cultural heritage Pampa Hermosa | Sustainability: Environment and Risk prevention | Asset | Not classified | 188 | 12-31-2012 |
| SQM S,A, | SCI6 - Environmental Studies - Project Region I | Not classified | Asset | Not classified | 2,376 | 12-31-2011 |
| SQM S,A, | IQ6M - DIA Expansion Nueva Victoria Sur Mine | Sustainability: Natural Resources | Asset | Not classified | 262 | 01-31-2011 |
| SQM S,A, | IQ9V – Quillagua Project | Not classified | Asset | Not classified | 323 | 12-31-2014 |
| SQM Salar S,A | CPTP - Installing emergency showers drinking water | Sustainability | Asset | Not classified | 26 | 12-31-2011 |



Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Accumulated expenses, as of December 31, 2011, continued

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM Salar S,A | CPZH - Management of Descartes Filter Presses Hydroxide | Sustainability: Environment and Risk prevention | Expense | Not classified | 39 | 12-31-2011 |
| SQM Salar S,A | LP5J - Water Recharge Study Atacama Salt flat | Sustainability: Environment and Risk prevention | Expense | Research | 105 | 12-31-2011 |
| SQM Salar S,A | LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit | Sustainability | Expense | Development | 761 | 12-31-2014 |
| SQM Salar S,A | LPTF – Environmental study and exploration 2010 | Sustainability | Expense | Not classified | 370 | 12-31-2011 |
| SQM Salar S,A | LPTJ - Improvements Sanitary Works | Sustainability | Asset | Not classified | 206 | 12-31-2011 |
| SQM Salar S,A | LQ38 - Field Drying Sludge | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 26 | 12-31-2011 |
| SQM Salar S,A | CQ8U - New Changing Room CL - HL | Capacity Upgrade | Asset | Not classified | 238 | 12-31-2011 |
| SQM Salar S,A | LQAK - garbage rooms MOP and SOP | Sustainability | Expense | Not classified | 25 | 12-31-2011 |
| | | | | Total | 19,912 | |



Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future Expenses, as of December 31, 2011:

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense Item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM Industrial S,A, | Environment management (Budget 2011- Expense to March 2011) | Not classified | Expense | Not classified | 2,243 | 12-31-2011 |
| SQM Industrial S,A, | SQ7X - Reach 2011-2013 | Sustainability | Expense | Not classified | 551 | 01-31-2014 |
| SQM Industrial S,A, | FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I) | Sustainability | Asset | Development | 800 | 12-31-2012 |
| SQM Industrial S,A, | MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena | Sustainability: Environment and Risk prevention | Asset | Not classified | 107 | 12-01-2011 |
| SQM Industrial S,A, | MP5W - TK's Fuel Standards | Sustainability | Asset | Not classified | 487 | 12-31-2011 |
| SQM Industrial S,A, | MPQU - Construction of Hazardous Chemical Supplies warehouse | Sustainability: Environment and Risk prevention | Asset | Development | 264 | 12-31-2011 |
| SQM Industrial S,A, | PPC1 - Remove switches park OCB sub 3 and 1/12 Pedro de Valdivia | Sustainability: Replacement of equipment | Asset - Expense | Not classified | 122 | 12-31-2012 |
| SQM Industrial S,A, | PPNK - Management of Ammonia PV stoppage plant | Sustainability: Environment and Risk prevention | Asset | Not classified | 178 | 12-31-2011 |
| SQM Industrial S,A, | PPZU - Standardize and certify Plant Fuel Tanks | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 2,715 | 12-01-2011 |
| SQM Industrial S,A, | JQ8K – DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4) | Capacity Upgrade | Asset | Development | 13 | 09-01-2012 |
| SQM Industrial S,A, | IQ8G – Improvement of Bureau of Exchange, offices and facilities | Sustainability | Asset | Not classified | 30 | 12-31-2011 |
| SQM Industrial S,A, | JQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV) | Capacity Upgrade | Asset | Development | 50 | 04-30-2012 |
| SQM Industrial S,A, | TQA2 - Drainage Improvement Villa Prat | Not classified | Asset | Not classified | 170 | 12-30-2011 |



Note 19 - Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future Expenses, as of December 31, 2011 (continued):

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM Industrial S,A, | MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS) | Not classified | Asset | Not classified | 297 | 12-31-2011 |
| SQM Industrial S,A, | MQA8 - Normalization gas system, external cafeterias (Stage 1: projects) | Not classified | Asset | Not classified | 150 | 12-30-2011 |
| SQM Industrial S,A, | MQBM - Archaeological Digging Deployment Maria Elena - Toco | Sustainability: Environment and Risk prevention | Expense | Not classified | 56 | 12-31-2011 |
| Minera Nueva Victoria Ltda, | IQ4C - Camp Development (Osmosis and Others) | Capacity Upgrade | Asset | Not classified | 1,370 | 12-31-2012 |
| SIT S,A, | TPR8 - Disposal of liquid waste generation by aspiration | Sustainability: Environment and Risk prevention | Asset - Expense | Not classified | 86 | 12-31-2011 |
| SIT S,A, | TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla | Sustainability: Environment and Risk prevention | Asset | Development | 204 | 12-31-2011 |
| SIT S,A, | MQ6Y - Maintenance and repair and bureau of exchange Tocopilla ME | Sustainability: Environment and Risk prevention | Asset | Not classified | 20 | 12-30-2011 |
| SIT S,A, | TQAV - Paving paths IV | Sustainability: Environment and Risk prevention | Expense | Development | 297 | 12-01-2011 |
| SQM Nitratos S,A | IQDN - Storage Rises – Maintenance of Mine NV | Sustainability: Environment and Risk prevention | Asset | Not classified | 40 | 07-30-2012 |
| SQM S,A, | IPFT - Cultural Heritage Region I | Sustainability: Environment and Risk prevention | Expense | Not classified | 96 | 12-31-2011 |
| SQM S,A, | IPXE - Environmental Monitoring Plan Llamara Salt flat | Sustainability: Environment and Risk prevention | Expense | Not classified | 1,276 | 12-31-2012 |
| SQM S,A, | IPXF - Environmental Monitoring Plan Tamarugal Pampa | Sustainability: Environment and Risk prevention | Expense | Not classified | 1,836 | 12-31-2012 |
| SQM S,A, | IQ08 - PSA Llamara & Pampa Tamarugal | Sustainability: Natural Resources | Expense | Development | 27 | 12-31-2011 |



Note 19- Environment (continued)

19.2 Detail of information on disbursements related to the environment, continued

Future Expenses, as of December 31, 2011 (continued):

| Identification of the Parent or subsidiary | Name of the project with which the disbursement is associated | Concept for which the disbursement was made or will be made | Asset / Expense | Description of the asset or expense item | Amount of disbursement for the Period ThUS\$ | Certain or estimated date on which disbursements were or will be made |
|--------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------|------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|
| SQM S,A, | IQ0C - Mine Area Enhancement NV | Sustainability: Environment and Risk prevention | Expense | Not classified | 11 | 12-31-2011 |
| SQM S,A, | IQ1K - Construction of 3 observation wells in Sur Viejo | Sustainability: Natural Resources | Asset | Development | 2 | 12-31-2011 |
| SQM S,A, | IQ1M - PSA Re-injection of water to Puquios Llamara | Not classified | Asset | Not classified | 783 | 12-31-2011 |
| SQM S,A, | IQ3S - Hazardous Materials Management Standardization | Sustainability: Environment and Risk prevention | Asset | Not classified | 300 | 12-31-2012 |
| SQM S,A, | IQ52 - New Victoria Environment Office | Not classified | Asset | Not classified | 1 | 12-31-2011 |
| SQM S,A, | IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa) | Sustainability: Environment and Risk prevention | Asset | Not classified | 15 | 12-31-2011 |
| SQM S,A, | IQ54 - Cultural heritage Pampa Hermosa | Sustainability: Environment and Risk prevention | Asset | Not classified | 764 | 12-31-2012 |
| SQM S,A, | IQ9V – Quillagua Project | Not classified | Asset – Expense | Not classified | 849 | 12-31-2014 |
| SQM S,A, | PQB9 - Change of exhaust SO2 gas | Sustainability | Asset | Not classified | 178 | 12-01-2011 |
| SQM Salar S,A | CQ4M – Regularization of Contractor facilities | Sustainability: Environment and Risk prevention | Asset | Not classified | 26 | 12-31-2012 |
| SQM Salar S,A | LP82 - Project for the Promotion of Agricultural Activity in Communities of the Salt deposit | Sustainability | Expense | Development | 822 | 12-31-2014 |
| SQM Salar S,A | CQ8U - New Changing Room CL - HL | Capacity Upgrade | Asset | Not classified | 102 | 12-31-2011 |
| | | | | Total | 17,338 | |



Note 19 - Environment (continued)

19.3 Description of each project, indicating whether they are in process or have been completed

SQM Industrial S.A.

IQ8G: Improvement of restrooms, expanding their capacity, and improving water storage. The project is in process.

JQEZ: Purchasing and installing Bertrams Boilers in Coya Sur Prill in order to improve the level of combustion, and decreasing and controlling the emission of fumes into the environment. The project is in process.

JQH9: Purchasing Bertram's boilers in order to improve the combustion levels, decreasing and controlling the emission of fumes to the environment. The project is in process.

MNYS: Preparation and execution of geoglyphs conservation; editing and publishing a related book, implementing a learning center, and construction of a collection deposit. These are compensation measures of the Technological Change Maria Elena project. The project is in process.

MP5W: Normalization of fuel storage and distribution system in SQM installations. The project is in process.

MPQU: Construction of warehouses for dangerous chemicals in order to comply with current regulations and decrease the chance of high risk accidents.

MQ8M: Performing maintenance to structures and closing monitoring stations in Maria Elena. The project is in process.

MQA8: Standardization of the gas network in peripheral casinos; stage 1: projects include: CS, Lagarto, Yodo, PV, Toco and Rancho 6. The project is in process.

MQAJ: Improving the water and sewer network in Maria Elena to improve operations. The project is in process.

MQBM: Implementing archeological measures in Maria Elena – Toco site, such as the archeological registry, analysis of lithic materials, and generating reports, among others. The project is in process.

MQHF: To equip a sewage plant in Toco according to DS 594, including a changing room for operators and contractors, among other improvements. The project is in process.

MQK2: Decontaminating equipment and other items contaminated with PCBs in accordance with applicable regulations. The project is in process.

PPC1: Purchasing and replacing equipment contaminated with PCB and obsolete equipment without spare parts. The project is in process.

Note 19 - Environment (continued)

PPNK: Control of the ammonia gas in the crystal plant stoppage. The project is in process.

PPZU: Normalize and certify fuel tanks in the María Elena, Coya Sur and Pedro de Valdivia plants. The project is in process.

SQ7X: Obtaining and recording information of components and finished products of SQM in the ECHA database to comply with the requirements of REACH regulation of the European Union. The project is in process.

TQA2: Improving the Villa Prat sewage system. The project is in process.

CQLX: Construction in each place a field of approximately 145 m². The project is in process.

JQL7: Improve product recovery and to control emissions. The Project is in process.



JQ8K: Building a new drying plant in Coya Sur. The project is in process.

FP55 – FPXA: These 2 projects have a final objective consisting in the installation of a sea water sucking system of 87 km from the Mejillones area to the SQM facilities located in Pampa Blanca. The projected expenses correspond only to the filing of the EIA of the PB mine zone and the EIA of the PB expansion. Both projects are in process.

JQB6: Preparation and filing of the EID of project NPT4 of Coya Sur, which increases the salt production capacity. The project is in process.

PQLV: Elaboration of the DIA Pedro de Valdivia Mine. The project is in process.

SQM S.A.

AQ0A: To enable the use of water rights granted in several wells in the Conaf Pampa del Tamarugal reservation and to move them outside of the Tamarugo Forest and the reservation to reduce the environmental impact of its development. The project is in process.

IPFT: Implementing measures committed in various projects related to the Nueva Victoria mine, and updating Nueva Victoria's operations, including evaporation ponds in the Iris. The project is in process.

IPXE: To implement the environment follow-up plan of Project Pampa Hermosa in Salar de Llamara. The project is in process.

IPXF: To implement the environment follow-up of plan of Project Pampa Hermosa in Pampa del Tamarugal. The project is in process.

IQ08: Various projects associated with water reservoirs in Pampa del Tamarugal and Salar de Llamara, including constructing and enabling observation and monitoring wells, pumping tests, and construction of roads over the hard sand terrain of the Salar crust. The project is in process.



Note 19 - Environment (continued)

IQ0C: Improving the area adjacent to Route 5, enabling the development of a self-guided tour of the Cantón de Lagunas area to understand the Salar's history. The project has been completed.

IQ1K: Construction of the observation wells in Sur Viejo to comply with the environmental commitments proposed in the EIS of Pampa Hermosa and to be able to monitor the water reservoir adjacent to these wells. The project has been completed.

IQ1M: To implement various environmental commitments included in the EIS project "Pampa Hermosa" to safeguard the puquíos zone that is in the Salar de Llamara water reservoir. The project is in process.

IQ3S: Improving the storage installations of dangerous raw materials in Nueva Victoria. The project is in process.

IQ52: Enabling and expansion of environment offices in Nueva Victoria. The project is in process.

IQ53: To perform a survey for the new location of the Soronal abduction trace in Project Pampa Hermosa (RCA N° 890/2010). The project is in process.

IQ54: Implementing various environmental commitments acquired through the environment assessment of the project Pampa Hermosa (RCA N°890/2010). The project is in process.

IQ9V: To support the development of agriculture and tourism industries in the location of Quillagua, through productive measures, technical assistance and marketing. The project is in process.

PQB9: Installing two larger SO2 extractors at the end of the process. The project is in process.

QLR: Updaing the design, implementation and operation of mitigation measures in the puquíos at Salar Llamara. The project is in progress.

MLQ: Design and implement a fumes scrubbing system to mitigate SO2 emissions, aligned with our Sustainable Development Policy. The project is in progress.

IQ6M – IQ6N: Preparation and filing of the EID of the Project "Nueva Victoria Mine Expansion." The projected expenses only include filing the EID. The project is in process.

IP83: Preparation and filing of the EID of the Project "Extension TLN-15". The projected expenses only include the environment document filing. The project is in process.

IQOW: Enable a heritage interest deposit in Humberstone Historic Saltpeter Office to store materials of cultural interest recovered in the site from project under execution ZMNV.

IQPJ: The project consists of the implementation of the cultural measures compromised in the Environmental Evaluation for the mining areas. The measures will be implemented depending on the requirements of the Mining Operation of the VPONV, project in execution.

Note 19 - Environment (continued)

SQM Salar S.A.

LQFD: Construction of exchange offices for the comfort for our employees. The project is in process.

LQG8: Increase the capacity of the garbage facilities at the Toconao Camp to avoid problems associated with gathering and handling garbage. The project is in process.

LQ38: Compliance with the current regulations and observations raised by SEREMI. The project is in process.

LQAK: Construction of garbage facilities in the MOP and SOP lunchrooms to increase waste capacity. The project is in process.

CQ4M: Regulating electrical facilities including changing of cables, and electric and illumination control panels, as well as installing restrooms with showers for permanent contractor personnel. The project is in process.



CQ8U: Improving the condition and capacity of the exchange rooms in Salar del Carmen. The project is in process.

LP82: Support development of demonstration fields and provide technical assistance agriculture improvements such as watering practices. The project is in process.

LPTF: Perform required semi-annual reports to present improvements and optimizations at environmental control points, and the knowledge of improvements in geologic and hydrogeologic variables near Salar de Atacama. The project is in process.

LPTJ: Acquisition of equipment to ensure the operating continuity of the TAS and OR plants, the change in the current control system of TK's drinking water, wastewater, and wastewater elevation chambers. The project has been completed.

LQDM: Certification of the liquid fuel storage tanks. The project is in process.

LQ16: Elaboration and update of our EIA associated with operations in the Atacama Salt Deposit. The project is in process.

LQNI: Elaboration and document application for the DIA of the project "Drying and compacting KCI facility expansion". The considered expenses, only includes the environmental mitigation costs. The project is under execution.

SIT S.A.

TQNA: Installation of a meteorology station in order to measure the speed and direction of wind in the south sector of Tocopilla to comply with commitments made to local authorities. The project is in process.

MQ6Y: To maintain and repair the Bureau of Exchange in María Elena and Tocopilla to comply with Decree No. 594. The project is in its completion stage.

Note 19 - Environment (continued)

TPR8: Reduce the generation of industrial waste through the use of vacuum and no-washing technologies through implementing a vacuum system that avoids the use of water and therefore the generation of liquid industrial waste. The project is in process.

TPYX: To comply with commitments to decrease emissions of particulate material towards the city of Tocopilla. The project is in process.

TQAP: To decrease the environmental pollution and product losses associated with product storage. The project is in process.

TQAV: Paving and maintenance of internal roads at the port of Tocopilla to decrease pollution and to comply with the Supreme Decree related to the local saturated zone. The project is in process.

TQM2: Recovering operating conditions through modification to the duct yard N°1, thus being able to diminish the environmental pollution. The project is in process.

TQLY: Eliminate the possible ambient contamination that may exist in working areas. The project is in process.

TQQ5: This project will reduce emissions of particulate matter, and minimize the environmental impact in neighboring communities. This project is under commission.

SQM POTASIO S.A.

IQ4C: Supply, construction and assembly of osmosis and septic wells and related plant at the Iris camp. The project is in its completion stage.

SQM Nitratos S.A.

PQ19: Construct new wells to replace the current ones with a modern waste water treatment technology. The project is in process.



IQMH: Creating storage area for dangerous substances. The project is in process.

IQDN: Building a parapet to form a squared or rectangular pool with an impermeable membrane covering in order to be used as mud deposit. The project is in process.



Note 20 - Other current and non-current non-financial assets

The detail of other current and non-current assets consists of the following:

| Other non-financial assets, current | 12/31/2012 | 12/31/2011 |
|--------------------------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Domestic Value Added Tax | 42,136 | 46,243 |
| Foreign Value Added Tax | 9,306 | 5,879 |
| Prepaid mining licenses | 1,512 | 1,228 |
| Prepaid insurance | 8,278 | 6,979 |
| Other prepayments | 494 | 236 |
| Other assets | 6,094 | 3,227 |
| Total | 67,820 | 63,792 |

| Other non-financial assets, non-current | 12/31/2012 | 12/31/2011 |
|------------------------------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Exploration and evaluation expenses (1) | 16,839 | 21,395 |
| Guarantee deposits | 571 | 428 |
| Other assets | 272 | 2,829 |
| Total | 17,682 | 24,652 |

(1) Assets for the exploration or evaluation of mineral resources are amortized to the extent that the explored or evaluated area has been exploited. Amortization is based on a variable rate applied to extracted tons determined through measured mineral reserves and exploration costs. Capitalized expenses under current development are reclassified to inventory and are amortized according to the estimated ore reserves. Expenses associated with future economically producible reserves are presented under Other non-current assets. Those expenses incurred on properties with an ore grade that is not economical are directly charged to profit and loss. Amounts associated with the exploration and assessment of mineral resources presented under inventory are ThUS\$6,174 and ThUS\$3,699 as of December 31, 2012 and 2011, respectively.

**Note 20 - Other current and non-current non-financial assets (continued)****- Reconciliation of changes in assets for exploration and mineral resource evaluation, by type**

The change in exploration and evaluation assets consists of the following:

| Reconciliation | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|-------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Balance as of January 1 | 21,395 | 21,350 |
| Additions | 843 | 3,777 |
| Depreciation and amortization | (2,080) | (1,883) |
| Transfers and other charges | (3,319) | (1,849) |
| Assets for exploration and assessment of mineral resources, net, final balance | <u>16,839</u> | <u>21,395</u> |

Note 21 - Operating segments**21.1 Operating segments****General information**

Amounts disclosed in each operating segment is the same as that reported to the CODM for purposes of allocating resources and assessing performance. Each segment represents a strategic business unit that offers distinct products and services. Each segment is managed separately as each business requires different technologies and marketing strategies.

Information related to assets and liabilities, and income and expenses that cannot be assigned to a specific segment is included under the "Corporate Unit." The CODM assesses performance of the operating segments based on gross profit and net income without any specific adjustments.

Sales between segments are carried out at arm's length under similar terms and conditions as those made to third parties. Revenues from third parties is reported to the CODM in a manner consistent with that in the Statement of Income.

Assets and liabilities are not disclosed by segments as this information is not easily available, certain assets can not be separable as to their specific activity, and because this information is not used by the CODM. All assets and liabilities are disclosed in the category "amounts not assigned."



Note 21 - Operating segments (continued)

21.2 Information on operating segments as of December 31, 2012 as of December 31, 2011 and December 31, 2010:

| Operating segment items | 12/31/2012 | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-------------------------|----------------------|------------------|-----------------------------|---------------------|--------------------|---------------------------------------|---------------------|------------------|
| | Specialty plant nutrients | Iodine and derivatives | Lithium and derivatives | Industrial chemicals | Potassium | Other products and services | Reportable segments | Operating segments | Elimination of inter-segments amounts | Unallocated amounts | Total 12/31/2012 |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Revenue | 675,350 | 578,091 | 222,238 | 245,208 | 605,059 | 103,214 | 2,429,160 | 2,429,160 | - | - | 2,429,160 |
| Revenues from transactions with other operating segments of the same entity | 265,814 | 848,243 | 154,248 | 348,667 | 569,219 | 493,884 | 2,680,075 | 2,680,075 | (2,680,075) | - | - |
| Revenues from external customers and transactions with other operating segments of the same entity | 941,164 | 1,426,334 | 376,486 | 593,875 | 1,174,278 | 597,098 | 5,109,235 | 5,109,235 | (2,680,075) | - | 2,429,160 |
| Interest revenue | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | 225,396 | (279,491) | (54,095) |
| depreciation and amortization expense | (54,383) | (47,100) | (17,896) | (19,745) | (48,723) | (8,311) | (196,158) | (196,158) | - | - | (196,158) |
| The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method | - | - | - | - | - | - | - | - | - | 24,357 | 24,357 |
| income tax expense, continuing operations | - | - | - | - | - | - | - | - | - | (216,082) | (216,082) |
| Other items other than significant cash | - | - | - | - | - | - | - | - | - | - | - |
| Income (loss) before taxes | 217,880 | 362,518 | 110,695 | 83,055 | 246,027 | 8,419 | 1,028,594 | 1,028,594 | (786,634) | 631,491 | 873,451 |
| Net income (loss) | 217,880 | 362,518 | 110,695 | 83,055 | 246,027 | 8,419 | 1,028,594 | 1,028,594 | (786,634) | 415,409 | 657,369 |
| Assets | - | - | - | - | - | - | - | - | (7,296,791) | 11,713,222 | 4,416,431 |
| Equity-accounted investees | - | - | - | - | - | - | - | - | (3,423,758) | 3,494,056 | 70,298 |
| Increase of non-current assets | - | - | - | - | - | - | - | - | - | 255,363 | 255,363 |
| Liabilities | - | - | - | - | - | - | - | - | (3,393,525) | 5,622,510 | 2,228,985 |
| Equity | - | - | - | - | - | - | - | - | - | - | 2,187,446 |
| Equity and liabilities | - | - | - | - | - | - | - | - | - | - | 4,416,431 |
| Impairment loss recognized in profit or loss | (10,281) | (2,081) | (162) | (3,043) | (2,471) | (120) | (18,158) | (18,158) | - | (2,900) | (21,058) |
| Cash flows from (used in) operating activities | - | - | - | - | - | - | - | - | - | 650,206 | 650,206 |
| Cash flows from (used in) investing activities | - | - | - | - | - | - | - | - | - | (562,885) | (562,885) |
| Cash flows from (used in) financing activities | - | - | - | - | - | - | - | - | - | (197,697) | (197,697) |



Note 21 - Operating segments (continued)

21.2 Information on operating segments as of December 31, 2012 as of December 31, 2011 and December 31, 2010:

| 12/31/2011 | | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-------------------------|----------------------|------------------|-----------------------------|---------------------|--------------------|---------------------------------------|---------------------|------------------|
| Operating segment items | Specialty plant nutrients | Iodine and derivatives | Lithium and derivatives | Industrial chemicals | Potassium | Other products and services | Reportable segments | Operating segments | Elimination of inter-segments amounts | Unallocated amounts | Total 12/31/2011 |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Revenue | 721,696 | 454,468 | 183,403 | 139,508 | 555,742 | 90,469 | 2,145,286 | 2,145,286 | - | - | 2,145,286 |
| Revenues from transactions with other operating segments of the same entity | 268,628 | 620,516 | 136,894 | 265,298 | 568,393 | 365,225 | 2,224,954 | 2,224,954 | (2,224,954) | - | - |
| Revenues from external customers and transactions with other operating segments of the same entity | 990,324 | 1,074,984 | 320,297 | 404,806 | 1,124,135 | 455,694 | 4,370,240 | 4,370,240 | (2,224,954) | - | 2,145,286 |
| Interest revenue | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | 196,461 | (235,796) | (39,335) |
| depreciation and amortization expense | (65,902) | (41,500) | (16,747) | (12,739) | (50,748) | (8,261) | (195,897) | (195,897) | - | - | (195,897) |
| The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method | - | - | - | - | - | - | - | - | - | 21,808 | 21,808 |
| income tax expense, continuing operations | - | - | - | - | - | - | - | - | - | (179,710) | (179,710) |
| Other items other than significant cash | - | - | - | - | - | - | - | - | - | - | - |
| Income (loss) before taxes | 227,476 | 262,361 | 85,230 | 56,005 | 218,264 | 5,456 | 854,792 | 854,792 | (757,832) | 636,869 | 733,829 |
| Net income (loss) | 227,476 | 262,361 | 85,230 | 56,005 | 218,264 | 5,456 | 854,792 | 854,792 | (757,832) | 457,159 | 554,119 |
| Assets | - | - | - | - | - | - | - | - | (6,740,071) | 10,611,654 | 3,871,583 |
| Equity-accounted investees | - | - | - | - | - | - | - | - | (2,595,886) | 2,656,580 | 60,694 |
| Increase of non-current assets | - | - | - | - | - | - | - | - | - | 207,320 | 207,320 |
| Liabilities | - | - | - | - | - | - | - | - | (3,699,768) | 5,706,971 | 2,007,203 |
| Equity | | | | | | | | | | | 1,864,380 |
| Equity and liabilities | | | | | | | | | | | 3,871,583 |
| Reversing for value impairments recognized in the period's profit or loss | | | | | 1,543 | | 1,543 | 1,543 | | 179 | 1,722 |
| Impairment loss recognized in profit or loss | (3,379) | (596) | (420) | (3,085) | - | (207) | (7,687) | (7,687) | - | (5,364) | (13,051) |
| Cash flows from (used in) operating activities | - | - | - | - | - | - | - | - | - | 571,345 | 571,345 |
| Cash flows from (used in) investing activities | - | - | - | - | - | - | - | - | - | (516,228) | (516,228) |
| Cash flows from (used in) financing activities | - | - | - | - | - | - | - | - | - | (105,196) | (105,196) |



Note 21 - Operating segments (continued)

21.2 Information on operating segments as of December 31, 2012 as of December 31, 2011 and December 31, 2010:

| 12/31/2010 | | | | | | | | | | | |
|-----------------------------------------------------------------------------------------------------------------|---------------------------|------------------------|-------------------------|----------------------|----------------|-----------------------------|---------------------|--------------------|---------------------------------------|---------------------|------------------|
| Operating segment items | Specialty plant nutrients | Iodine and derivatives | Lithium and derivatives | Industrial chemicals | Potassium | Other products and services | Reportable segments | Operating segments | Elimination of inter-segments amounts | Unallocated amounts | Total 12/31/2010 |
| | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$ |
| Revenue | 603,678 | 316,253 | 150,810 | 149,706 | 528,151 | 81,815 | 1,830,413 | 1,830,413 | - | - | 1,830,413 |
| Revenues from transactions with other operating segments of the same entity | 233,064 | 416,758 | 91,675 | 227,567 | 468,169 | 225,402 | 1,662,635 | 1,662,635 | (1,662,635) | - | - |
| Revenues from external customers and transactions with other operating segments of the same entity | 836,742 | 733,011 | 242,485 | 377,273 | 996,320 | 307,217 | 3,493,048 | 3,493,048 | (1,662,635) | - | 1,830,413 |
| Interest revenue | - | - | - | - | - | - | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - | - | - | 164,170 | (199,212) | (35,042) |
| depreciation and amortization expense | (47,472) | (24,870) | (11,860) | (11,771) | (41,533) | (6,434) | (143,940) | (143,940) | - | - | (143,940) |
| The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method | - | - | - | - | - | - | - | - | (361) | 11,042 | 10,681 |
| income tax expense, continuing operations | - | - | - | - | - | - | - | - | - | (106,029) | (106,029) |
| Other items other than significant cash | - | - | - | - | - | - | - | - | - | - | - |
| Income (loss) before taxes | 171,943 | 138,828 | 65,214 | 67,217 | 178,059 | 4,742 | 626,003 | 626,003 | (586,334) | 453,631 | 493,300 |
| Net income (loss) | 171,943 | 138,828 | 65,214 | 67,217 | 178,059 | 4,742 | 626,003 | 626,003 | (586,334) | 347,602 | 387,271 |
| Assets | - | - | - | - | - | - | - | - | (5,646,896) | 9,019,732 | 3,372,836 |
| Equity-accounted investees | - | - | - | - | - | - | - | - | (2,196,899) | 2,259,170 | 62,271 |
| Increase of non-current assets | - | - | - | - | - | - | - | - | - | 229,344 | 229,344 |
| Liabilities | - | - | - | - | - | - | - | - | (3,186,403) | 4,888,419 | 1,702,016 |
| Equity | | | | | | | | | | | 1,670,820 |
| Equity and liabilities | | | | | | | | | | | 3,372,836 |
| Impairment loss recognized in profit or loss | | | | (642) | (1,240) | | (1,882) | (1,882) | | (1,746) | (3,628) |
| Reversing for value impairments recognized in the period's profit or loss | 1,639 | 93 | 76 | | | 24 | 1,832 | 1,832 | | 83 | 1,915 |
| Cash flows from (used in) operating activities | - | - | - | - | - | - | - | - | - | 618,522 | 618,522 |
| Cash flows from (used in) investing activities | - | - | - | - | - | - | - | - | - | (236,809) | (236,809) |
| Cash flows from (used in) financing activities | - | - | - | - | - | - | - | - | - | (254,235) | (254,235) |

Note 21 - Operating segments (continued)

21.3 Income statement by operation segments as of December 31, 2012:



Notes to the consolidated financial statements as of December 31 2012

| Items of integral income statement | Specialty plant nutriente ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Corporate Unit ThUS\$ | Total Segments and Corporate Unit ThUS\$ |
|------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---------------------|---------------------------------------------|-----------------------------|---------------------------------------------------|
| Revenues | 675,350 | 578,091 | 222,238 | 245,208 | 605,059 | 103,214 | - | 2,429,160 |
| Cost of sales | (431,735) | (177,425) | (85,596) | (82,489) | (350,092) | (77,093) | - | (1,400,567) |
| Gross Profit | 217,880 | 362,518 | 110,695 | 83,055 | 246,027 | 8,418 | - | 1,028,593 |
| Other income | - | - | - | - | - | - | 12,702 | 12,702 |
| Administrative expenses | - | - | - | - | - | - | (106,442) | (106,442) |
| Other expenses | - | - | - | - | - | - | (34,628) | (34,628) |
| Other gains (losses) | - | - | - | - | - | - | 683 | 683 |
| Finance income | - | - | - | - | - | - | 29,068 | 29,068 |
| Finance expenses | - | - | - | - | - | - | (54,095) | (54,095) |
| Equity in income of associates and joint ventures accounting for using the equity method | - | - | - | - | - | - | 24,357 | 24,357 |
| Foreign currency exchange differences | - | - | - | - | - | - | (26,787) | (26,787) |
| Income before income tax expense | 217,880 | 362,518 | 110,695 | 83,055 | 246,027 | 8,418 | (155,142) | 873,451 |
| Income tax expense | - | - | - | - | - | - | (216,082) | (216,082) |
| Profit for the year | 217,880 | 362,518 | 110,695 | 83,055 | 246,027 | 8,418 | (371,224) | 657,369 |
| Profit attributable to | | | | | | | | |
| Controlling interests | - | - | - | - | - | - | - | 649,167 |
| Non controlling interests | - | - | - | - | - | - | - | 8,202 |
| Profit for the year | - | - | - | - | - | - | - | 657,369 |

Note 21 - Operating segments (continued)

21.3 Income statement by segments of operation as of December 31, 2011:



Notes to the consolidated financial statements as of December 31 2012

| Items of integral income statement | Specialty plant nutriente ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Corporate Unit ThUS\$ | Total Segments and Corporate Unit ThUS\$ |
|------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---------------------|---------------------------------------------|-----------------------------|---------------------------------------------------|
| Revenues | 721,696 | 454,468 | 183,403 | 139,508 | 555,742 | 90,469 | - | 2,145,286 |
| Cost of sales | (494,220) | (192,107) | (98,173) | (83,503) | (337,478) | (85,013) | - | (1,290,494) |
| Gross Profit | 227,476 | 262,361 | 85,230 | 56,005 | 218,264 | 5,456 | - | 854,792 |
| Other income | - | - | - | - | - | - | 47,681 | 47,681 |
| Administrative expenses | - | - | - | - | - | - | (91,760) | (91,760) |
| Other expenses | - | - | - | - | - | - | (63,047) | (63,047) |
| Other gains (losses) | - | - | - | - | - | - | 5,787 | 5,787 |
| Finance income | - | - | - | - | - | - | 23,210 | 23,210 |
| Finance expenses | - | - | - | - | - | - | (39,335) | (39,335) |
| Equity in income of associates and joint ventures accounting for using the equity method | - | - | - | - | - | - | 21,808 | 21,808 |
| Foreign currency exchange differences | - | - | - | - | - | - | (25,307) | (25,307) |
| Income before income tax expense | 227,476 | 262,361 | 85,230 | 56,005 | 218,264 | 5,456 | (120,963) | 733,829 |
| Income tax expense | - | - | - | - | - | - | (179,710) | (179,710) |
| Profit for the year | 227,476 | 262,361 | 85,230 | 56,005 | 218,264 | 5,456 | (300,673) | 554,119 |
| Profit attributable to | | | | | | | | |
| Controlling interests | - | - | - | - | - | - | - | 545,758 |
| Non controlling interests | - | - | - | - | - | - | - | 8,361 |
| Profit for the year | - | - | - | - | - | - | - | 554,119 |

Note 21 - Operating segments (continued)

21.3 Income statement by segments of operation as of December 31, 2010:



Notes to the consolidated financial statements as of December 31 2012

| Items of integral income statement | Specialty plant nutriente ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Corporate Unit ThUS\$ | Total Segments and Corporate Unit ThUS\$ |
|------------------------------------------------------------------------------------------|----------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---------------------|---------------------------------------------|-----------------------------|---------------------------------------------------|
| Revenues | 603,678 | 316,253 | 150,810 | 149,706 | 528,151 | 81,815 | - | 1,830,413 |
| Cost of sales | (431,735) | (177,425) | (85,596) | (82,489) | (350,092) | (77,073) | - | (1,204,410) |
| Gross Profit | 171,943 | 138,828 | 65,214 | 67,217 | 178,059 | 4,742 | - | 626,003 |
| Other income | - | - | - | - | - | - | 6,545 | 6,545 |
| Administrative expenses | - | - | - | - | - | - | (78,819) | (78,819) |
| Other expenses | - | - | - | - | - | - | (36,212) | (36,212) |
| Other gains (losses) | - | - | - | - | - | - | (6,979) | (6,979) |
| Finance income | - | - | - | - | - | - | 12,930 | 12,930 |
| Finance expenses | - | - | - | - | - | - | (35,042) | (35,042) |
| Equity in income of associates and joint ventures accounting for using the equity method | - | - | - | - | - | - | 10,681 | 10,681 |
| Foreign currency exchange differences | - | - | - | - | - | - | (5,807) | (5,807) |
| Income before income tax expense | 171,943 | 138,828 | 65,214 | 67,217 | 178,059 | 4,742 | (132,703) | 493,300 |
| Income tax expense | - | - | - | - | - | - | (106,029) | (106,029) |
| Profit for the year | 171,943 | 138,828 | 65,214 | 67,217 | 178,059 | 4,742 | (238,732) | 387,271 |
| Profit attributable to | | | | | | | | |
| Controlling interests | - | - | - | - | - | - | - | 382,122 |
| Non controlling interests | - | - | - | - | - | - | - | 5,149 |
| Profit for the year | - | - | - | - | - | - | - | 387,271 |

Note 21 - Operating segments (continued)

21.4 Income from regular activities proceeding from transactions with other operating segments of the Company as of December 31, 2012:

| Items of integral income statement | Specialty plant nutrients ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Total Segments and Corporate Unit ThUS\$ |
|------------------------------------|----------------------------------------|-------------------------------------|--------------------------------------|-----------------------------------|---------------------|---------------------------------------------|---------------------------------------------------|
| | | | | | | | |



Notes to the consolidated financial statements as of December 31 2012

| | | | | | | | |
|--------------------------------|---------|---------|---------|---------|---------|---------|------------------|
| Income from regular activities | 675,350 | 578,091 | 222,238 | 245,208 | 605,059 | 103,214 | 2,429,160 |
|--------------------------------|---------|---------|---------|---------|---------|---------|------------------|

21.4 Income from regular activities proceeding from transactions with other operating segments of the Company, as of December 31, 2011:

| Items of integral income statement | Specialty plant nutrients ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Total Segments and Corporate Unit ThUS\$ |
|------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--------------------------------|---------------------|---------------------------------------|---------------------------------------------|
| Income from regular activities | 721,696 | 454,468 | 183,403 | 139,508 | 555,742 | 90,469 | 2,145,286 |

21.4 Income from regular activities proceeding from transactions with other operating segments of the Company, as of December 31, 2010:

| Items of integral income statement | Specialty plant nutrients ThUS\$ | Iodine and derivatives ThUS\$ | Lithium and derivatives ThUS\$ | Industrial chemicals ThUS\$ | Potassium ThUS\$ | Other products and services ThUS\$ | Total Segments And Corporate Unit ThUS\$ |
|------------------------------------|-------------------------------------|----------------------------------|-----------------------------------|--------------------------------|---------------------|---------------------------------------|---------------------------------------------|
| Income from regular activities | 603,678 | 316,253 | 150,810 | 149,706 | 528,151 | 81,815 | 1,830,413 |

Note 21 - Operating segments (continued)

21.5 Information about geographic areas

The Company disclose geographic information of its income from regular activities from external clients and for assets excluding financial instruments, assets associated with income taxes, assets associated with employee benefits and rights derived from insurance contracts.

21.6 Information on main customers

The Company has no external customers who individually represent 10% or more of consolidated revenues or accounts receivable. Concentration of credit risk associated with trade and other accounts receivable is limited due to the significant number of customers in the Company's portfolio and its worldwide distribution.



Nota 21 - Operating segments (continued)

21.7 Segment information by geographical area

| Items | Chile ThUS\$ | Latin America and the Caribbean ThUS\$ | Europe ThUS\$ | North America ThUS\$ | Asia and others ThUS\$ | 12/31/2012 ThUS\$ |
|---------------------------------------|------------------|-------------------------------------------------|------------------|----------------------------|------------------------------|----------------------|
| Revenue | 269,421 | 416,089 | 558,245 | 619,667 | 565,738 | 2,429,160 |
| Non-current assets: | 2,054,806 | 488 | 35,709 | 18,066 | 29,602 | 2,138,671 |
| Equity-accounted investees | 1,656 | - | 24,051 | 15,357 | 29,234 | 70,298 |
| Intangible assets other than goodwill | 23,630 | - | - | 378 | 5 | 24,013 |
| Goodwill | 26,929 | 86 | 11,373 | - | - | 38,388 |
| Property, plant and equipment, net | 1,985,128 | 183 | 285 | 2,331 | 363 | 1,988,290 |
| Investment property | - | - | - | - | - | - |
| Other non-current assets | 17,463 | 219 | - | - | - | 17,682 |

| Items | Chile ThUS\$ | Latin America and the Caribbean ThUS\$ | Europe ThUS\$ | North America ThUS\$ | Asia and others ThUS\$ | 12/31/2011 ThUS\$ |
|---------------------------------------|------------------|-------------------------------------------------|------------------|----------------------------|------------------------------|----------------------|
| Revenue | 247,510 | 284,605 | 837,126 | 445,048 | 330,997 | 2,145,286 |
| Non-current assets: | 1,809,871 | 1,757 | 28,681 | 15,335 | 27,664 | 1,883,308 |
| Equity-accounted investees | 1,444 | - | 16,919 | 14,867 | 27,464 | 60,694 |
| Intangible assets other than goodwill | 3,877 | - | - | 439 | - | 4,316 |
| Goodwill | 27,146 | 86 | 11,373 | - | - | 38,605 |
| Property, plant and equipment, net | 1,752,991 | 1,433 | 389 | 29 | 200 | 1,755,042 |
| Investment property | - | - | - | - | - | - |
| Other non-current assets | 24,413 | 238 | - | - | - | 24,651 |

Nota 21 - Operating segments (continued)

21.7 Segment information by geographical area, continued



Notes to the consolidated financial statements as of December 31 2012

| Items | Chile ThUS\$ | Latin America and the Caribbean ThUS\$ | Europe ThUS\$ | North America ThUS\$ | Asia and others ThUS\$ | 12/31/2010 ThUS\$ |
|---------------------------------------|------------------|-------------------------------------------------|------------------|----------------------------|------------------------------|----------------------|
| Revenue | 216,028 | 162,967 | 799,457 | 363,676 | 288,285 | 1,830,413 |
| Non-current assets: | 1,594,033 | 2,171 | 31,323 | 11,809 | 36,652 | 1,675,988 |
| Equity-accounted investees | 1,352 | - | 19,615 | 7,251 | 34,053 | 62,271 |
| Intangible assets other than goodwill | 2,765 | - | 4 | 501 | - | 3,270 |
| Goodwill | 24,147 | 86 | 11,373 | 724 | 2,058 | 38,388 |
| Property, plant and equipment, net | 1,451,576 | 1,858 | 331 | 40 | 168 | 1,453,973 |
| Investment property | 1,373 | - | - | - | - | 1,373 |
| Other non-current assets | 112,820 | 227 | - | 3,293 | 373 | 116,713 |



Note 21 - Operating segments (continued)

21.8 Property, plant and equipment classified by geographical areas

The Company's primary production facilities are located near their mines and extraction facilities in the North of Chile. The following table describes our primary production facilities:

| <u>Location</u> | <u>Products:</u> |
|------------------------|-----------------------------------------------------------------|
| Pedro de Valdivia | Production of nitrite, sulfate, and iodine |
| María Elena | Production of nitrite, sulfate, and iodine |
| Coya Sur | Production of nitrite, sulfate, and iodine |
| Nueva Victoria | Production of iodine and nitrate salts |
| Salar de Atacama | Potassium chloride, Lithium chloride and boric acid |
| Salar del Carmen | Production of Lithium carbonate lithium hydroxide, and of boron |
| Tocopilla | Port facilities |



Note 22 – Income and expenses from operating activities

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|-----------------------------------------------|---------------------------|---------------------------|---------------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| 22.1 Revenue | | | |
| Products | 2,420,357 | 2,138,264 | 1,823,843 |
| Services | 8,803 | 7,022 | 6,570 |
| Total | <u>2,429,160</u> | <u>2,145,286</u> | <u>1,830,413</u> |
| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
| | ThUS\$ | ThUS\$ | ThUS\$ |
| 22.2 Cost of sales | | | |
| Raw material and supplies | (1,066,803) | (762,350) | (541,766) |
| Types of employee benefits expenses | | | |
| Salaries and wages | (134,400) | (104,757) | (82,406) |
| Other short-term employee benefits | (66,370) | (52,804) | (62,900) |
| Termination benefit expenses | (4,325) | (4,646) | (3,027) |
| Total employee benefits expenses | (205,095) | (162,207) | (148,333) |
| Depreciation and amortization expenses | | | |
| Depreciation expense | (190,509) | (163,438) | (138,263) |
| Provisions for inventory losses | (18,158) | (6,144) | (50) |
| Other expenses, by nature (1) | 79,998 | (196,355) | (375,998) |
| Total | <u>(1,400,567)</u> | <u>(1,290,494)</u> | <u>(1,204,410)</u> |

(1) Include the change in finished and in-process inventories



Note 22 – Income and expenses from operating activities (continued)

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|-----------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| 22.3 Other income | | | |
| Discounts obtained from suppliers | 648 | 777 | 922 |
| Compensation received | 53 | 876 | 272 |
| Penalties charged to suppliers | 312 | 453 | 109 |
| Tax recoveries | 15 | 12 | 26 |
| Insurance recoveries | 5,187 | 395 | 201 |
| Change in the provision of liabilities with third parties | 669 | 630 | 424 |
| Change in allowance for doubtful accounts | 154 | 178 | 83 |
| Sale of property, plant and equipment | 281 | 2,213 | 448 |
| Sale of materials, spare parts and supplies | 1,388 | 959 | 668 |
| Sale of mining concessions | 1,578 | 613 | 872 |
| Other disposals | 176 | 141 | 68 |
| Indemnities at Minera Esperanza | 28 | 192 | 763 |
| Change indemnity provision Yara South Africa | 335 | - | - |
| Change inventory provision | - | 559 | - |
| Sale of concession of Minera Sierra Gorda | - | 37,679 | - |
| Other services | 2 | 84 | 539 |
| Other operating results | 1,876 | 1,920 | 1,150 |
| Total | 12,702 | 47,681 | 6,545 |
| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
| 22.4 Administrative expenses | | | |
| Employee benefit expenses by nature | | | |
| Salaries and wages | (44,429) | (42,609) | (33,813) |
| Other short-term benefits to employees | (2,868) | (3,884) | (4,151) |
| Total employee benefit expenses | (47,297) | (46,493) | (37,964) |
| Other expenses | (59,145) | (45,267) | (40,855) |
| Total | (106,442) | (91,760) | (78,819) |



Nota 22 – – Income and expenses from operating activities (continued)

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|
| 22.5 Other expenses | | | |
| Expenses for employee benefits | | | |
| Other benefits for short term employees | (24) | (16) | (4) |
| Depreciation and amortization expenses | | | |
| Depreciation of assets no longer in use | (5,649) | (32,459) | (5,677) |
| Impairment loss (review of impairment losses) recognized in profit or loss for the year | | | |
| Impairment of allowance for doubtful accounts | (1,054) | (3,364) | (1,746) |
| Provision for loss in auction of materials and spare parts | (2,000) | (2,000) | - |
| Subtotal | <u>(3,054)</u> | <u>(5,364)</u> | <u>(1,746)</u> |
| Other expenses | | | |
| Legal expenses | (1,984) | (2,422) | (2,087) |
| VAT and other unrecoverable taxes | (1,182) | (685) | (543) |
| Investment plan expenses | (13,578) | (11,462) | (13,279) |
| Donations | (5,517) | (2,557) | (2,095) |
| Provision for work closing | (634) | (224) | - |
| Legal provision | - | (3,500) | (2,000) |
| Indemnities | (281) | (3,495) | - |
| Fixed asset impairment | - | - | (1,000) |
| Exploracion expenses | - | - | (4,000) |
| Other operating expenses | (2,725) | (863) | (3,781) |
| Subtotal | <u>(25,901)</u> | <u>(25,208)</u> | <u>(28,785)</u> |
| Total | <u>(34,628)</u> | <u>(63,047)</u> | <u>(36,212)</u> |
| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
| | ThUS\$ | ThUS\$ | ThUS\$ |
| 22.6 Other gains (losses) | | | |
| Sale of investment in associates | (404) | 1,467 | - |
| Retirement plan provision | - | 880 | (100) |
| El Toco closing provision | - | 3,016 | (6,900) |
| Other | 1,087 | 424 | 21 |
| Total | <u>683</u> | <u>5,787</u> | <u>(6,979)</u> |



Note 22 – Income and expenses from operating activities (continued)

| 22.7 Summary of expenses by nature : | Year ended December 31 | | |
|------------------------------------------------------------------------------------------------|------------------------|--------------------|-------------------|
| | 2012 ThUS\$ | 2011 ThUS\$ | 2010 ThUS\$ |
| Raw material and supplies | (1,066,803) | (762,350) | (541,766) |
| Types of employee benefits expenses | | | |
| Salaries and wages | (178,829) | (147,366) | (116,219) |
| Other short-term employee benefits | (69,262) | (56,704) | (67,055) |
| Termination benefit expenses | (4,325) | (4,646) | (3,027) |
| Total employee benefit expenses | <u>(252,416)</u> | <u>(208,716)</u> | <u>(186,301)</u> |
| Depreciation and amortization expenses | | | |
| Depreciation expense | (196,158) | (195,897) | (143,940) |
| Impairment loss (review of impairment losses) recognized in profit or loss for the year | (21,212) | (11,508) | (1,796) |
| Other expenses, by nature | (5,048) | (266,830) | (452,617) |
| Total expenses, by nature | <u>(1,541,637)</u> | <u>(1,445,301)</u> | <u>(1,326,42)</u> |

This table corresponds to the summary from Note 22.2 to 22.6 required by the SVS.

**Note 23 - Income Tax and Deferred Taxes****23.1 Current tax assets:**

| | 12/31/2012 | 12/31/2011 |
|-------------------------------------------------------------------------|----------------------|---------------------|
| | ThUS\$ | ThUS\$ |
| Monthly provisional income tax payments, Chilean companies current year | 23,713 | 1,758 |
| Monthly provisional income tax payments, Chilean companies prior year | 2,430 | - |
| Monthly provisional income tax payments, foreign companies | 1,979 | 857 |
| Corporate tax credits (1) | 144 | 394 |
| Corporate tax absorbed by tax losses (2) | <u>1,968</u> | <u>1,756</u> |
| Total | <u>30,234</u> | <u>4,765</u> |

- (1) These credits correspond to corporate tax payment made in April of the following year. These credits include, amongst others, training expense credits (SENCE) and property, plant and equipment acquisition credits that are equivalent to 4% of the property, plant and equipment purchases made during the year. In addition, some credits relate to donations the Company has made during 2012 and 2011.
- (2) Generation of non-operating losses (NOL's), which must be imputed or recorded in the Retained Taxable Profits Registry (FUT).

In accordance with the laws in force and as provided by article 31, No. 3 of the Income Tax Law, when profits are recorded in the FUT that have not been withdrawn or distributed are totally or partially absorbed by NOL's, the corporate tax paid on such profits (20%, 17%, 16,5%, 16%, 15%, 10% depending on the year in which profits were generated) will be considered to be a provisional payment with respect to the portion representing the absorbed accumulated tax profits.



Note 23 - Income Tax and Deferred Taxes (continued)

23.1 Current tax assets, continued

Taxpayers are entitled to apply for a refund of this monthly provisional income tax payments on the absorbed profits recorded in the FUT registry via their tax returns (Form 22).

Therefore, the provisional payment for absorbed profits (PPAP) recorded in the FUT is in effect a recoverable tax, and as such the Company records it as an asset.

23.2 Current tax liabilities:

| Current tax liabilities | 12/31/2012 | 12/31/2011 |
|---------------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Companies incorporated in Chile | 13,408 | 67,543 |
| Companies incorporated abroad | 10,206 | 7,868 |
| Tax under article 21 | 10 | 7 |
| Total | 23,624 | 75,418 |

Income tax is determined based on the Chilean fiscal rate applied, and as per Act 20,630, was fixed at 20% beginning with the fiscal year ending December 31, 2012. The provision for royalty is determined by applying the tax rate determined for net operating income (NOI). Both concepts represent the estimated amount the Company will pay for income tax and specific tax on mining activities.

23.3 Tax earnings

The Company and its subsidiaries have recorded the following consolidated balances for retained tax earnings, income not constituting revenue subject to income tax, accumulated tax losses and credit for shareholders:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|-------------------------------------------|-------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| Taxable profits with credit rights (1) | 1,262,201 | 1,053,651 | 602,536 |
| Taxable profits without credit rights (1) | 138,535 | 150,234 | 86,920 |
| Taxable loss | 9,931 | 15,069 | 21,630 |
| Credit for shareholders | 294,146 | 242,143 | 123,322 |



Note 23 - Income Tax and Deferred Taxes (continued)

23.3 Tax earnings, continued

- (1) The FUT is a chronological registry where the profits generated and distributed by the Company are recorded. The object of the FUT is to control the accumulated tax profits of the Company that may be distributed, withdrawn or remitted to the owners, shareholders or partners, and the final taxes that must be imposed, thereon called in Chile Global Aggregate Tax (that is levied on persons resident or domiciled in Chile), or Withholding Tax (that is levied on non resident persons).

The FUT Register contains profits with credit rights and profits without credit rights, which arise out of the inclusion of the net taxable income determined by the Company or the profits received by the Company that may be dividends received or withdrawals made during the period. Profits without credit rights represent tax payable by the Company within the year and filed the following year, therefore they will be deducted from the FUT Registry the following year. Profits with credit rights may be used to reduce the final tax burden of owners, shareholders or partners, which upon withdrawal are entitled to use the credits associated with the relevant profits. In summary, companies using the FUT Registry to maintain control over their profits that have not been distributed to the owners and the relevant credits associated with such profits.

23.4 Income tax and deferred taxes

Assets and liabilities recognized in the Statement of Financial Position are offset if and only if:

- 1 The Company has legally recognized before the tax authority the right to offset the amounts recognized in these entries; and
- 2 Deferred income tax assets and liabilities are derived from income tax related to the same tax authority on the same entity or tax subject; or different entities or tax subjects who intend either to settle current fiscal assets and liabilities for their net amount, or to realize assets and pay liabilities simultaneously in each of the future periods in which the Company expects to settle or recover significant amounts of deferred tax assets or liabilities.

Deferred income tax assets recognized are those income taxes to be recovered in future periods, related to:

- (a) deductible temporary differences;
- (b) the offset of losses obtained in prior periods and not yet subject to tax deduction; and
- (c) the offset of unused credits from prior periods.

The Company recognizes a deferred tax asset when there is certainty that these can be offset with tax income from subsequent periods, losses or fiscal credits not yet used, but solely as long as it is more likely than not that there will be tax earnings in the future against which to charge to these losses or unused fiscal credits.

Note 23 - Income Tax and Deferred Taxes (continued)

Deferred tax liabilities recognized refer to the amounts of income taxes payable in future periods related to taxable temporary differences.

d.1 *Deferred income tax assets and liabilities net as of December 31, 2012 are detailed as follows:*

| Description of deferred income tax assets and | Assets | Liabilities * |
|-----------------------------------------------|--------|---------------|
|-----------------------------------------------|--------|---------------|



Notes to the consolidated financial statements as of December 31 2012

| liabilities | ThUS\$ | ThUS\$ |
|-------------------------------------------------|-------------------|-----------------------|
| Depreciation | - | 145,251 |
| Provision for doubtful accounts impairment | - | (5,807) |
| Accrued vacations | - | (3,971) |
| Manufacturing expenses | - | 60,160 |
| Unrealized gains from sales of products | - | (105,879) |
| Fair value of bonds | - | (3,684) |
| Severance indemnity | - | 4,483 |
| Hedging | - | 22,890 |
| Inventory of products, spare parts and supplies | 37 | (14,990) |
| Research and development expenses | - | 4,917 |
| Tax losses | - | (1,509) |
| Capitalized interest | - | 20,449 |
| Expenses in assumption of bank loans | - | 2,243 |
| Unaccrued interest | - | (215) |
| Fair value of property, plant and equipment | - | 2,743 |
| Employee benefits | - | (2,027) |
| Royalty taxes | - | 8,430 |
| Other | 186 | (8,039) |
| Total | <u>223</u> | <u>125,445</u> |

(*) Deferred tax assets are netted with deferred tax liabilities as allowed under applicable tax jurisdictions.



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

d.2 *Deferred income tax assets and liabilities net as of December 31, 2011 are detailed as follows:*

| Description of deferred income tax assets and liabilities | Assets ThUS\$ | Liabilities * ThUS\$ |
|-----------------------------------------------------------|------------------|-------------------------|
| Depreciation | - | 114,151 |
| Provision for doubtful accounts | 16 | (4,045) |
| Vacation accrual | 9 | (2,633) |
| Production expenses | - | 54,747 |
| Unrealized gains from sales of products | - | (97,441) |
| Bonds fair value | - | (2,104) |
| Employee termination benefits | - | 3,036 |
| Hedging | - | 16,636 |
| Inventory of products, spare parts and supplies | 85 | (7,781) |
| Research and development expenses | - | 4,598 |
| Tax losses | - | (1,046) |
| Capitalized interest | - | 17,461 |
| Expenses in assumption of bank loans | - | 1,855 |
| Unaccrued interest | - | (386) |
| Fair value of property, plant and equipment | - | (1,539) |
| Employee benefits | - | (1,177) |
| Royalty taxes | - | 10,035 |
| Other | 194 | (5,773) |
| Total | 304 | 98,594 |



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

d.3 Deferred taxes related to benefits for tax losses

The Company's tax loss carryforwards (NOL carryforwards) were mainly generated by losses in Chile, which in accordance with current Chilean tax regulations have no expiration date.

Tax loss carryforwards (NOL carryforwards) are detailed as follows:

| | 12/31/2012 | 12/31/2011 |
|-------------------------|-------------------|-------------------|
| | ThUS\$ | ThUS\$ |
| Chile | 1,509 | 1,046 |
| Other countries | - | - |
| Balances to date | 1,509 | 1,046 |

Tax losses as of December 31, 2012 correspond mainly to Servicios Integrales de Tránsitos y Transferencias S.A., Exploraciones Mineras and Isapre Norte Grande Ltda.

d.4 Unrecognized deferred income tax assets and liabilities

Tax loss carryforwards (NOL carryforwards) are detailed as follows:

| | 12/31/2012 | 12/31/2011 | 12/31/2010 |
|------------------------------|----------------------|----------------------|----------------------|
| | ThUS\$ | ThUS\$ | ThUS\$ |
| | Assets (liabilities) | Assets (liabilities) | Assets (liabilities) |
| Tax losses (NOL's) | 139 | 139 | 251 |
| Doubtful accounts impairment | 81 | 81 | 98 |
| Inventory impairment | 1,020 | 1,020 | 704 |
| Pensions plan | (536) | (536) | 266 |
| Accrued vacations | 29 | 29 | 29 |
| Depreciation | (57) | (57) | (67) |
| Other | (19) | (19) | (17) |
| Balances to date | 657 | 657 | 1,264 |

Tax losses mainly relate to losses generated in the United States, which expire in 20 years.



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

Movements in deferred tax assets and liabilities are detailed as follows:

| | 12/31/2012 | 12/31/2011 |
|--------------------------------------------------------------|-------------------------|-------------------------|
| | ThUS\$ | ThUS\$ |
| | Liabilities (assets) | Liabilities (assets) |
| Deferred tax assets and liabilities, net opening balance | 98,290 | 100,416 |
| Increase (decrease) in deferred taxes in profit or loss | 28,512 | (3,664) |
| Tax Recovery of first category credit absorbed by tax losses | - | 1,756 |
| Decrease in deferred taxes in equity | (1,580) | (218) |
| Balances to date | 125,222 | 98,290 |

[Disclosures of income tax expense \(income\)](#)

The Company recognizes current tax and deferred taxes as income or expenses, and they are included in profit or loss, unless they arise from:

- (a) a transaction or event recognized in the same period or in a different period, outside profit or loss either in other comprehensive income or directly in equity; or
- (b) a business combination.



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

Current and deferred tax expenses (income) are detailed as follows :

| | 12/31/2012 ThUS\$ Income (expense) | 12/31/2011 ThUS\$ Income (expense) | 12/31/2010 ThUS\$ Income (expense) |
|----------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Current income tax expense | | | |
| Current income tax expense | (187,715) | (181,424) | (60,863) |
| Adjustments to prior year current income tax | 145 | (1,950) | 2,569 |
| Current income tax expense, net, total | (187,570) | (183,374) | (58,294) |
| Deferred tax expense | | | |
| Deferred tax expense (income) relating to the creation and reversal of temporary differences | (28,512) | 3,664 | (47,735) |
| Deferred tax expense, net, total | (28,512) | 3,664 | (47,735) |
| Tax expense (income) | (216,082) | (179,710) | (106,029) |

Tax expenses (income) for foreign and domestic parties are detailed as follows:

| | 12/31/2012 ThUS\$ Income (expense) | 12/31/2011 ThUS\$ Income (expense) | 12/31/2010 ThUS\$ Income (expense) |
|------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Current income tax expense by foreign and domestic parties, net | | | |
| Current income tax expense, foreign parties, net | (14,790) | (5,231) | (2,208) |
| Current income tax expense, domestic, net | (172,780) | (178,143) | (56,086) |
| Current income tax expense, net, total | (187,570) | (183,374) | (58,294) |
| Deferred tax expense by foreign and domestic parties, net | | | |
| Deferred tax expense, foreign parties, net | 474 | (651) | (646) |
| Deferred tax expense, domestic, net | (28,986) | 4,315 | (47,089) |
| Deferred tax expense, net, total | (28,512) | 3,664 | (47,735) |
| Income tax expense | (216,082) | (179,710) | (106,029) |



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

The Company does not recognize any deferred tax liability in cases of taxable temporary differences associated with investments in associated companies or interest in joint ventures, because the following two conditions are jointly met:

- (a) the parent, investor or interest holder is able to control the time for reversal of the temporary difference; and
- (b) It is more likely than not that the temporary difference is not reversed in the foreseeable future.

In addition, the Company does not recognize deferred income tax assets for all deductible temporary differences from investments in associated companies or interests in joint ventures because it is not possible to meet for the following requirements:

- (a) Temporary differences are reversed in a foreseeable future; and
- (b) The Company has tax earnings, against which temporary differences can be used.

Disclosures on the tax effects of other comprehensive income components

| Income tax related to components of other income and expense with a charge or credit to net equity | 12/31/2012 ThUS\$ | | |
|----------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------|-----------------------|
| | Amount before taxes | Expense (income) for income taxes | Amount after taxes |
| Cash flow hedge | (6,236) | 1,580 | (4,656) |
| Total | <u>(6,236)</u> | <u>1,580</u> | <u>(4,656)</u> |
| | 12/31/2011 ThUS\$ | | |
| Income tax related to components of other income and expense with a charge or credit to net equity | Amount before taxes | Expense (income) for income taxes | Amount after taxes |
| Cash flow hedge | (1,091) | 218 | (873) |
| Total | <u>(1,091)</u> | <u>218</u> | <u>(873)</u> |



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

| Income tax related to components of other income and expense with a charge or credit to net equity | 12/31/2010 ThUS\$ | | |
|----------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------|--------------------|
| | Amount before taxes | Expense (income) for income taxes | Amount after taxes |
| Cash flow hedge | (1,474) | 251 | (1,223) |
| Total | <u>(1,474)</u> | <u>251</u> | <u>(1,223)</u> |

The Company has estimated that the method that discloses more significant information for the users of its financial statements is the reconciliation of tax expense (income) to the result of multiplying income for accounting purposes by the tax rate in force in Chile. This option is based on the fact that the both SQM entire amount of tax expense (income) and considering that amounts from subsidiaries incorporated in foreign countries have an insignificant amount of tax expense (income).

Reconciliation of numbers in income tax expenses (income) and the result of multiplying financial gain by the rate prevailing in Chile

| | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ | 12/31/2010 ThUS\$ |
|--------------------------------------------------------------------------------------------|------------------------------|------------------------------|------------------------------|
| | Income (expense) | Income (expense) | Income (expense) |
| Consolidated income before taxes | 873,451 | 733,829 | 493,300 |
| Income tax rate in force in Chile | 20% | 20% | 17% |
| Tax expense using the legal rate | <u>(174,690)</u> | <u>(146,766)</u> | <u>(83,861)</u> |
| Effect of royalty tax expense | (25,486) | (24,487) | (11,115) |
| Tax effect of non-taxable revenue | 7,419 | 6,865 | 2,783 |
| Tax effect of rates in other jurisdictions | (3,091) | (2,548) | (1,360) |
| Tax effect of tax rates supported abroad | (5,265) | (3,173) | (3,996) |
| Effect on the tax rate arising from changes in the tax rate | - | - | (11,385) |
| Other effects from the reconciliation between carrying amount and the tax expense (income) | (14,969) | (9,601) | 2,905 |
| Tax expense using the effective rate | <u>(216,082)</u> | <u>(179,710)</u> | <u>(106,029)</u> |



Note 23 - Income Tax and Deferred Taxes (continued)

23.4 Income tax and deferred taxes, continued

Tax periods potentially subject to verification:

The Company and its subsidiaries are potentially subject to income tax audits by tax authorities in each country of operations based on the statutory time limits of each country.

Tax audits, due to their nature, are often complex and may require several years for ultimate resolution. A summary of tax periods that are potentially subject to verification, in accordance with tax regulations in force in the country of origin for our primary tax jurisdictions is provided below:

a) Chile

According to article 200 of Decree Law No. 830, the tax authority shall review for any deficiencies in tax settlements and returns, by applying a requirement of 3 years term from the expiration of the legal deadline when payment should have been made. Besides, this requirement was extended to 6 years term for the revision of taxes subject to declaration, when such declaration was not filed or has been presented maliciously false.

b) United States

In the United States, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return, In the event that an omission or error is detected in the tax return of sales or cost of sales, the review can be extended for a period of up to 6 years.

c) Mexico:

In Mexico, the tax authority can review tax returns up to 5 years from the expiration date of the tax return.

d) Spain:

In Spain, the tax authority can review tax returns up to 4 years from the expiration date of the tax return.

e) Belgium:

In Belgium, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return if no tax losses exist In the event of detecting an omission or error in the tax return, the review can be extended for a period of up to 5 years.

f) South Africa:

In South Africa, the tax authority may review tax returns for up to 3 years from the expiration date of the tax return In the event an omission or error in the tax return is detected, the review can be extended for a period of up to 5 years.



Note 24 - Disclosures on the effects of fluctuations in foreign currency exchange rates

Assets held in foreign currency are detailed as follows:

| Class of asset | Currency | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|----------------------------------------------------|----------|----------------------|----------------------|
| Current assets: | | | |
| Cash and cash equivalents | BRL | 20 | 22 |
| Cash and cash equivalents | CLP | 76,712 | 125,118 |
| Cash and cash equivalents | CNY | 181 | 300 |
| Cash and cash equivalents | EUR | 3,601 | 3,070 |
| Cash and cash equivalents | GBP | 70 | 14 |
| Cash and cash equivalents | IDR | 5 | 5 |
| Cash and cash equivalents | INR | 13 | 45 |
| Cash and cash equivalents | MXN | 720 | 29 |
| Cash and cash equivalents | PEN | 75 | 16 |
| Cash and cash equivalents | YEN | 1,369 | 2,292 |
| Cash and cash equivalents | ZAR | 7,421 | 5,450 |
| Subtotal cash and cash equivalents | | 90,187 | 136,361 |
| Other current financial assets | CLP | 182,427 | 129,069 |
| Subtotal other current financial assets | | 182,427 | 129,069 |
| Other current non-financial assets | ARS | 29 | 35 |
| Other current non-financial assets | AUD | - | 91 |
| Other current non-financial assets | BRL | 5 | 4 |
| Other current non-financial assets | CLF | 23 | 22 |
| Other current non-financial assets | CLP | 42,378 | 46,366 |
| Other current non-financial assets | CNY | 29 | 16 |
| Other current non-financial assets | EUR | 8,534 | 4,504 |
| Other current non-financial assets | INR | - | 17 |
| Other current non-financial assets | MXN | 736 | 606 |
| Other current non-financial assets | PEN | 55 | 37 |
| Other current non-financial assets | YEN | 15 | - |
| Other current non-financial assets | ZAR | 702 | 1,443 |
| Subtotal other current non-financial assets | | 52,506 | 53,141 |
| Trade and other receivables | ARS | - | - |
| Trade and other receivables | AUD | 14 | - |
| Trade and other receivables | BRL | 58 | 41 |
| Trade and other receivables | CLF | 826 | 1,172 |
| Trade and other receivables | CLP | 78,112 | 107,973 |
| Trade and other receivables | CNY | 2,014 | 1,811 |
| Trade and other receivables | EUR | 47,962 | 60,382 |
| Trade and other receivables | GBP | 399 | 488 |
| Trade and other receivables | MXN | 200 | 141 |
| Trade and other receivables | PEN | 114 | 211 |
| Trade and other receivables | YEN | - | - |
| Trade and other receivables | ZAR | 16,004 | 16,004 |
| Subtotal trade and other receivables | | 145,703 | 188,223 |
| Receivables from related parties | AED | - | 379 |
| Receivables from related parties | CLP | 1,154 | 999 |
| Receivables from related parties | EUR | 34 | 150 |
| Receivables from related parties | YEN | 28 | 93 |
| Receivables from related parties | ZAR | 3,312 | - |
| Subtotal receivables from related parties | | 4,528 | 1,621 |
| Current tax assets | AUD | 452 | - |
| Current tax assets | CLP | 457 | 590 |
| Current tax assets | CNY | - | - |
| Current tax assets | EUR | 72 | 70 |
| Current tax assets | INR | 5 | - |
| Current tax assets | MXN | 698 | 6 |
| Current tax assets | PEN | 363 | 239 |
| Current tax assets | YEN | 135 | 34 |
| Current tax assets | ZAR | - | - |
| Subtotal current tax assets | | 2,182 | 939 |
| Total current assets | | 477,533 | 509,354 |



Note 24 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

| Class of asset | Currency | 12/31/2012 ThUS\$ | 12/31/2011 ThUS\$ |
|--------------------------------------------------------|----------|----------------------|----------------------|
| Non-current assets: | | | |
| Other non-current financial assets | BRL | 30 | 30 |
| Other non-current financial assets | CLP | 20 | 20 |
| Other non-current financial assets | EUR | - | 3 |
| Other non-current financial assets | YEN | 54 | 61 |
| Subtotal other non-current financial assets | | 104 | 114 |
| Other non-current non-financial assets | BRL | 219 | 238 |
| Other non-current non-financial assets | CLP | 624 | 477 |
| Other non-current non-financial assets | YEN | - | - |
| Subtotal other non-current non-financial assets | | 843 | 715 |
| Non-current rights receivable | CLF | 602 | 362 |
| Non-current rights receivable | CLP | 709 | 709 |
| Subtotal non-current rights receivable | | 1,311 | 1,071 |
| Equity-accounted investees | AED | 17,044 | 14,236 |
| Equity-accounted investees | CLP | 1,656 | 1,444 |
| Equity-accounted investees | EGP | - | 1,270 |
| Equity-accounted investees | EUR | 8,495 | 3,102 |
| Equity-accounted investees | INR | 683 | 785 |
| Equity-accounted investees | THB | 1,608 | 1,561 |
| Equity-accounted investees | TRY | 15,431 | 12,256 |
| Subtotal equity-accounted investees | | 44,917 | 34,654 |
| Intangible assets other than goodwill | CLP | 170 | 42 |
| Intangible assets other than goodwill | CNY | 6 | - |
| Subtotal intangible assets other than goodwill | | 176 | 42 |
| Property, plant and equipment | CLP | 3,639 | 3,264 |
| Subtotal property, plant and equipment | | 3,639 | 3,264 |
| Total non-current assets | | 50,990 | 39,860 |
| Total assets | | 528,523 | 549,214 |



Note 24 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

Liabilities held in foreign currency are detailed as follows:

| Class of liability | Curr ency | 12/31/2012 | | | | 12/31/2011 | |
|----------------------------------------------------------|--------------|-------------------------------|------------------------------------------------|----------------------------|------------------------------------------------|-----------------|-----------------|
| | | Up To 90 Days ThUS\$ | Over 90 Days Up To One Year ThUS\$ | Up To 90 Days ThUS\$ | Over 90 Days Up To One Year ThUS\$ | Total ThUS\$ | Total ThUS\$ |
| Current liabilities | | | | | | | |
| Other current financial liabilities | CLF | 5,967 | 7,465 | 13,432 | 3,906 | 6,640 | 10,546 |
| Other current financial liabilities | CLP | 1,265 | 1,470 | 2,735 | 1,217 | 799 | 2,016 |
| Subtotal other current financial liabilities | | 7,232 | 8,935 | 16,167 | 5,123 | 7,439 | 12,562 |
| Trade and other payables | ARS | 1 | - | 1 | 3 | - | 3 |
| Trade and other payables | BRL | 71 | - | 71 | 320 | - | 320 |
| Trade and other payables | CHF | 155 | - | 155 | 221 | - | 221 |
| Trade and other payables | CLP | 132,037 | 35 | 132,072 | 115,694 | 236 | 115,930 |
| Trade and other payables | CNY | 1,642 | - | 1,642 | 1,821 | - | 1,821 |
| Trade and other payables | EUR | 18,983 | 279 | 19,262 | 12,265 | 181 | 12,446 |
| Trade and other payables | GBP | 142 | - | 142 | 24 | - | 24 |
| Trade and other payables | INR | 4 | - | 4 | 1 | - | 1 |
| Trade and other payables | MXN | 808 | 2 | 810 | 426 | - | 426 |
| Trade and other payables | PEN | 36 | - | 36 | 31 | - | 31 |
| Trade and other payables | YEN | 66 | 49 | 115 | 124 | - | 124 |
| Trade and other payables | ZAR | 1,810 | - | 1,810 | 2,831 | 108 | 2,939 |
| Subtotal trade and other payables | | 155,755 | 365 | 156,120 | 133,761 | 525 | 134,286 |
| Payables to related parties | EUR | - | - | - | - | - | - |
| Subtotal payables to related parties | | - | - | - | - | - | - |
| Other short-term provisions | ARS | - | - | - | 62 | - | 62 |
| Other short-term provisions | BRL | 17 | 1,606 | 1,623 | - | 1,459 | 1,459 |
| Other short-term provisions | CLP | 28 | - | 28 | 29 | - | 29 |
| Other short-term provisions | EUR | 248 | - | 248 | 140 | - | 140 |
| Other short-term provisions | MXN | - | - | - | - | 250 | 250 |
| Subtotal other short-term provisions | | 293 | 1,606 | 1,899 | 231 | 1,709 | 1,940 |
| Current tax liabilities | ARS | 5 | 55 | 60 | - | - | - |
| Current tax liabilities | BRL | - | 3 | 3 | - | - | - |
| Current tax liabilities | CLP | - | 2,660 | 2,660 | - | 2,129 | 2,129 |
| Current tax liabilities | CNY | - | 22 | 22 | 49 | - | 49 |
| Current tax liabilities | EUR | - | 2,742 | 2,742 | - | 2,011 | 2,011 |
| Current tax liabilities | MXN | 36 | - | 36 | 140 | - | 140 |
| Current tax liabilities | YEN | - | - | - | - | 386 | 386 |
| Current tax liabilities | ZAR | - | - | - | - | 109 | 109 |
| Subtotal current tax liabilities | | 41 | 5,482 | 5,523 | 189 | 4,635 | 4,824 |
| Current provisions for employee benefits | CLP | 7,557 | 14,760 | 22,317 | 6,915 | 22,807 | 29,722 |
| Current provisions for employee benefits | MXN | - | 212 | 212 | - | 334 | 334 |
| Subtotal current provisions for employee benefits | | 7,557 | 14,972 | 22,529 | 6,915 | 23,141 | 30,056 |

Note 24 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)



Notes to the consolidated financial statements as of December 31 2012

| Class of liabilities | Curr ency | 12/31/2012 | | | 12/31/2011 | | |
|---------------------------------------------------------|--------------|----------------------------|------------------------------------------------|-----------------|----------------------------|------------------------------------------------|-----------------|
| | | Up To 90 Days ThUS\$ | Over 90 Days Up To One Year ThUS\$ | Total ThUS\$ | Up To 90 Days ThUS\$ | Over 90 Days Up To One Year ThUS\$ | Total ThUS\$ |
| Other current non-financial liabilities | ARS | - | - | - | - | - | - |
| Other current non-financial liabilities | BRL | 12 | 44 | 56 | 12 | 44 | 56 |
| Other current non-financial liabilities | CLP | 9,561 | 26,714 | 36,275 | 7,464 | 36,006 | 43,470 |
| Other current non-financial liabilities | CNY | 26 | - | 26 | 12 | - | 12 |
| Other current non-financial liabilities | EUR | 637 | - | 637 | 631 | - | 631 |
| Other current non-financial liabilities | MXN | 250 | 103 | 353 | 1,331 | 53 | 1,384 |
| Other current non-financial liabilities | PEN | 70 | - | 70 | 118 | - | 118 |
| Other current non-financial liabilities | ZAR | 9 | - | 9 | - | - | - |
| Subtotal other current non-financial liabilities | | 10,565 | 26,861 | 37,426 | 9,568 | 36,103 | 45,671 |
| Total current liabilities | | 181,443 | 58,221 | 239,644 | 155,787 | 73,552 | 229,339 |



Note 24 - Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)

| Class of liabilities | Currency | 12/31/2012 | | | Total ThUS\$ | 12/31/2011 | | | Total ThUS\$ |
|--------------------------------------------------------------|----------|-------------------------------------------|--------------------------------------------|---------------------------|-----------------|-------------------------------------------|--------------------------------------------|---------------------------|-----------------|
| | | Over 1 year up to 3 years ThUS\$ | Over 3 years up to 5 years ThUS\$ | Over 5 years ThUS\$ | | Over 1 year up to 3 years ThUS\$ | Over 3 years up to 5 years ThUS\$ | Over 5 years ThUS\$ | |
| Non-current liabilities | | | | | | | | | |
| Other non-current financial liabilities | CLF | 85,681 | 61,119 | 321,857 | 468,657 | 76,417 | 12,510 | 232,938 | 321,865 |
| Other non-current financial liabilities | CLP | 151,500 | - | - | 151,500 | 139,770 | - | - | 139,770 |
| Subtotal other non-current financial liabilities | | 237,181 | 61,119 | 321,857 | 620,157 | 216,187 | 12,510 | 232,938 | 461,635 |
| Deferred tax liabilities | CLP | - | - | 43 | 43 | 57 | - | 56 | 113 |
| Deferred tax liabilities | MXN | 159 | - | - | 159 | 590 | - | - | 590 |
| Subtotal deferred tax liabilities | | 159 | - | 43 | 202 | 647 | - | 56 | 703 |
| Non-current provisions for employee benefits | CLP | - | - | 33,766 | 33,766 | - | - | 27,573 | 27,573 |
| Non-current provisions for employee benefits | MXN | - | - | 132 | 132 | - | - | 520 | 520 |
| Non-current provisions for employee benefits | YEN | - | - | 532 | 532 | - | - | 94 | 94 |
| Subtotal non-current provisions for employee benefits | | - | - | 34,430 | 34,430 | - | - | 28,187 | 28,187 |
| Total non-current liabilities | | 237,340 | 61,119 | 356,330 | 654,789 | 216,834 | 12,510 | 261,181 | 490,525 |

Note 25 - Subsequent events

25.1 Authorization of the financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries prepared in accordance with IFRS for the year ended December 31, 2012 were approved and authorized for issuance by the Management on April 19, 2013.

25.2 Disclosures on subsequent events

On April 3, 2013, the Company placed US\$300 million in notes due in 2023 bearing interest at 3.625% under Rule 144A and Regulation S of the U.S. Securities Act of 1933

Management is not aware of any other significant events that occurred between December 31, 2012 and April 19, 2013, the date of issuance of these consolidated financial statements that may significantly affect them.

CHIEF EXECUTIVE OFFICER CERTIFICATION
(Pursuant to Section 302)

I, Patricio Contesse, certify that:

1. I have reviewed this amended annual report on Form 20-F/A of Sociedad Química y Minera de Chile S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Patricio Contesse G.

Name: Patricio Contesse G.

Title: Chief Executive Officer

Date: October 30, 2013

CHIEF FINANCIAL OFFICER CERTIFICATION
(Pursuant to Section 302)

I, Ricardo Ramos, certify that:

1. I have reviewed this amended annual report on Form 20-F/A of Sociedad Química y Minera de Chile S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

/s/ Ricardo Ramos R.

Name: Ricardo Ramos R.

Title: Chief Financial Officer and Business Development Senior Vice President

Date: October 30, 2013

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Patricio Contesse, Chief Executive Officer of Sociedad Química y Minera de Chile S.A. ("SQM"), a corporation incorporated under the laws of the Republic of Chile, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Amended Annual Report of SQM on Form 20-F/A for the fiscal year ended December 31, 2012, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Amended Annual Report of SQM on Form 20-F/A fairly presents, in all material respects, the financial condition and results of operations of SQM.

/s/ Patricio Contesse G.

Name: Patricio Contesse G.

Title: Chief Executive Officer

Date: October 30, 2013

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ricardo Ramos, Chief Financial Officer of Sociedad Química y Minera de Chile S.A. (“SQM”), a corporation incorporated under the laws of the Republic of Chile, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Amended Annual Report of SQM on Form 20-F/A for the fiscal year ended December 31, 2012, as filed with the Securities and Exchange Commission, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Amended Annual Report on Form 20-F/A fairly presents, in all material respects, the financial condition and results of operations of SQM.

/s/ Ricardo Ramos R.

Name: Ricardo Ramos R.

Title: Chief Financial Officer and Business Development Senior Vice President

Date: October 30, 2013