

# ANNUAL REPORT 2011



$\text{KNO}_3$

$\text{K}_2\text{SO}_4$

$\text{KCl}$



$\text{Li}_2\text{CO}_3$

$\text{H}_3\text{BO}_3$

$\text{I}_2$



$\text{LiOH}$

$\text{KI}$

$\text{NaNO}_3$







**S**Q M reported solid earnings in 2011, making it an excellent year.

SQM produces and markets specialty plant nutrients, iodine, lithium, potassium fertilizers and industrial chemicals. Its products are developed from high-quality natural resources that enable it to be a cost leader, supported by a specialized international commercial network with sales in over 100 countries. SQM's development strategy is aimed at maintaining and strengthening its global leadership in each of its businesses.

The Company's leadership strategy is based on its competitive advantages and the sustainable growth of the diverse markets where it does business. This annual report will illustrate the foundations for the success of SQM in 2011.

> Table of Contents





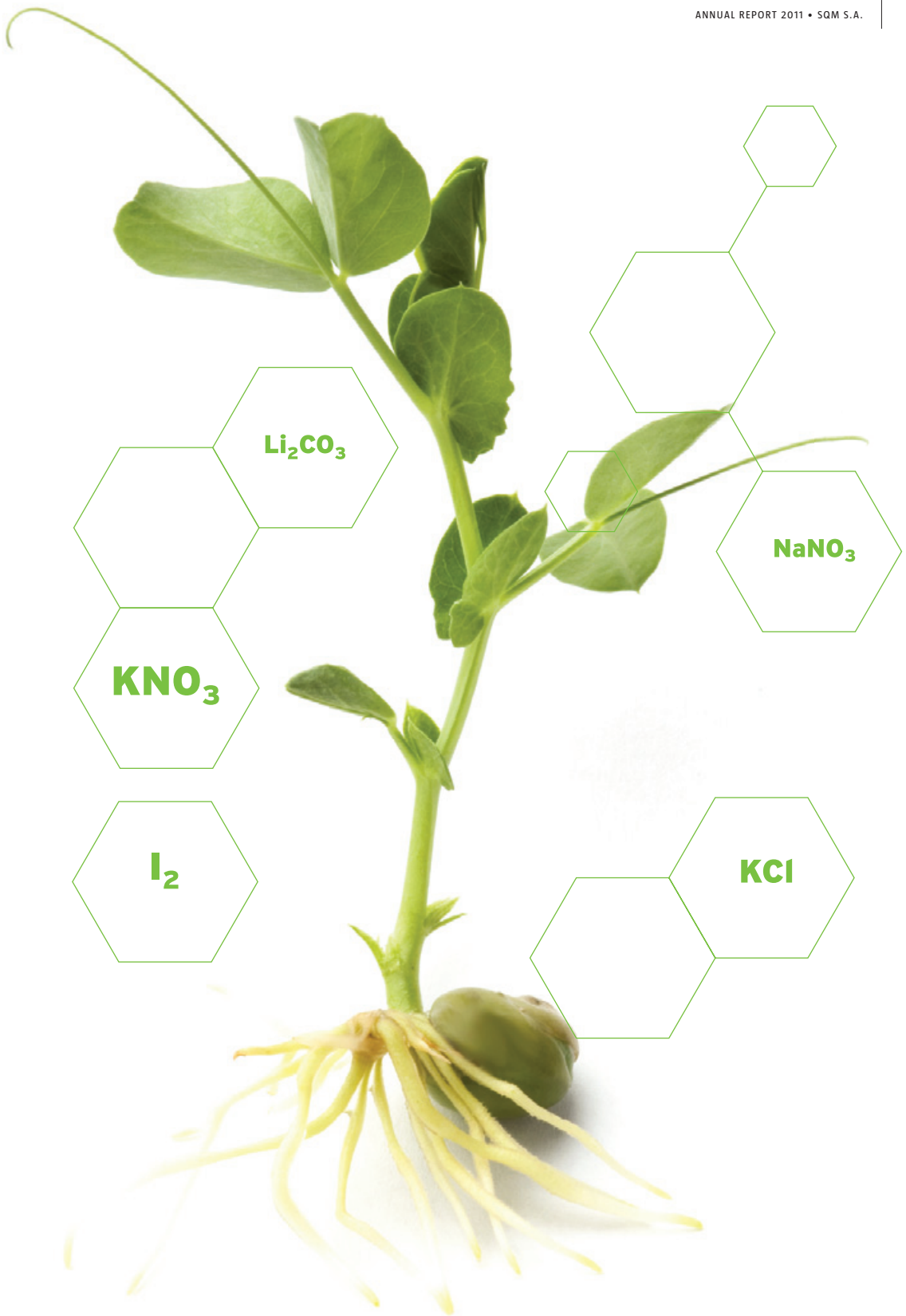


12	Chairman's Letter
15	Board of Directors
17	Management
18	Main Shareholders
20	History
22	Company Profile
24	Natural Resources
26	Logistics and Distribution
28	Sustainable Development
34	Specialty Plant Nutrition
40	Iodine and Iodine Derivatives
46	Lithium and Lithium Derivatives
52	Industrial Chemicals
56	Potassium
64	Financial Analysis
70	Consolidated Financial Statements
186	Condensed Financial Statements
194	Additional Information
218	Subsidiaries and Affiliates
228	Statement of Liability



**K**

**potassium**





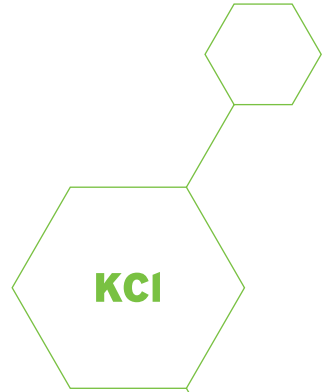
**iodine**







**lithium**







**More  
strength,  
value,  
sustainability  
and future.**

## > Chairman's Letter



**Julio Ponce L.**  
Executive Chairman



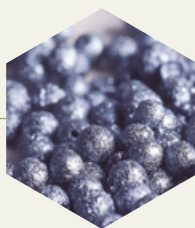
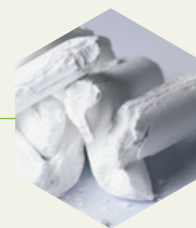
**The new technology employed by this facility will enable the Company to reduce costs and more efficiently use its natural resources.**

**D**uring 2011, we experienced an increase in demand in our main business lines that, together with increased prices in our most important markets, gave us record earnings in 2011. Throughout the year, we continued using our existing production synergies and our natural resources to obtain high quality agricultural and industry products at low cost.

Thanks to our solid competitive position and responsiveness to our markets, in 2011 we also completed a series of expansion projects that enabled us to increase our margins and our share in key markets. These projects include construction of a new granulated potassium chloride plant to maximize the flexibility and profitability of our “potassium” busi-

ness line by producing more granulated potassium chloride. Also, the new potassium nitrate plant in Coya Sur—the most modern of its class in the world—has been fully operating since April 2011. The new technology employed by this facility will enable the Company to reduce costs and more efficiently use its natural resources.

Our sales of industrial products, like iodine and lithium, posted extraordinary growth rates. SQM continued to lead the iodine market, driven mainly by medical uses. The increase in the global demand for lithium has led SQM to announce plans to expand its capacity in order to meet the market's needs from the increased use of batteries around the world. SQM also announced the beginning of a project in the Tarapacá Region to extract more caliche ore, significantly expanding its long-term production of iodine and nitrates.

 $\text{NaNO}_3$  $\text{KCl}$  $\text{I}_2$  $\text{KNO}_3$  $\text{Li}_2\text{CO}_3$ 

We have high expectations for future growth in sales of all of our products. In 2011, fertilizer markets continued to behave positively as farmers were motivated to maximize their yields and increase land productivity through optimal fertilization. In industrial markets, the ongoing development of new uses for our products continued to sustain demand. One example is the use of solar salts to store thermal energy from the sun.

Also during 2011 the Company continued to play an active role in developing the communities near our operations. SQM is proud of the continuous support it provides to schools near the Salar de Atacama and the Tamarugal Plains, including funding efforts to educate local children with special needs, programs to reinforce math skills and agricultural techniques, and several other extra-curricular activities.

It is important to mention the agricultural programs that SQM has been involved with since 2008, in conjunction with local, small-scale farmers in the Salar de Atacama, to teach agricultural techniques to aug-

### **In 2011 the Company continued to play an active role in developing the communities near our operations.**

ment the yield of crops that grow well in desert climates. During 2011, the most important outcomes included producing a wine branded as "Ayllu" that merged good production practices with local traditions. This wine has been recognized by world-renowned experts as a gem of the desert, inspiring us to develop a similar agricultural program in the towns of Quillagua and Colonia Pintados.

Finally, I would like to take this opportunity to thank the communities where we operate, our suppliers, our customers and our shareholders, all of whom have given us their trust and support throughout the years. Of course I would also like to thank all of SQM's employees throughout the world for their dedication and hard work. Without them, none of these achievements would have been possible.







## > Board of Directors

As of December 31, 2011, the members of the Company's Board of Directors were:



1



2



3



4



5



6



7



8

### 1. Director

Kendrik T. Wallace  
Lawyer  
Harvard Law School  
Passport: 712198876

### 2. Director

Daniel Yarur E.  
Information Engineer  
Universidad de Chile  
Rut: 6.022.573-7

### 3. Director

Wolf Von Appen B.  
Entrepreneur  
Rut: 2.884.455-7

### 4. President

Julio Ponce L.  
Forestry Engineer  
Universidad de Chile  
Rut: 4.250.719-9

### 5. Director

Eduardo Novoa C.  
Business Administrator  
Universidad de Chile  
Rut: 7.836.212-K

### 6. Director

Hernán Büchi B.  
Civil Engineer  
Universidad de Chile  
Rut: 5.718.666-6

### 7. Vice President

Wayne R. Brownlee  
Economist  
University  
of Saskatchewan  
Passport: BD 108168

### 8. Director

José María Eyzaguirre B.  
Lawyer  
Universidad de Chile  
Rut: 7.011.679-0

The members of the Directors' Committee were: Hernán Büchi, Eduardo Novoa and Wolf Von Appen.  
The Board of Directors was elected during the Ordinary Shareholders' Meeting held on April 28, 2011.





## > Management

As of December 31, 2011, the Company's senior management was made up by:



1



2



3



4



5



6



7



8



9



10

### 3. Chief Financial Officer and Business Development Senior Vice President

**Ricardo Ramos R.**  
Industrial Engineer  
Universidad Católica de Chile  
Rut: 8.037.690-1

### 4. Senior Commercial Vice President

**Eugenio Ponce L.**  
Mechanical Engineer  
Universidad Católica de Valparaíso  
Rut: 5.370.715-7

### 5. General Counsel

**Matías Astaburuaga S.**  
Lawyer  
Universidad Católica de Chile  
Rut: 7.080.469-7

### 2. Executive Vice President and Chief Operating Officer

**Patricio de Solminihac T.**  
Industrial Engineer  
Universidad Católica de Chile  
Rut: 6.263.302-6

### 6. Nitrates and Iodine Operations Senior Vice President

**Mauricio Cabello C.**  
Mechanical Engineer  
Universidad de Santiago de Chile  
Rut: 10.391.635-6

### 7. Salar - Lithium Operations Senior Vice President

**Juan Carlos Barrera P.**  
Civil Engineer  
Universidad Católica de Chile  
Rut: 10.528.182-K

### 8. Nueva Victoria Operations Senior Vice President

**Jaime San Martín L.**  
Transportation Engineer  
Universidad Católica de Chile  
Rut: 8.931.725-8

### 9. Human Resources Corporate Services and Exploration Vice President

**Daniel Jiménez Sch.**  
Civil Engineer  
Universidad Católica de Chile  
Rut: 6.362.533-7

### 10. Sustainability Development and Public Affairs Senior Vice President

**Pauline De Vidts S.**  
Civil Engineer  
Universidad Católica de Chile  
Rut: 9.668.138-0

## > Main Shareholders

As of December 31, 2011, the Company's main shareholders were:

Series A + B	N° of shares	Total participation
Inversiones El Boldo Limitada	62.322.872	23,68%
Sociedad de Inversiones Pampa Calichera S.A.	57.000.629	21,66%
The Bank of New York Mellon, ADRs	42.036.912	15,97%
Inversiones RAC Chile Limitada	21.900.015	8,32%
Potasios de Chile S.A.	18.335.927	6,97%
Inv Global Mining Chile Limitada	8.798.539	3,34%
Banchile Corredora de Bolsa S.A.	5.027.112	1,91%
Corpbanca Corredores de Bolsa S.A.	4.275.439	1,62%
Inversiones La Esperanza Chile Limitada	3.693.977	1,40%
Banco Itau por cuenta de Inversionistas	3.693.080	1,40%
AFP Provida S.A. para Fondo Pensión C	2.612.816	0,99%
Banco Santander por Cuenta de Inv Extranjeros	2.317.450	0,88%
<b>Subtotal main series A and B shares</b>	<b>232.014.768</b>	<b>88,15%</b>
<b>Total shares Series A and B</b>	<b>263.196.524</b>	<b>100%</b>
<b>Total Series A and B Shareholders</b>	<b>1.928</b>	
Serie A	N° of shares	Total participation
Sociedad de Inversiones Pampa Calichera S.A.	44.758.830	31,34%
Inversiones El Boldo Limitada	44.751.196	31,33%
Inversiones RAC Chile Limitada	19.200.242	13,44%
Potasios de Chile S.A.	18.179.147	12,73%
Inv Global Mining Chile Limitada	8.798.539	6,16%
Inversiones La Esperanza Chile Limitada	3.693.977	2,59%
Kowa Co. Limitada	781.429	0,55%
Kochi S.A.	714.084	0,50%
La Esperanza Delaware Corporation	227.550	0,16%
Inversiones Rentamax Limitada	154.000	0,11%
Banchile Corredora de Bolsa S.A.	136.919	0,10%
BCI Corredora de Bolsa S.A.	107.450	0,08%
<b>Subtotal main series A shares</b>	<b>141.503.363</b>	<b>99,08%</b>
<b>Total series A shares</b>	<b>142.819.552</b>	<b>100%</b>
<b>Total series A shareholders</b>	<b>480</b>	
Serie B	N° of shares	Total participation
The Bank Of New York Mellon, ADRs	42.036.912	34,92%
Inversiones El Boldo Limitada	17.571.676	14,60%
Sociedad de Inversiones Pampa Calichera S.A.	12.241.799	10,17%
Banchile Corredora de Bolsa S.A.	4.890.193	4,06%
Corpbanca Corredores de Bolsa S.A.	4.264.250	3,54%
Banco Itau por cuenta de Inversionistas	3.693.080	3,07%
Inversiones RAC Chile Limitada	2.699.773	2,24%
AFP Provida S.A. para Fondo Pensión C	2.612.816	2,17%
Banco Santander por cuenta de Inv Extranjeros	2.317.450	1,93%
Banco de Chile por cuenta de Terceros no Residentes	2.142.974	1,78%
AFP Habitat S.A. para Fondo Pensión C	2.096.032	1,74%
Larrain Vial S.A. Corredora de Bolsa	1.827.334	1,52%
<b>Subtotal main series B shares</b>	<b>98.394.289</b>	<b>81,74%</b>
<b>Total series B shares</b>	<b>120.376.972</b>	<b>100%</b>
<b>Total series B shareholders</b>	<b>1.448</b>	





### Notes

As of December 31, 2011, Sociedad de Inversiones Pampa Calichera S.A, Inversiones Global Mining (Chile) Ltda., and Potasios de Chile S.A.—collectively, Pampa Group—controlled 31.97% of the total shares of SQM S.A. Likewise, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation—collectively, Kowa Group—controlled 2.08% of the total shares of SQM S.A. On December 21, 2006, Pampa Group and Kowa Group signed a shareholders' agreement, pursuant to which these two groups are considered the Controlling Group of SQM S.A.

Potash Corporation of Saskatchewan, Inc. ("PCS") controls 100% of the total shares of Inversiones El Bordo Limitada and Inversiones RAC Chile Limitada.

As of December 31, 2011, PCS controls 32% of the total shares of SQM S.A.

Additionally, during the year 2011 some of the Company's main shareholders have decreased or fully disposed of their shareholdings, and others have acquired or increased their shareholdings in SQM S.A. For more information, see "Majority Shareholders" in Additional Information.



## > The History of SQM

### 1924

The Guggenheim family acquires the Coya Norte land in the El Toco sector of northern Chile to build a facility for caliche operations. Thus, María Elena is constructed and begins operating on November 22, 1926, using the Guggenheim method, which is still utilized in some of today's production processes.

### 1930

Construction of the Pedro de Valdivia caliche facility begins. This facility has more capacity than María Elena and starts operating on June 6, 1931.



### 1951

A crystallizing plant is built in Coya Sur in order to efficiently use the nitrate precipitation from the solar evaporation ponds.

### 1968

SQM is created through the merger of companies Corporación de Ventas de Salitre y Yodo, Compañía Salitrera Anglo Lautaro, Compañía Victoria and the Chilean government.

### 1971

CORFO (Chilean government agency for the advancement of production) takes control of 100% of SQM.



### 1983

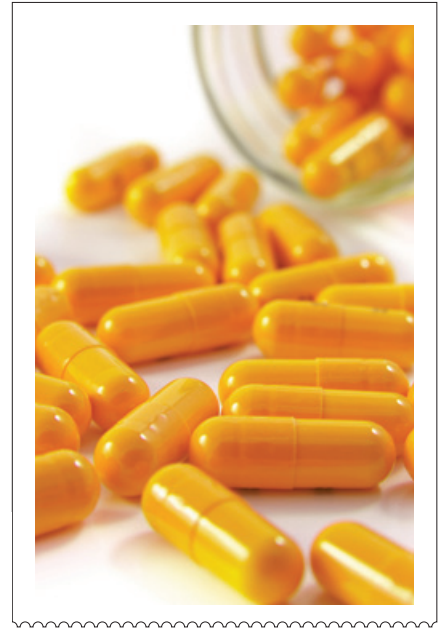
SQM's five-year privatization process begins and private pension funds acquire an ownership stake.

### 1985

The heap leaching process is first applied in extracting nitrates and iodine.

### 1986

The potassium nitrate facility at Coya Sur begins production.



### 1993

The technical-grade potassium nitrate facility begins operating, and the Company issues the first offering of shares on international markets by starting an ADR program.

### 1995

The Company issues a second share offering on international markets through its ADR program. Production of potassium chloride begins in the Salar de Atacama.

### 1997

SQM begins producing lithium carbonate from lithium brines.



## 2000

Construction of a new potassium nitrate facility is completed. SQM increases its potassium chloride production capacity.

## 2001

A commercial distribution agreement is signed with the Norwegian company Yara International ASA, enabling SQM to achieve significant cost synergies in its specialty plant nutrition business.

## 2002

Capacity is expanded at SQM's lithium carbonate plant.

## 2004

SQM acquires the nitrate producer PCS Yumbres in Chile and invests in the construction of a lithium hydroxide plant near its lithium carbonate plant in Antofagasta.

## 2005

SQM purchases the Kemira Emirates Fertilizers Company (Kefco) plant. The lithium hydroxide facility in the Salar de Carmen begins operating.

SQM signs agreements to produce and distribute soluble specialty plant nutrients in Thailand and Turkey and acquires a urea phosphate production plant in Dubai.

## 2006

SQM acquires DSM's iodine business in Chile.

## 2007

Production at the new prilling and granulating facility at Coya Sur begins. SQM's lithium hydroxide plant is certified under ISO 9001:2000.



## 2008

SQM enters into a joint venture with Migao Corporation to produce and distribute potassium nitrate in China. SQM increases its lithium carbonate capacity to 40,000 metric tons per year.

## 2009

Work begins to expand potassium nitrate and potassium chloride production. SQM signs new joint ventures with Coromandel (India), Qingdao Star (China) and Roullier (France).

## 2010

The new potassium nitrate facility begins operating on a test basis. Work to expand potassium products continues in the Salar de Atacama. In Dubai, SQM Vitas launches a new line of soluble phosphate products.

## 2011

The new potassium nitrate plant at Coya Sur is fully operating and increases capacity by 300,000 tons. It is considered the most modern potassium nitrate plant in the world.

SQM and the Migao Corporation inaugurate a new potassium nitrate plant in China. This enables SQM to increase its presence in key Asian markets.



## > Company Profile



*In 2011, SQM reported significant growth in revenues and net income as a result of strong demand across its business lines. In 2012, we will continue to invest in the company in order to increase efficiency and expand capacity throughout all segments. SQM remains committed to maximizing future returns, just as we have done in the past, and implementing all of the improvements and expansion projects necessary to ensure a solid position in the future.*

**Patricio Contesse G.**  
Chief Executive Officer



**T**hroughout the years, SQM has achieved unique synergies through its integrated production processes for the following natural resources: Caliche ore, a mineral rich in iodine and nitrates that is found in Chile's first and second regions, and brine, a resource rich in lithium and potassium that can be found in the Salar de Atacama. SQM has also developed specially designed technologies for its processes in order to meet



market needs and maximize the value of its products.

Currently, SQM produces agricultural and industrial products that are divided into five business lines: specialty plant nutrition; iodine and iodine derivatives; lithium and lithium derivatives; industrial chemicals and potassium.

SQM is proud to be the world's largest producer of lithium, iodine, potassium nitrate and industrial nitrates used to store thermal energy.

SQM has maintained this success and has proven its ability to maximize shareholder returns, maintaining a sound financial position, focusing on sustainable development, its com-

petitive advantages, and optimizing efficiency to produce high-quality products at low cost.

In addition, the Company has focused on expanding its businesses globally. Today, most of SQM's revenue comes from key international markets where it has facilities or offices.

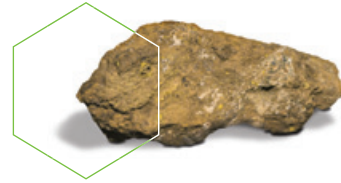
SQM's competitive position is based on the following elements:

- Vast natural resources, whose location, ease of extraction and chemical composition make them unique in the world.
- Significant economies of scale in its different business areas, affording major cost advantages over its competitors.

- Important synergies between our two raw materials: caliche ore and the solar brines of the Salar de Atacama.
- Flexible production processes that complement each other throughout their various stages, enhancing operating efficiency.
- A global presence through an extensive logistics and distribution network.
- Participation in markets with high growth potential.



## > Natural Resources



**T**he Atacama Desert, located in Chile's Tarapacá and Antofagasta Regions, is the vast backdrop for SQM's production plants. There, the Company has exclusive access to natural reserves of unrivaled magnitude and quality: the most extensive iodine and nitrate reserves known to man and very high concentrations of lithium and potassium.

SQM's deposits are globally unparalleled and make its business model impossible for any other company in the world to replicate. From these caliche ore and brine reserves, the Company obtains the products that are the foundation for its business formulas, one of the values that uphold its strategic position in each business line: Specialty Plant Nutrition, Iodine, Lithium, Industrial Chemicals and Potassium.

These two raw materials provide important competitive advantages:

Caliche ore contains high concentrations of nitrate and iodine and, in a lesser proportion, potassium. It is found in layers or veins that are 20 centimeters to 5 meters thick covered by a superficial inert layer of between 0.5 meters and 1.5 meters.

Caliche ore, which began to be mined industrially in the 19th century to obtain nitrate, is abundant in northern Chile. In fact, it is the largest

natural deposit of iodine and nitrate in the world.

SQM has also developed its own technology for producing iodine, sodium nitrate and potassium nitrate from caliche ore.

The Salar de Atacama is a salt depression incrustated into the Atacama Desert, where underground brine deposits are contained in porous rocks of sodium chloride fed by an underground water flow from the Andes Mountains.

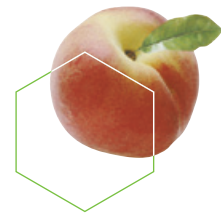
The salt brines found in the Salar de Atacama have high concentrations of lithium and potassium, as well as considerable concentrations of sulfate, boron and magnesium. The main products derived from this salt flat are potassium chloride, lithium carbonate, potassium sulfate, boric acid, magnesium chloride, lithium hydroxide and lithium chloride.

In addition to the high mineral concentrations in the brines, the Salar de Atacama has a series of other advantages: its favorable ion distribution allows for low-cost processing; its exceptional climate affords excellent evaporation indices and permits year-round operations; and its proximity to ports facilitates distribution.

The unique characteristics of these resources are one of the most impor-

tant pillars of the Company's strategy. In addition, the production process for each mineral benefits from the ease of extraction and scale of our operations, which—coupled with the high grade, quality and quantity of these resources—enables us to be low-cost producers.

Throughout the years, we have developed unique production processes, tailored to our needs, that maximize our natural resources. Over time, this ongoing improvement process has enabled us to attain the necessary know-how to continue to be competitive in all markets where SQM is present.



### QUALITY

SQM strives to build long-term relationships with its customers, which we have achieved thanks to our Quality Management System. This system's ultimate goal is to enhance customer satisfaction by delivering products that meet agreed-upon standards and specifications, and providing high-quality service that leads to mutually beneficial relationships.

To sustain client relationships based on trust and transparency, SQM

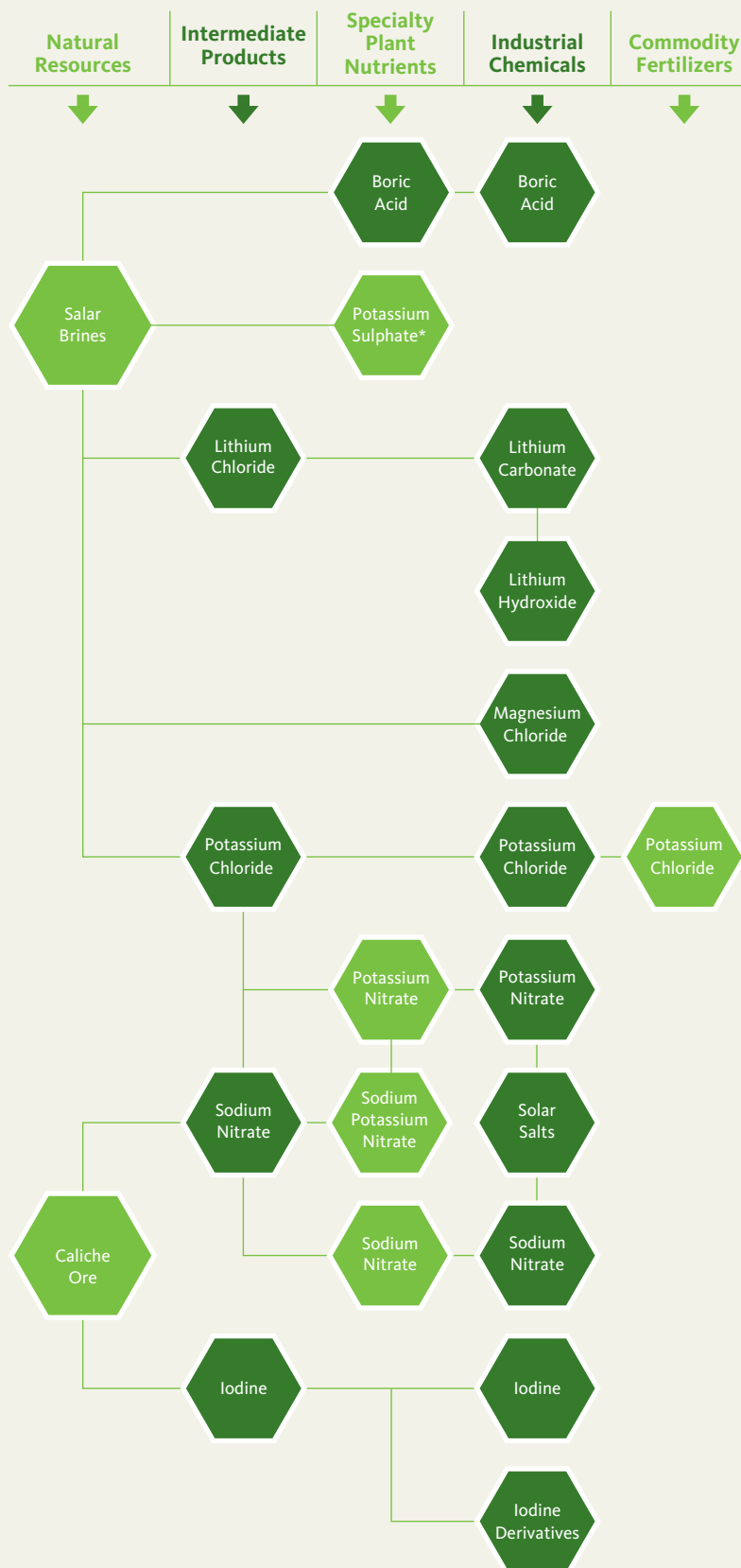


maintains open communication with our customers via our Complaint System, where any customer can submit their concerns, complaints or questions. We make every effort to respond appropriately and opportunely.

To reinforce our commitment to deliver quality products and services, SQM maintains independent certifications under standard ISO 9001:2008 for production and sales processes of the following products: iodine; industrial, technical and battery-grade lithium carbonate and lithium hydroxide; standard, refined and technical-grade potassium nitrate and sodium nitrate; and some soluble specialty plant nutrients. In 2011, the new potassium nitrate facility at Coya Sur was certified.

Supplying customers with products in a timely manner is a priority and, therefore, we not only concern ourselves with operational excellence but also with responding quickly to changes in national and international regulations that may affect sales of our products. One case in point is the system for managing chemical substances put forth by the European Union, REACH (Registration, Evaluation and Authorization of Chemicals). We also provide appropriate technical advice regarding handling and storage standards in the diverse markets where we do business.

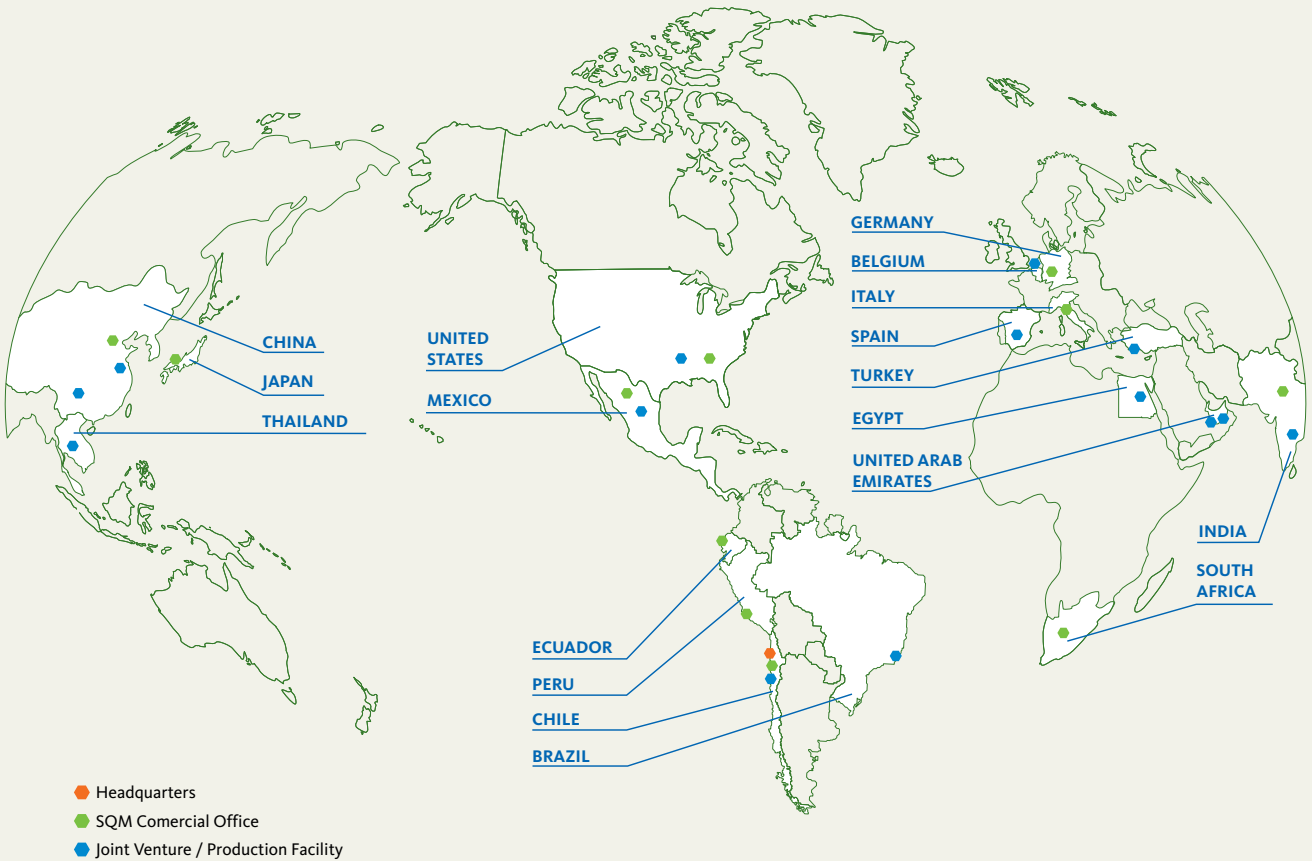
## Products and Markets



\* Potassium Sulphate (SOP) is reported in the "Potassium" business line.

## > Logistics and Distribution

Logistics and distribution have always been considerable challenges for the Company. SQM's distribution network and its global reach are some of our most important strengths. Reliable and efficient delivery of our products has been key to the Company's success.



**+20**

Sales and representation offices.

**+2,000,000**

MT of finished product channeled through our distribution network.

**+100**

Our products were delivered to thousands of customers in over 100 countries.

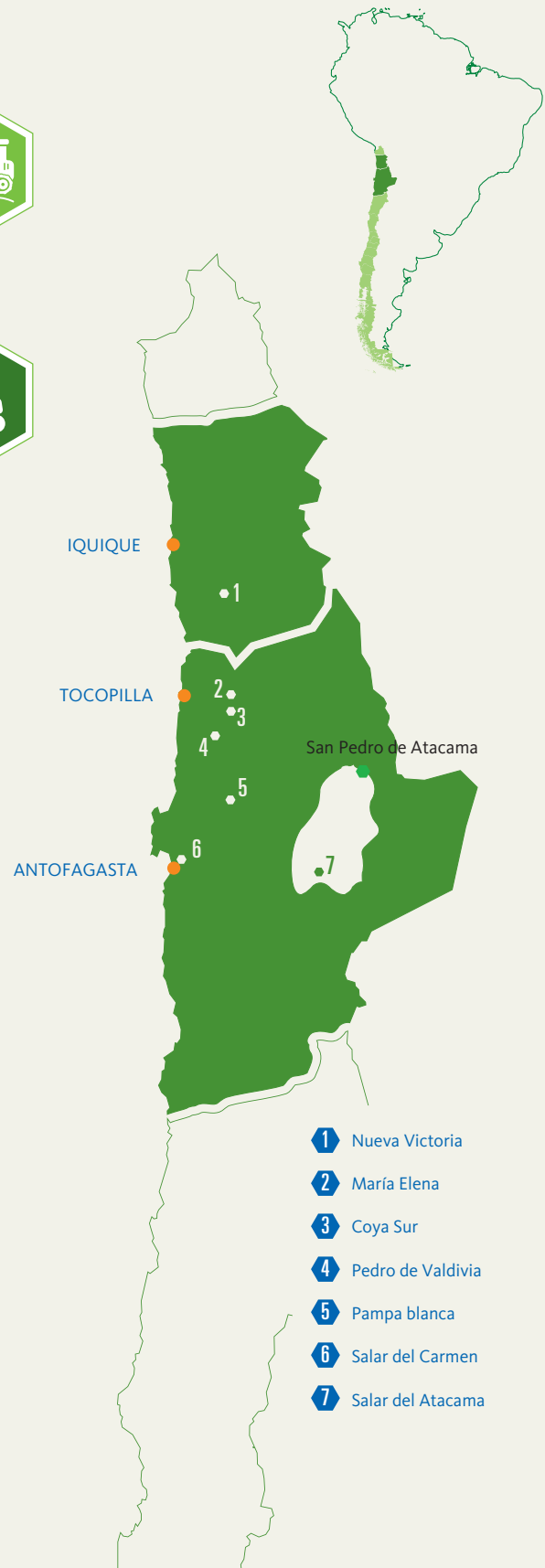


**S**QM's product supply chain consists of an extensive truck and rail network, exclusive access to the Port of Tocopilla, sales and representation offices in more than 20 countries, strategically located warehouses and mixing plants and major distribution agreements and joint ventures to maximize the Company's global reach.

In 2011, we made important investments in our port facilities, including covered warehouses and a new port crane, among others, thus increasing the port's capacity and enhancing service in delivering our products.

Because of to this network, we are able to deliver our products to thousands of customers in over 100 countries on six continents. This proximity to our main markets and customers enables us to guarantee product quality, advise our customers on our products and obtain real time market information.

The logistics system we have put in place to most efficiently manage our resources and deliver our products in a timely manner, has been fundamental in satisfying customer needs and creating value for our shareholders and employees.

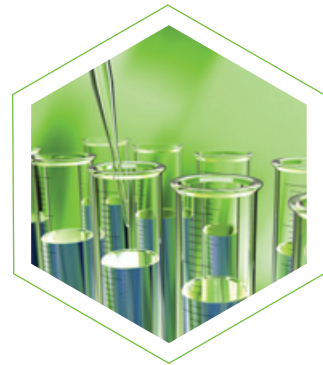


## > Sustainable Development



*In 2011, SQM continued to expand its potassium products in the Salar de Atacama with the construction of a new potassium chloride plant. The new plant will enable SQM to increase the flexibility of its production processes as well as boost profitability by expanding potassium chloride production in two grades: standard and granular. For 2012, SQM plans to continue with its investment plan, showing once again its initiative in taking on new challenges to further our company's growth.*

**Patricio de Solminihac T.**  
Executive Vice President and Chief  
Operating Officer



**S**QM is committed to sustainably developing its business, integrating care and respect for its employees and subcontractors, the environment, the community and its customers into its production and sales processes. Good performance in these areas is key to the success of its business and future development. Its guiding principles are outlined in the Sustainable Development Policy.





SQM's commitment to the environment is a commitment to future generations. The Company has developed a solid knowledge base on the ecosystems surrounding its operations, which enables it to develop and implement prevention and monitoring plans as well as necessary mitigation measures to ensure these environments are protected.

To achieve these objectives, SQM does business using an Environmental Management System that involves periodically assessing its environmental performance through internal and external audits, thus facilitating continuous improvement of such matters.

To minimize the potential environmental impact of its activities on its surroundings, SQM incorporates environmental variables in early stages of operational design. That way, all new projects and modifications to existing operations are environmentally assessed and processed through the Environmental Impact Assessment System, if applicable. As of December 2011, SQM held 52 environmental approvals: 12 Environmental Impact Studies and 40 Environmental Impact Statements. During 2011, SQM has continued to operate strict environmental monitoring plans at all facilities. Worth special mention is the thorough, rigorous monito-

ring plan for the Salar de Atacama, which includes the hydrogeological systems and ecosystems along the edges of the salt flat. Furthermore, since September 2010, SQM has made progress in implementing the commitments it made to obtain environmental approval for the Pampa Hermosa project, intended to expand iodine and nitrate operations in the Nueva Victoria facility.




## OPERATIONAL RISK MANAGEMENT

Protecting human life and health is a key value for SQM; it considers a job well done is a job done safely. As part of this concept, SQM has labored systematically to continuously improve risk prevention, leading to decreases of over 80% in its accidentability indices from 2004 until now, including subcontractors.

SQM's efforts are part of an Occupational Safety and Health Management System based on the Competitive Company Program offered by Mutual de Seguridad to its member companies. The main objective of this system is to permanently and systematically reduce the occurrence of work-related accidents and professional illnesses, emphasizing participation from all individuals within the organization. The success of this system is dependent on on-site, visible and tangible leadership from executives and supervisors at all times, together with the activities they carry out on Joint Committees and Safety Commissions. SQM's system was certified by Mutual de Seguridad in 2010 and renewed following an audit in 2011.

### Trained Employees in 2011

# 7,000

 = 100 people



### Hours of Training in 2011



# 67,980

 = 1,000 hours



In complement to the Competitive Company Program, SQM has developed additional tools to strengthen preventative management, such as defining Basic Safety Rules to prevent accidents with high loss potential, the Behavior Based Prevention Program and training on preventative techniques directed to company employees and supervisors. These tools are periodically assessed, updated and audited to verify that they are being implemented and used appropriately in all facilities and that they are consistent with the tasks performed by employees.

One of SQM's challenges in safety matters is to deeply engrain a culture of prevention and personal care in each of its employees and subcontractors. As a result, for the first time in 2011 it conducted a large-scale survey of all personnel regarding safety matters, which was completed by close to 80% of employees. The results of the survey allowed the Company to identify both strengths and opportunities for improvement regarding the organization's preventative culture. Plans are now being developed based on the survey results.

SQM believes that accidents are preventable and, therefore, it strives on a daily basis to attain a goal of "Zero Accidents".

## OUR PEOPLE

SQM aims to attract, develop and retain the best people in a work environment that encourages integration, motivation, safety and commitment, where the Company's values and compliance with business objectives are actively promoted. To do so, we create personal and professional development opportunities and look after the health and physical wellbeing of our employees and subcontractors.

Our company seeks to employ people that are proud of and dedicated to the important role they play in the Company's progress. As a result, it has a formal program to drive mobility within our Company in order to retain talent, promote good performance and reinforce each worker's commitment and motivation.

Furthermore, SQM is concerned with the professional and personal growth of its team members and, therefore,



**Our Company seeks to employ people that are proud of and dedicated to the important role they play in the Company's progress.**

provides university and graduate-level scholarships to outstanding employees so they may advance professionally. The Company offers training courses to all employees on a variety of topics. In 2011, more than 7,000 employees underwent training in almost 67,980 classroom hours.

In terms of quality of life, in 2011 our Company improved several aspects of its residential camps: Facilities, cafeterias and recreational activities. Employee satisfaction is periodically monitored using surveys that allow us to modify and enhance our standards.

SQM maintains fluent communication with representatives of its employees, organized into labor unions, which enables it to attend to its employees' concerns and needs in a timely fashion. The safety and health of the people working for SQM is just one issue on which the Company collaborates with labor representatives. Joint committees on safety and health as well as food and housing commissions have been formed that put together proposed improvements to be

reviewed and implemented together with management.

### THE COMMUNITY

SQM strives to be a good neighbor to the towns surrounding its facilities, creating long-term relationships based on respect and trust that ensure the development of both the Company and neighboring communities. To do so, we maintain open and constant communication with authorities and residents of each town near our facilities and promote economic and social development by working together on projects and activities to improve their quality of life. To this end, the Company has identified three major focuses for its community development programs:

- **Cultural heritage:** to restore, conserve and spread the legacy of the nitrate industry inherited by SQM, and promote efforts to value and draw attention to the cultures of the Atacama and Aymara peoples.
- **Education and culture:** to develop neighboring communities based on integrated education of future generations.

- **Social development:** to foment entrepreneurship of economically sustainable activities that allow for long-term local development.

### CULTURAL HERITAGE

SQM understands the importance of Chile's nitrate history and, as a result, has placed special emphasis on recovering and spreading the legacy of the Chilean nitrate industry. The Company supports the Chacabuco Foundation and the Nitrate Museum Foundation, entities charged with restoring and conserving the former Humberstone and Santa Laura nitrate offices, by covering their monthly operating expenses and contributing to cultural and tourism activities. It also assists with the Huanchaca Ruins Foundation and its Atacama Desert Museum in order to convey the natural and human history of northern Chile.

In accordance with current legislation and environmental studies, SQM continued efforts to register and protect pre-Hispanic and historical heritage sites, especially in areas surrounding María Elena and





Nueva Victoria. As part of these efforts, SQM inaugurated the first self-guided nitrate industry tour, which includes relics near the former “La 32” Railroad Station, near the Pan-American Highway and just a few kilometers from its Nueva Victoria facilities. The “La 32” Railroad Station, which today has been restored, was located among the Lagunas group offices and its main function was to support nitrate operations by maintaining railways and boxcars, loading boxcars, and supplying engines with water.

Also in 2011, we collaborated in editing and publishing two books on the history of the nitrate industry: “María Elena, La Magia del último pueblo salitrero de la pampa chilena” and “Álbum de la compañía de salitres y ferrocarril de Agua Santa 1896”.

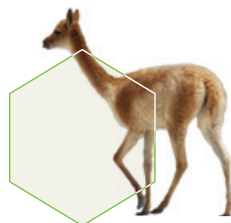
### EDUCATION AND CULTURE

The educational programs developed by SQM aim to reinforce the need

of all human beings to obtain new skills and broaden already acquired knowledge. To accomplish this, the Company continued with the following programs: Dual Education for high school students; Free Community Training with a variety of courses for the residents of Antofagasta, Pozo Almonte, María Elena, Tocopilla, Socaire, Toconao and San Pedro de Atacama; the Municipal Agreement with San Pedro de Atacama to finance an educational specialist to work with students with learning disabilities and bus fares for students to travel to and from their schools or universities in diverse cities, among others.

During 2011, the Company continued to support the traditional festivities of its neighboring communities such as the Multigrade Games in San Pedro de Atacama, Patron Saint’s Day in Quillagua, Cultural Heritage Day in María Elena, and the anniversary of the former Pedro de Valdivia nitrate town, among others.

Lastly, SQM also provides ongoing support for schools in María Elena, San Pedro de Atacama, Tocopilla and Quillagua, and organized literary workshops with Hernán Rivera Letelier in several towns within the Tarapacá and Antofagasta Regions to give children and youth the opportunity to learn more about the exceptional career and life story of Mr. Rivera Letelier and to explore the value of literature and the cultural legacy it transmits. In education, the Company began a program called “+Mathematics” in the towns of Toconao and Socaire, implemented together with Fundación Crea+, an entity specialized in assisting primary school teachers with math teaching methods. In the district of Pozo Almonte, SQM continued its support of the Comunidad Agrícola de Pintados School, contributing to improve its infrastructure and implement different classes and workshops for its students.



**SQM recognizes the need to work in harmony with the communities near its production facilities and, therefore, works intensely to responsibly fulfill its commitment to improve their quality of life, in balance with their culture and the environment.**

## **SOCIAL DEVELOPMENT**

For the fifth year in a row in the district of San Pedro de Atacama, the Company awarded grants to local micro-entrepreneurs to implement their projects in areas such as agriculture, livestock farming, traditional handicrafts, special-interest tourism and local impact businesses; this initiative was replicated for the first time in 2011 in Maria Elena, attracting considerable interest from local micro-entrepreneurs and a large number of applicants. In all, 53 projects have been financed by the Company since 2007. This financing, coupled with the perseverance of these entrepreneurs, helps the dreams of these local families become reality.

SQM also continued with its successful agricultural development program “Atacama Fertile Land,” which supports development in the areas surrounding the Salar de Atacama. This program aims to improve the economic conditions of local farmers and promote self-sustainability with

cultural meaning by transferring technology to participating farmers and reinforcing agricultural educational programs at Lickan Antay School in San Pedro de Atacama. The achievements of this program in 2011 include significant progress made in improving wine production by local farmers, a product baptized as “Ayllu,” which has been recognized by experts for its exceptional qualities as a high-altitude wine produced at over 2,400 meters above sea level. This recognition has allowed the Ayllu wine to be sold in hotels and restaurants within San Pedro de Atacama, directly benefiting local producers.

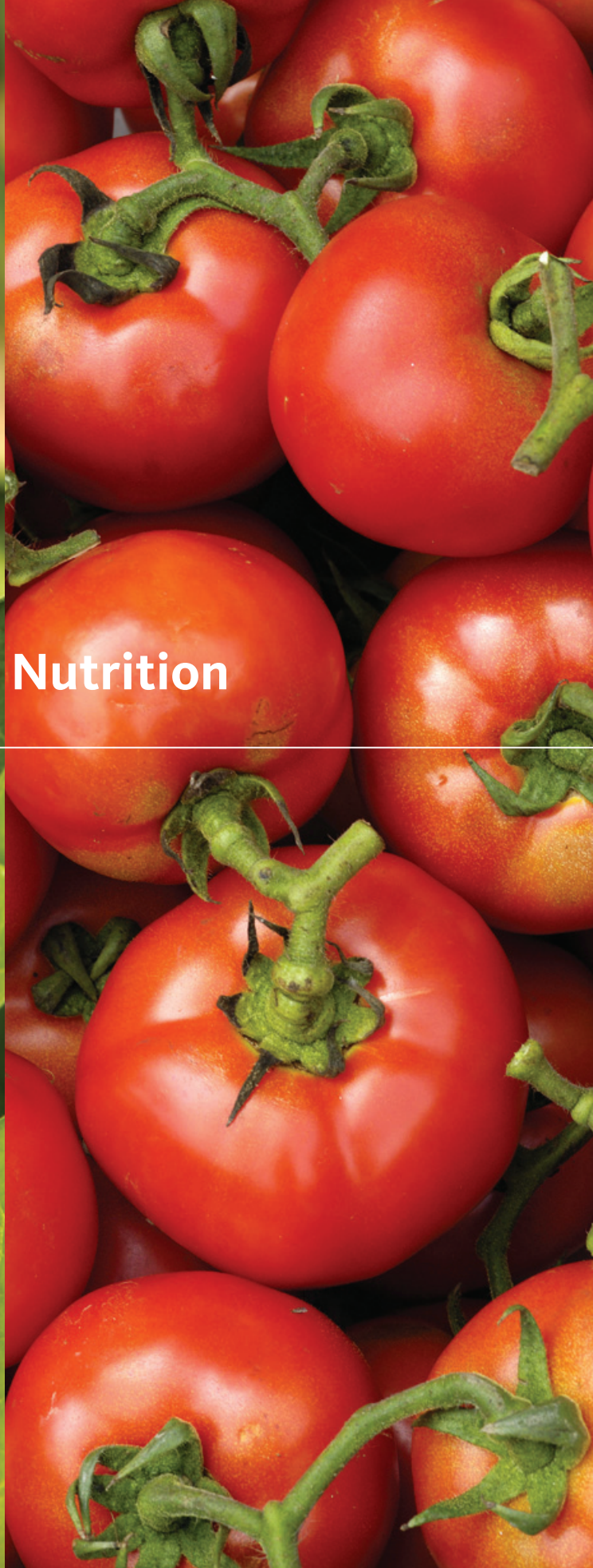
This program’s positive impact has prompted SQM to renew support, increasing both its investment and the number of participants, and extending the initiative to the town of Quillagua in the district of Maria Elena.

Since 2010, in the town of Pintados, SQM has participated in the “Agro-productive and Commercial Enhance-

ment Program for Farmers.” This initiative, aimed to strengthen agricultural activity and agro-business production chains in the area, was created together with INDAP, the Municipality of Pozo Almonte, and the Teck Quebrada Blanca mining company. Through this agreement, which is an example of innovative public-private collaboration, the work of local farmers has been strengthened through an agricultural soil enhancement plan and the acquisition of irrigation equipment, machinery and inputs.

SQM recognizes the need to work in harmony with the communities near its production facilities and, therefore, works intensely to responsibly fulfill its commitment to improve their quality of life, in balance with their culture and the environment.





**01** > Specialty Plant Nutrition





## > Specialty Plant Nutrition



*In 2011, SQM reported significant growth in margins in its main business lines, especially in specialty plant nutrition, potassium and iodine. SQM estimates that it continues to lead the global market in the potassium nitrate, iodine and lithium markets. The production synergies existing in our production process, the quality of our natural resources and the know-how obtained over the years have enabled the Company to be a low-cost producer in its main business lines.*

**Eugenio Ponce L.**  
Senior Commercial Vice President

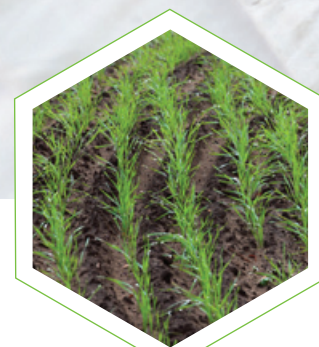
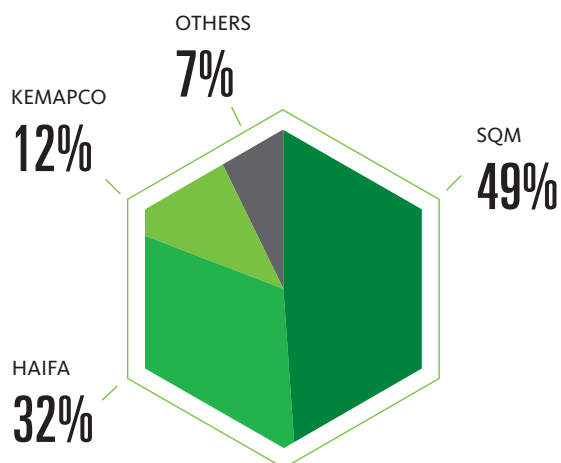
**S**QM has participated in the specialty fertilizer business for more than two decades and is now the global leader in the potassium nitrate market. Currently, specialty plant nutrition is one of the Company's main business lines, representing close to 34% of consolidated sales in 2011.

Since entering this industry, SQM has focused efforts on not only becoming the world's largest producer but in having the greatest potential for future development. This potential is evidenced by construction of a new potassium nitrate plant that began operating in April 2011 and gives us total installed capacity of 950,000 metric tons. Along the same lines, SQM entered into a joint venture with Migao Corporation to build





#### POTASSIUM NITRATE MARKET (2011)



a new potassium nitrate plant with capacity of 40,000 metric tons in the Chinese province of Sichuan, which was inaugurated in January 2011. These investments demonstrate our trust in the solid fundamentals of this market.

Upon analyzing 2011 sales figures, one can conclude that demand for potassium nitrate remained stable

and our competitors posted slight production decreases. As a result, SQM's prices and sales increased over 2010. The global market is estimated at approximately 1,000,000 metric tons (only for agricultural use), excluding consumption supplied locally in China.

At present, farmers are faced with the colossal challenge of produ-

cing increasingly greater quantities of higher quality crops. The task of maximizing the efficiency of these basic resources becomes essential given the restrictions particular to agriculture, such as scarce water and farmland.

The need to get the most out of these resources has created incentives for developing new farming techni-



ques for using fertilizers and water, such as fertirrigation (open-field, hydroponics, greenhouse, etc.), foliar application, micro-irrigation, etc. that require significantly less water than traditional irrigation systems. These techniques essentially help attain higher yields with less water consumption.

The world's irrigated surface has grown at an average yearly rate of 1.5% over the last 20 years, reaching 280 million hectares. However, micro-irrigation—the most efficient irrigation method—has expanded at rates of 10% annually during the same period, arriving at 10 million hectares.

The specialty plant nutrient market is a niche market that provides important solutions to modern-day agricultural challenges. The specialty plant nutrients SQM manufactures provide farmers with tools to confront such challenges.

The need for sophisticated fertilizers goes hand in hand with these advanced technologies. SQM's specialty plant nutrients meet farmers' requirements and provide tools to ensure scarce resources like water and land are not wasted. Commodity fertilizers do not provide the yield necessary to make these modern te-

chnological investments profitable. As a result, a critical need arises for specialty plant nutrients.

Specialty plant nutrition is a concept that combines products with particular physical and chemical properties with knowledge regarding the balance and timing of application that, together with other measures, enable crops to attain the yield and quality potentials demanded by markets.

SQM's specialty nutrients consist of: potassium nitrate, potassium sulfate\*, sodium nitrate and sodium potassium nitrate. Some of their distinguishing features include:

- Nitrate nitrogen: Nitrogen source preferred by plants that does not need to be transformed before being absorbed.
- High solubility: Allows rapid absorption of nutrients, especially in stages when large quantities are needed.
- Chlorine-free: Several crops such as tobacco, potatoes, citric plants, avocado, etc., are sensitive to this element and their production potential and/or quality is affected when products containing chlorine are used.

Depending on the application systems used for specialty nutrients, fertilizers can be classified as Spe-

cialty Field Fertilizers (SFF) or Water Soluble Fertilizers (WSF).

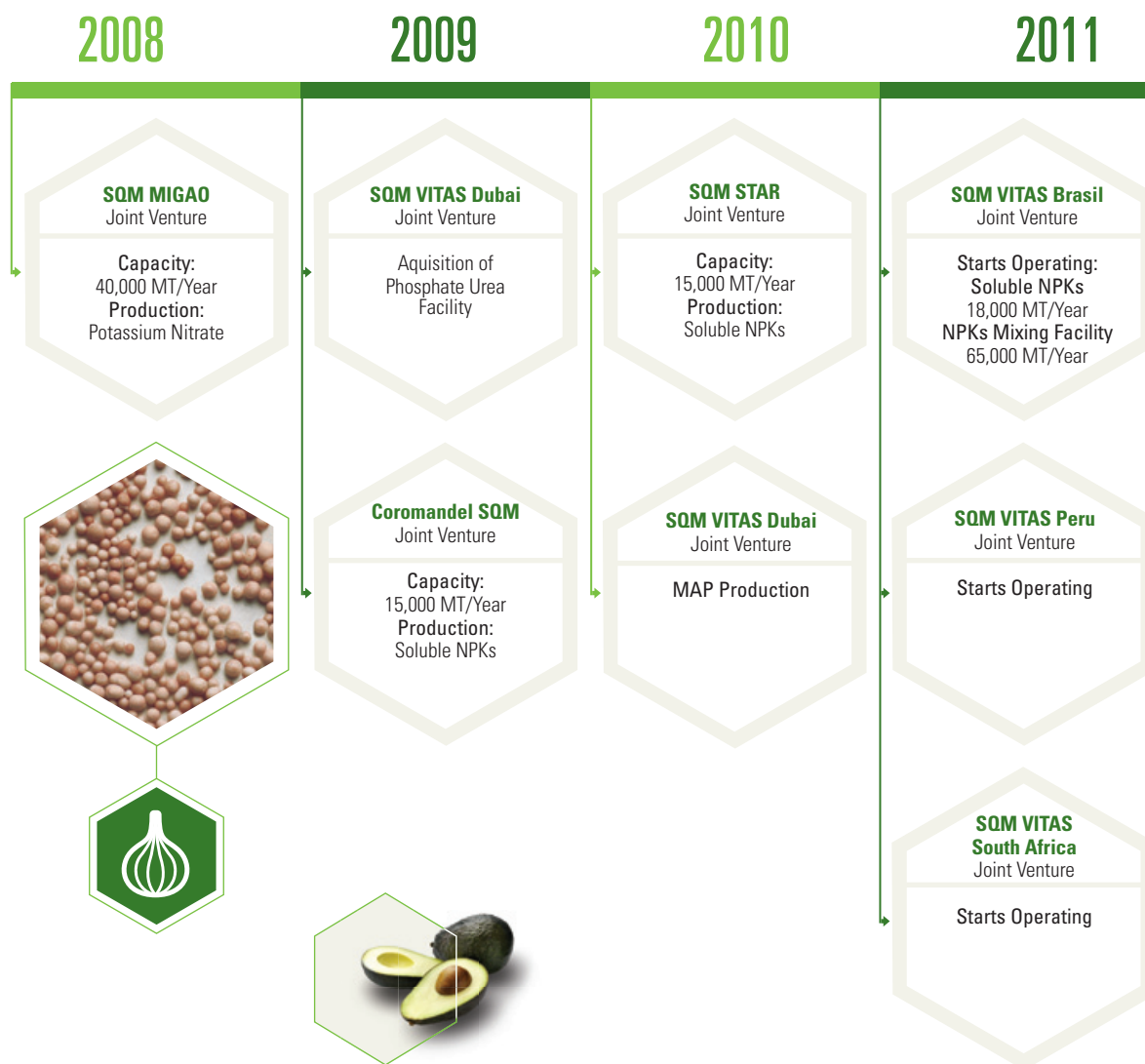
The first group is applied directly to the soil either manually or mechanically. Their high solubility, the absence of chlorine and the fact that they do not cause acidic reactions make these products especially suitable for crops like tobacco, potato, coffee, cotton and many fruits and vegetables.

The WSF line includes all specialty nutrients incorporated into fertirrigation, foliar applications and technical irrigation systems. As these systems are highly technical, the products used must be extremely soluble, nutrient-packed and free of impurities and insolubles while having low saline indices. One product in this line deserves special mention—potassium nitrate. Its optimal balance of nitrate nitrogen and chlorine-free potassium (the two macronutrients most needed by plants) make it an irreplaceable source for nourishing crops using high-tech automated irrigation systems.

In addition to these products, SQM has built a portfolio of more than 200 specialty mixtures, including proprietary brands such as Ultrasol™ for fertirrigation; Qrop™ for soil applica-

\* Potassium Sulfate (SOP) is reported in the "Potassium" business line.

## JV's AND ADQUISITIONS TIMELINE. 2008 - 2011 Period



tion; Speedfol™ for foliar application; and Allganic™ for organic farming.

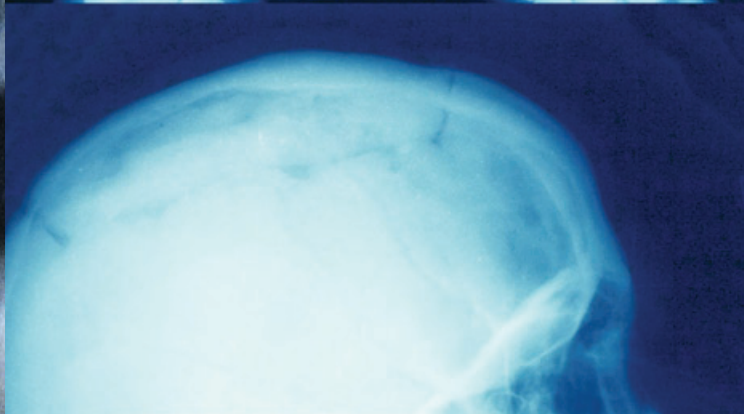
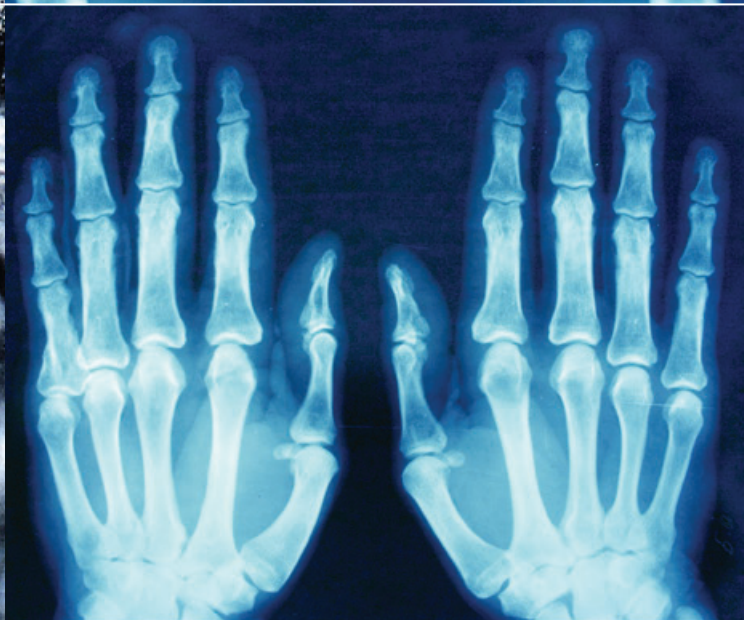
The solid fundamentals of this market will drive future growth of demand for potassium nitrate. SQM is committed to being the leading producer in this market. The Company is well-positioned to take advantage of market growth thanks not only to our access to unparalleled natural

resources but also to our production know-how and extensive global distribution network that brings us closer to our end customers so we can identify and meet their needs. Multiple commercial agreements, joint ventures and strategic alliances that SQM has established throughout the years complement and strengthen this network.





# 02 > Iodine and Iodine Derivatives







**KNO<sub>3</sub>**

**NaNO<sub>3</sub>**

**I<sub>2</sub>**

**Li<sub>2</sub>CO<sub>3</sub>**

**KCl**



## > Iodine and Iodine Derivatives



### **SQM AND IODINE**

Since SQM entered the iodine market, the Company has sought new business opportunities through innovation. As a result of these efforts, SQM is currently the world's principal iodine producer with a market share of 37%. During 2011, iodine and iodine derivatives accounted for approximately 21% of the Company's total sales, making it a key business line for the Company's development. Likewise, sales revenues from iodine and iodine derivatives increased by 43.7% over the prior year, primarily in response to an increase in sales volumes and higher prices resulting from adjusted supply conditions and sustained growth in demand.

The iodine business has expanded over the past 30 years. In the early 1990s, SQM also entered the iodine derivatives market through a joint venture with U.S. company Ajay Chemicals. With production plants in

Chile, the U.S. and France, Ajay-SQM has become the world's chief producer and seller of iodine derivatives.

Given the Company's commitment to this business line, SQM will continue to expand its production capacity to satisfy the industry's growing needs.

Iodine can be found in many places in nature, but generally in small quantities. Very few resources contain significant concentrations of iodine: seaweed, groundwater near some oil and natural gas wells and deposits of caliche ore, a mineral that can only be found in northern Chile.

### **PRINCIPAL USES OF IODINE**

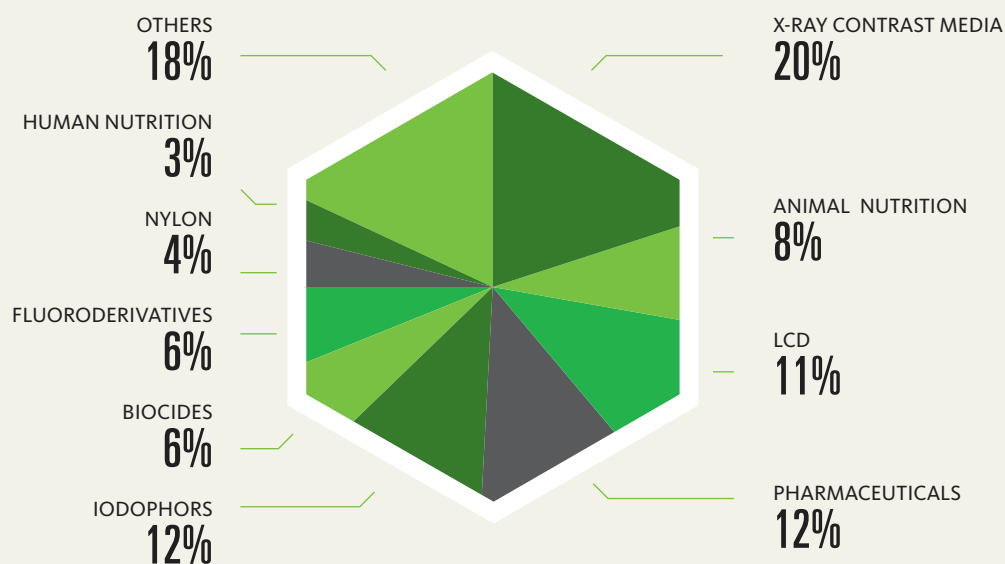
Applications for iodine and its derivatives are concentrated primarily in the areas of healthcare and nutrition, as well as industrial and technological applications.

Iodine is a non-metallic element of the halogen family that can be used in a wide array of industries. Close to 50% of iodine demand is for health or human and animal nutrition applications.

In the health care sector, iodine is used as contrast media for X-ray exams. Iodine is suitable for this application because of its high atomic number and density. When injected into the body, it helps create contrast between tissues, organs and blood vessels that have similar densities. In fact, this is the principal application of iodine and has driven growth of demand in recent years.

Iodine is also a very efficient disinfectant and is thus used as an active ingredient in the production of biocides, disinfectants, bactericides, fungicides and germicides, as well as iodophors, which are used in diverse industrial hygiene applications.

## MAIN USES OF IODINE



**During 2011, iodine and iodine derivatives accounted for approximately 21% of the Company's total sales, making it a key business line for the Company's development.**

Iodine has other important applications in the health care industry. For example, it is present in the active ingredient in medicines such as antispasmodics and coronary vasodilators. It is also used in the synthesis of some antibiotics and steroids.

It has been clinically established that every adult should maintain a body iodine level of between 20 and 50 milligrams, and that iodine deficiency is a dangerous condition. This small quantity is essential as it allows for proper functioning of the thyroid gland. Therefore, in order to ensure adequate intake, potassium iodide

is added to salt for human consumption.

Iodine is also crucial to animal nutrition, preventing illness and increasing yields of animal products like milk and eggs. Iodine has various technological and industrial applications that are very important, including in liquid crystal displays (LCD). It is specifically used to manufacture light polarizing membranes used in LCD screens for televisions, laptops, monitors and other portable devices. Iodine serves as the polarizing agent, fulfilling an essential function in the production process. Iodine is also a

critical element in a variety of industrial applications such as catalysts for organic synthesis, dyes, soil fumigants, herbicides and heat stabilizers for nylon fibers, among others.

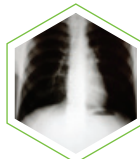
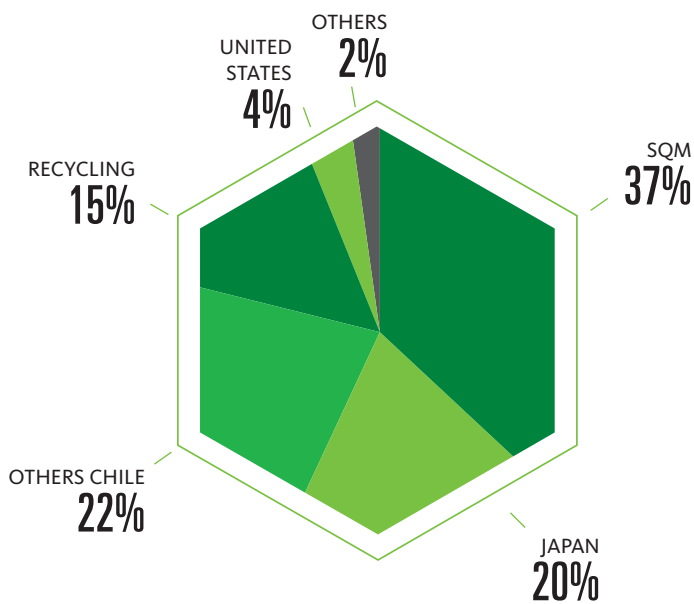


IODINE MARKET SHARE 2011

### TRENDS IN DEMAND

Over the last decade, the iodine market has expanded considerably. During this time, new technological applications like LCD screens have emerged, boosting demand. Iodine market growth has also been sustained by the important increase in demand for contrast media for x-rays. As a result, between 2001 and 2010, global demand for iodine and iodine derivatives grew at an average annual rate of 5%. The rest of the applications also reported attractive growth rates.

During 2011, demand once again grew, although to a lesser extent than average figures for the last decade, restricted by lower-than-expected supply. As a result, total demand for iodine in 2011 is estimated at between 30,500 and 31,000 tons.







## DISINFECTANT

*Iodine has germicidal properties stemming from its ability to rapidly penetrate the cell walls of diverse microorganisms, rupturing their protein structure and nucleic acids.*

*Iodine-based iodophors and biocides are used for their antiseptic and disinfectant properties in a wide variety of applications in living beings, consumer goods and industrial processes.*

*An iodophor is an iodine complex that is weakly bound to a transporting molecule, increasing the iodine's solubility in water and allowing its gradual release. Iodophors have several advantages such as being broad-spectrum; ha-*

*ving low toxicity and not irritating the skin; being odor-free; featuring an amber color that allows them to be seen during application; being less reactive with organic material in comparison to chlorinated solutions, etc.*

*The most widely-used antiseptic iodophor is povidone-iodine, which is utilized extensively in hospitals and other clinical facilities for its properties as a germicide, bactericide and fungicide. Its uses range from surgery to treatment of simple wounds.*

*Furthermore, iodophores are the preferred germicide for disinfecting the udders of animals such as*

*dairy cows. The use of iodophors helps prevent mastitis, or inflammation of the mammary glands, which is usually caused by pathogenic bacteria in dairy cows.*

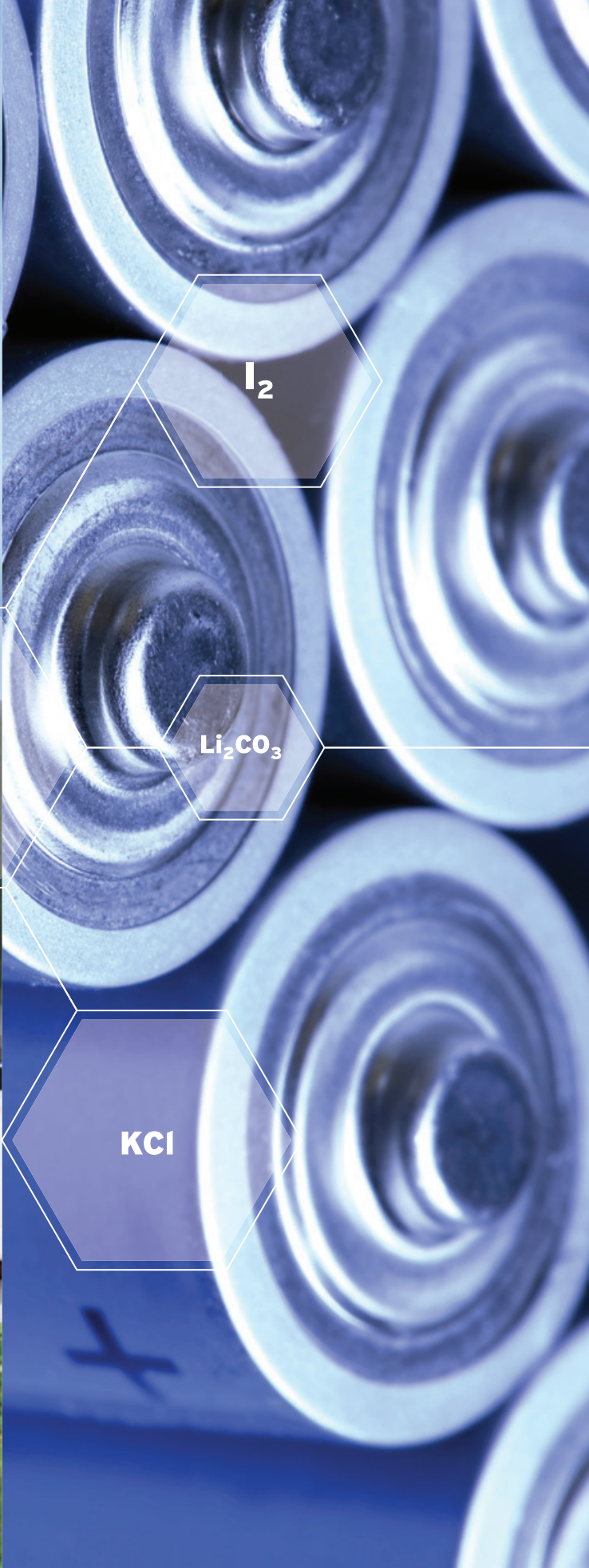
*In addition to these applications, iodine has a wide range of uses as a biocide: For example, it can be found in paints, cosmetics, wood preservatives, metallurgic fluids, dyes, leather treatments, etc. All of these examples require preservatives that provide effective protection against microorganisms.*



# 03 > Lithium and Lithium Derivatives









## > Lithium and Lithium Derivatives



### SQM AND LITHIUM

SQM began producing lithium carbonate in 1997 as a co-product of potassium chloride. The production process starts with lithium chloride solutions obtained from the Salar de Atacama, which are then processed in plants located in the Salar del Carmen, near Antofagasta, to make lithium carbonate and lithium hydroxide.

Since entering the lithium market, SQM has gradually increased its industry presence and is now the principal producer of lithium in the world. Currently, the Company's market share is around 31%, and the lithium business represents 9% of SQM's total sales.

Lithium can be found in many places in nature. However, its high

degree of reactivity means that it is never found in its pure state in nature, but rather in highly stable minerals and salts.

Commercial sources of lithium include, for example, brines, which are saline solutions with high contents of minerals where lithium is generally found in the form of lithium chloride. These brines are located primarily in salt flats or salt lakes. Other commercial sources of lithium include certain hard rock minerals, the most important of which is spodumene, which is a lithium aluminum silicate.

### PRINCIPAL USES OF LITHIUM

Lithium has very special characteristics and properties. In its pure state it is a silver-gray metal but when combined with metals such as magnesium or aluminum, it forms very

resistant alloys. In addition, it is the lightest and most reactive of the alkaline metals and has a density of only 0.534 g/cm<sup>3</sup>, which is almost half the density of water.

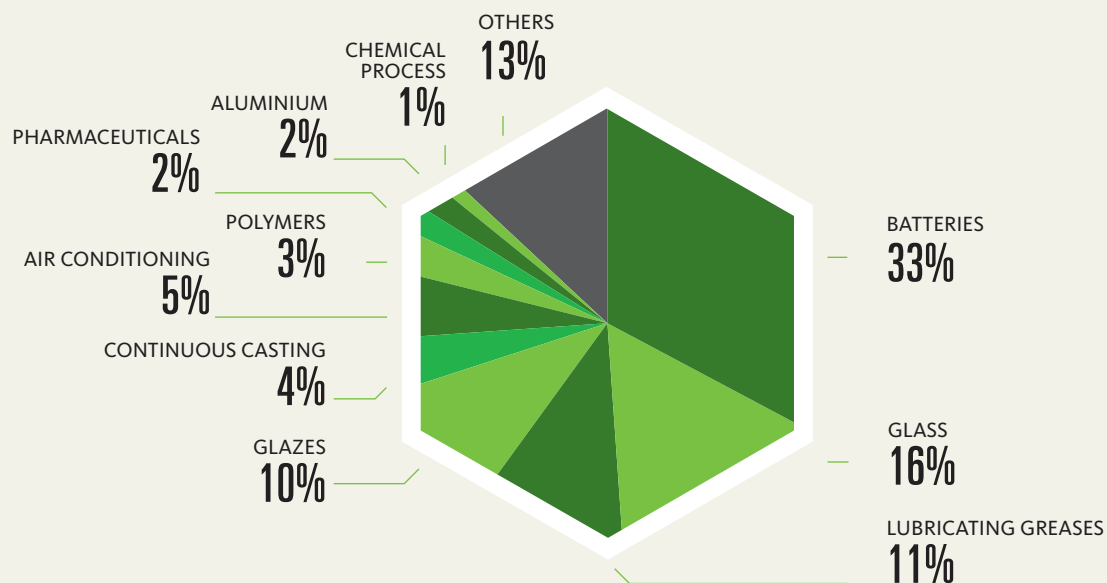
The main properties of lithium are:

- Lightest solid element at room temperature
- Low coefficient of thermal expansion
- High electrochemical potential and low density
- Solid element with the greatest caloric capacity

Lithium is sold principally as lithium carbonate. The next most important compound is lithium hydroxide. Both lithium chemicals are used in the production of cathode material for secondary (rechargeable) batteries given the element's high electrochemical potential and low density. In its

<sup>1</sup> If only lithium chemicals are considered, SQM's market share is 38%.

## MAIN USES OF LITHIUM



metal state, lithium is also used as an anode material in primary (non-rechargeable) batteries. It is also present in electrolytes for batteries.

Lithium, as the solid with the greatest caloric capacity, is an excellent element in applications that involve heat transfer, such as ceramic glass utilized in kitchen stovetops. One of the main advantages of using lithium carbonate to manufacture this type of glass is that it makes glass harder and improves its appearance.

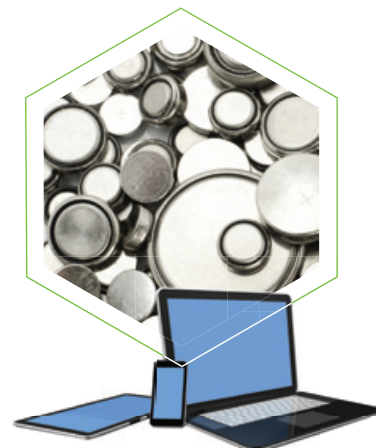
Having a low coefficient of thermal expansion makes lithium-containing glass and glazes (ceramic coatings) more resistant to high temperatures and sudden changes in temperature. Lithium also decreases the melting points of the materials employed in this production process, resulting

in energy savings and lower energy costs for manufacturers. Adding lithium to glass also gives the glass certain physical and mechanical properties such as hardness, shine, and increased resistance to chemical agents.

In addition to these traditional uses, lithium has interesting potential in the aerospace and aeronautical industry because it is the lightest of all metals. For example, aluminum-lithium alloys make planes lighter and, therefore, more efficient.

For years, lithium-based technologies have been under development for the automotive industry. Automakers continue to make progress in developing hybrid and electric cars that use lithium batteries. Companies like Hyundai, Nissan, Mitsubis-

hi, General Motors, Mercedes Benz and Ford are beginning to sell vehicles that use lithium-ion batteries to store energy; such developments are expected to make considerable progress over the next few years.







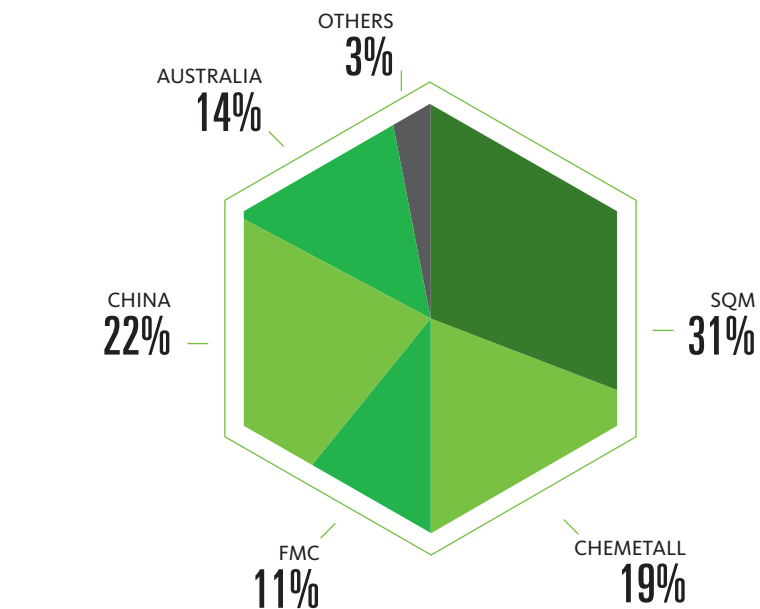
#### LITHIUM MARKET SHARE

#### TRENDS IN DEMAND

Given lithium's versatility and the new technologies developed for it in recent years the lithium market is very dynamic. From 2001 to 2011, global demand for lithium grew at average yearly rates of around 7%, driven by the development of rechargeable batteries, which grew at a weighted average rate of 27% annually for the same period. Other applications also grew at considerable rates.

To a large extent, lithium consumption is linked to industrial uses such as air conditioning, lubricating greases and steel and glass manufacturing.

During 2011, demand once again expanded, with an estimated increase of 10% over 2010. This growth is greater than figures from the previous decade, primarily because of increased demand for batteries for portable devices such as tablets and smart



If only lithium chemicals are considered, SQM's market share is 38%.

phones and the emerging industry of electric propulsion vehicles. As a result, total demand for lithium in 2011 is estimated at approximately 135,000 tons.



## ELECTRIC PROPULSION BICYCLES (E-BIKES).

Means of transportation have changed significantly throughout time, influenced by economic, technological, aesthetic and regulatory factors. Today, high oil prices and the growing social awareness surrounding polluting emissions have generated special interest in developing clean or “green” technologies for getting around. As a result, in recent years, we have witnessed the incorporation of new hybrid and electric vehicles into the current fleet, which eventually will strongly impact global demand for lithium as it is a key element in the manufacturing of the batteries that feed their engines.

A few months ago, the UN stated that the current population had already reached the 7.0 billion mark.

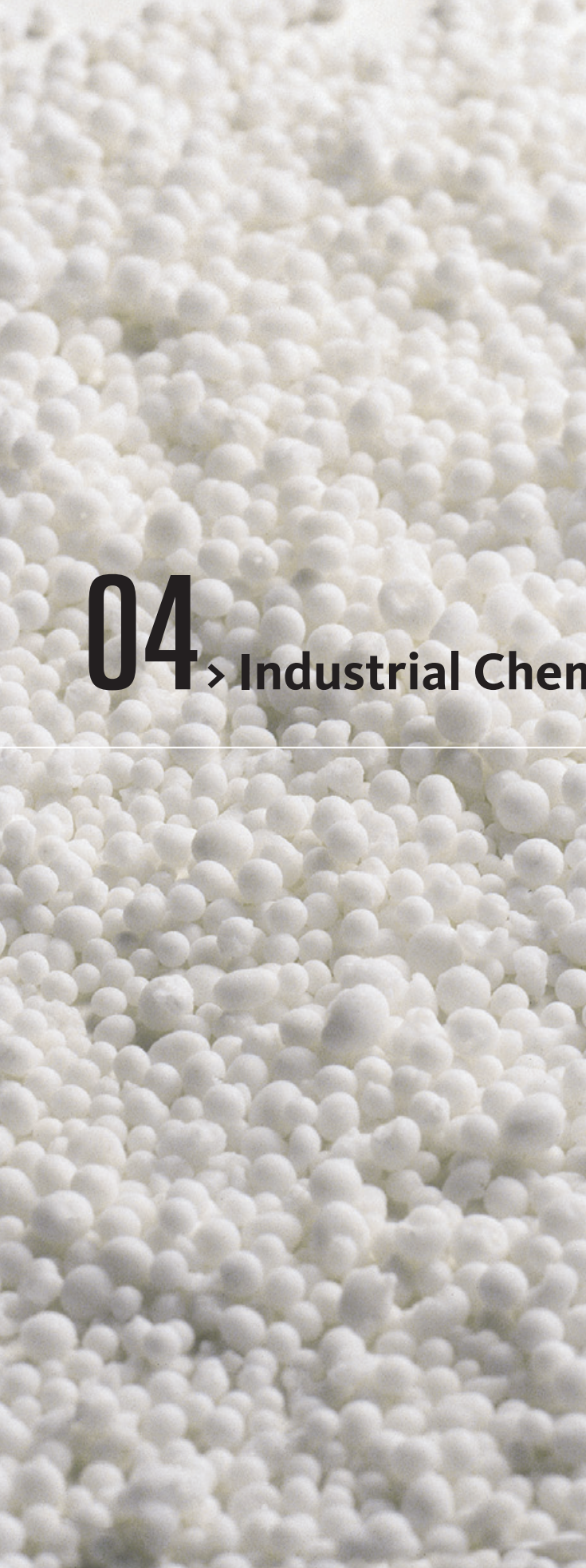
This feat—a consequence of the high levels of demographic and industrial growth in countries like China and India—has also led to considerable relocation to urban areas, making evident the need to use smaller and more efficient means of transportation.

One form of transportation that meets these needs and that has gained popularity in European and Asian countries are electric bicycles or scooters; in fact, in the case of China they greatly exceed the number of privately-owned cars. These e-bikes, as they are generally called, are mostly fed by lead-acid batteries given their low cost and reduced size. However, new environmental regulations from governments and the cons-

tant search for greater energy density have led to lithium-ion batteries being considered their main substitute.

The use and modernization of e-bikes will continue to make considerable progress in countries with high growth rates, such as China and India, as well as in more developed countries like Germany and Holland. In this way, a considerable increase in the demand for lithium-ion batteries is expected in the short term due to its amicable relationship with the environment and its enhanced energy qualities, factors that will undoubtedly benefit from the current developments driven by the automotive and portable device industries.





# 04 > Industrial Chemicals





## > Industrial Chemicals



**S**QM's industrial chemicals include various products—sodium nitrate, potassium nitrate, potassium chloride and boric acid—that are used as inputs in a number of production processes. SQM has participated in this business line for over 30 years and today these products account for approximately 7% of the Company's consolidated revenues.

### **INDUSTRIAL NITRATES: SODIUM NITRATE AND POTASSIUM NITRATE**

Industrial nitrates, which are obtained by refining sodium nitrate and potassium nitrate, make up the largest part of the total sales of industrial chemicals.

They are utilized in a wide variety of applications ranging from everyday uses like glass and ceramic glaze manufacturing to explosives for mining and civil works and metals treatments.

Also, sodium nitrate is employed in applications such as charcoal briquettes while potassium nitrate is used in the pyrotechnics and specialty glass industry, among others.

This broad range of uses, combined with a customer base spread throughout the world, affords SQM considerable diversification in its sales. SQM is the world's chief producer of industrial-grade sodium nitrate, with global market share of 61%, excluding China, which self-supplies its needs. This product is sold in four grades of purity (standard, industrial, technical, and refined).

### **RENEWABLE ENERGY**

One of the most recent applications in the industrial chemicals market is the use of a mixture of sodium nitrate and potassium nitrate to store thermal energy in solar energy plants.

Unlike traditional solar energy plants, these new plants use a “battery” or tank of melted nitrate salts that store energy in thermal form. The salts stay warm during the day and release energy captured from the sun at night, allowing the plant to operate for more hours.

This simple innovation enables solar generation plants to operate even in the absence of sunlight, boosting efficiency. In addition, plants using this new technology do not require a traditional energy backup source like diesel or coal, making them environmentally friendly.

### **OTHER INDUSTRIAL CHEMICALS**

SQM complements its industrial nitrate product offerings with other industrial chemicals such as boric acid and potassium chloride, which are extracted from the brines of the Salar de Atacama.





**SQM is the world's leading producer of industrial sodium nitrate, with 61% of the world market, excluding what is produced and sold locally in the Chinese market.**

Given its higher grade of purity over other borates, boric acid has become an important input in a variety of industrial applications. In glass manufacturing, boric acid improves resistance to chemicals and heat. For insulation made from wood pulp, it acts as a fire retardant, while it improves chemical resistance in LCD screen manufacturing.

The main industrial application for potassium chloride is as a clay inhibitor in drilling fluids for oil wells and exploratory drilling, where it improves the stability of well walls. Potassium

chloride is also used in treatments for certain metals.

#### **TRENDS IN DEMAND**

After this business line showed signs of a positive recovery in 2010, the trend remained constant in 2011. An increase in sales volume is expected for 2012 primarily because of solar projects.





**05** › Potassium









## > Potassium



In order to supply itself with potassium chloride, the raw material for producing potassium nitrate, SQM began to operate in the Salar de Atacama in the 1990's. The initial investment called for construction of a potassium chloride and potassium sulfate plant, among other facilities. The potassium business line currently includes sales of two potassium fertilizers and in 2011 represented approximately 26% of SQM's total revenue.

The main sources of potassium that exist in the market for use in fertilizers are: potassium chloride (KCL), potassium sulfate ( $K_2SO_4$ ) and potassium nitrate ( $KNO_3$ ). Of these sources, potassium chloride is undoubtedly the most important worldwide. SQM is the only company that produces all three potassium sources.

Potassium, nitrogen and phosphorous are the 3 main macro-nutrients that a plant needs to develop. Potassium is an essential primary macronutrient that, despite not forming part of a plant's structure, is critical to the development of its basic functions. Potassium cannot be replaced by any other macronutrient as each nutrient fulfills a unique role in plant development. Therefore, correctly applying potassium is fundamental to achieving properly balanced nutrition.

Potassium is a strategic nutrient that performs various important functions in plant development, including:

- Increasing crop yield by promoting photosynthesis, accelerating the flow of nutrients, improving nitrogen assimilation and making water

use more efficient, among other factors.

- Improving crop resistance to stressors like disease and plagues, extreme temperatures, droughts, etc.
- Guaranteeing crop quality, increasing post-harvest duration and improving taste, vitamin content and physical appearance.

Potassium participates in the activation process of more than 60 cellular enzymatic systems, and in the synthesis of proteins, vitamins, starch and cellulose, which ensure adequate metabolic function and tissue formation. In addition, potassium serves as a regulating agent for water levels in plants.

Potassium is also involved in sugar transport and accumulation processes.





ses in fruits and reserve organs in plants. This is especially important for crops that store carbohydrates such as potatoes, sugar cane, and sugar beet and in the vast majority of fruits and vegetables, as well as in field crops such as grains, where potassium helps increase seed weight along with protein and carbohydrate levels.

The potassium market has high barriers to entry, causing supply to be stable over the long-term and leading to relatively constant prices. In addition, the fundamentals behind demand—such as world population growth and changes in eating habits—will sustain long-term growth of potassium fertilizers.

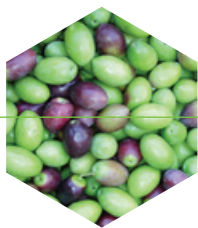
### TRENDS IN DEMAND

In 2011, demand for potassium chloride was estimated at 55 million metric tons, which is equivalent to growth of 3.6% over 2010.

While SQM's market share is only around 2.5%, this business line has had a major impact on the Company's results. Currently, the Company is developing plans to expand production capacity for potassium chloride and potassium sulfate. This project began in late 2008 and is expected to reach production capacity of 2.0 million metric tons in 2012. Also, by 2011 SQM significantly increased its capacity to produce compacted fertilizers, which gives it more flexibility and the opportunity to access new niche markets.







## THE IMPORTANCE OF POTASSIUM IN THE SOIL

*Potassium is one of the three mineral nutrients that plants need in large quantities. For fruit trees and other crops that produce fruit, potassium is the main nutrient absorbed and extracted by the plant.*

*Plants obtain potassium from the soil in the form of the cat ion  $K^+$ , which comes from the weathering of minerals, the mineralization of organic waste or from fertilizers. Pedogenetic processes act on the matter present in the soil and make the nutrient more or less available in the soil.*

*The quantity of potassium in solution in the soil is based on the release of exchangeable potassium, generally localized near clay particles (micelles). Crops extract large quantities of potassium from the soil for growth and development and, as expected, a shortage of this element negatively influences crop yield and quality. Potassium deficiency also increases a crop's*

*vulnerability to disease and makes it less resistant to stressful conditions such as droughts, frosts, etc.*

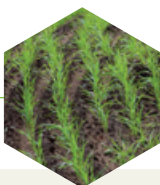
*The supply of potassium in the soil is limited; Even soil that contains clay rich in this mineral cannot provide it forever as this element is set between its layers. It is mistaken to believe that this element does not need to be added to crops in soils that are naturally rich in potassium (e.g. vertisols). The potassium extracted by the crops must be returned to the soil to avoid reducing its fertility.*

*We know that potassium is lost through harvesting or washing, especially in sandy soils and places with significant rainfall, or through runoff and/or erosion on land where the slope, water supply and drainage are improperly managed. In modern agricultural systems, harvesting is the way in which most potassium in the soil is lost. Thus, not adding back potassium that is*

*extracted or lost during the potassium cycle causes the soil to lose fertility and, therefore, potential productivity.*

*Ways to incorporate potassium into the soil include: adding plant waste, manure, solid animal waste and mineral fertilizers, where the main quick-absorbing source is potassium nitrate ( $KNO_3$ ), as well as potassium chloride ( $KCl$ ) and potassium sulfate ( $K_2SO_4$ ). These fertilizers are not manufactured using chemical synthesis but rather are cleaned and conditioned using physical methods to be used in agriculture. They have the advantage of being soluble and, therefore, they are quickly available to crops. A responsible farmer and agricultural technician must ensure that the potassium cycle is sustainable and can be passed down to future generations in the form of more fertile and productive soil.*





## **OTHER COMMODITY FERTILIZERS**

SQM markets and sells commodity fertilizers in Chile through its subsidiary Soquimich Comercial S.A.

In Chile, over 80% of fertilizers are imported, most of which are commodity fertilizers. The global fertilizer market is indexed to grain production and, as a result, both trade in large quantities and their prices are subject to international trends.

The application of fertilizers is one of the factors that most highly influences crop yield and production efficiency, which is why farmers throughout the world use them to meet their nutritional requirements and respond to their products' demands in order to improve returns. Accordingly, demand for fertilizers is closely related to the international economic scenario. In the domestic

market, after the year 2010 was marked by a slight recovery in the prices of fertilizers and commodities in general, in 2011 prices were relatively stable during most of the year, which favored farmer confidence and, therefore, consumption.

Soquimich Comercial S.A. has developed adequate commercial, supply and inventory management policies to successfully respond to changes in the market in which it operates, enabling it to become a strong, responsible company for distributors and customers, as well as shareholders.





A full-page photograph of a worker in a dark grey protective coverall, white hard hat, sunglasses, and a respirator mask. The worker is walking through an industrial structure with blue steel beams. A white text overlay is positioned on the left side of the image.

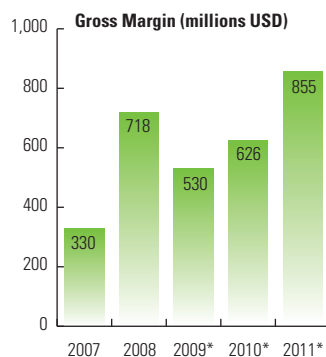
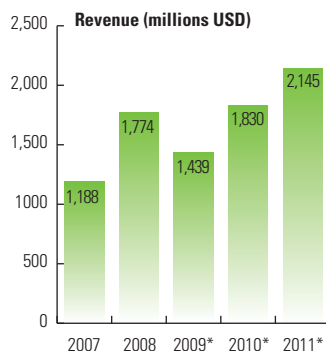
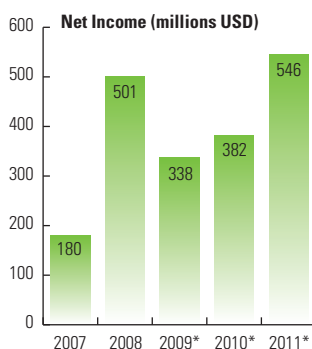
> Financial Analysis





*During 2011, SQM posted solid financial results. We continued to have a positive outlook for the markets in which we do business and will put forth our best effort to satisfy the future market requirements in each of our main business lines. Accordingly, during 2012 we will continue to implement the investment plan designed by the Company.*

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



\* Figures are based on IFRS numbers

**S**QM reported net income of US\$545.8 million in 2011 (US\$2.07 per share), 42.8% higher than in 2010 when net income was US\$382.1 million (US\$1.45 per share). The gross margin was US\$854.8 million (39.8% of revenue), which is 36.5% higher than the US\$626.0 million (34.2% of revenue) recorded in 2010. Revenue totaled US\$2,145.3 million in 2011, representing an increase of 17.2% over the US\$1,830.4 million recorded in 2010.

The year 2011 was an excellent year in terms of revenue and net income for the Company, significantly exceeding 2010 results. We recorded excellent sales volumes in specialty plant nutrients and unprecedented sales volumes in the lithium and iodine business lines. We also finalized important investments, including the potassium nitrate plant in Coya Sur and our new MOP granulated plant in the Salar de Atacama, which will guarantee greater flexibility with potassium products in the future.



### SPECIALTY PLANT NUTRITION (SPN)

Revenues from our SPN business line totaled US\$721.7 million in 2011, 19.5% higher than the US\$603.7 million recorded in 2010.

Revenues and Volumes Specialty Plant Nutrition (SPN):

		2011	2010	2011/2010	
Sodium Nitrate	Th. MT	22,2	16,8	5,4	32%
Potassium Nitrate and Sodium Potassium Nitrat	Th. MT	551,1	534,7	16,4	3%
Specialty Blends	Th. MT	189,3	176,3	13,0	7%
Other specialty plant nutrients (*)	Th. MT	86,7	87,6	-0,8	-1%
<b>Specialty Plant Nutrition Revenues</b>	<b>MUS\$</b>	<b>721,7</b>	<b>603,7</b>	<b>118,0</b>	<b>20%</b>

\*Includes trading of other specialty fertilizers.

Global demand for SPN products remained steady during 2011. The driving forces behind demand include primarily the North American and European markets, mostly for use in tomato and other vegetable crops. During 2011, the market reflected limited supply, which, coupled with relevant growth in demand, ultimately led to an increase in prices.

SQM's average prices increased more than 14% over 2010 average prices. Greater increases in margins in this business line will depend primarily on the behavior of potassium-based fertilizers, particularly potassium chloride. We estimate SQM's global market share of potassium nitrate for agricultural use at 49% in 2011.

### IODINE AND IODINE DERIVATIVES

Revenues from sales of iodine and iodine derivatives totaled US\$454.5 million, representing an increase of 43.7% as compared to the US\$316.3 million reported in 2010.

Revenues and Volumes Iodine and Derivatives:

		2011	2010	2011/2010	
Iodine and Derivatives	Th. MT	12,2	11,9	0,3	3%
<b>Iodine and Derivatives Revenues</b>	<b>MUS\$</b>	<b>454,5</b>	<b>316,3</b>	<b>138,2</b>	<b>44%</b>

During the last decade, the iodine market has expanded significantly; the same held true in 2011. In 2011, demand for iodine reached unprecedented figures, exceeding demand from prior years. Demand grew across the board in all uses, mainly in iodophors, X-ray contrast media and biocides—applications mostly related to human and animal health and nutrition. SQM estimates that in 2011 it had a market share of the global iodine market of approximately 37%.

As a result of limited supply and an increase in demand, prices in the iodine market increased significantly during 2011. SQM reported an average price increase in this business line of almost 40%. SQM continues to have confidence in the short and long-term growth opportunities in this market.



### LITHIUM AND LITHIUM DERIVATIVES

Revenues from sales of lithium and lithium derivatives totaled US\$183.4 million in 2011, representing an increase of 21.6% over the US\$150.8 million recorded in 2010.

Revenues and Volumes lithium and lithium derivatives:

		2011	2010	2011/2010	
Lithium and Derivatives	Th. MT	40,7	32,4	8,1	25%
<b>Lithium and Derivatives Revenues</b>	<b>MUS\$</b>	<b>183,4</b>	<b>150,8</b>	<b>32,6</b>	<b>22%</b>

Demand for lithium exceeded expectations in 2011 and SQM believes that the lithium market will continue to grow due principally to the growth of the battery market, which currently represents around 33% of global demand for lithium. SQM estimates that demand for batteries grew approximately 30% in 2011. Other uses for lithium, such as lubricating greases and freits also continued to grow.

Currently, SQM's lithium carbonate plant has the capacity to produce 48,000 metric tons of lithium each year and its sales volumes in 2011 were approximately 40,700 metric tons.

### POTASSIUM CHLORIDE AND POTASSIUM SULFATE

Revenues from potassium chloride and potassium sulfate totaled US\$555.7 million in 2011, representing an increase of 5.2% over 2010 when revenues totaled US\$528.2 million.

Revenues and Volumes Potassium Chloride & Potassium Sulfate (MOP & SOP):

		2011	2010	2011/2010	
Potassium Chloride and Potassium Sulfate	Th. MT	1.103,4	1.273,0	-169,5	-13%
<b>Potassium Chloride and Potassium Sulfate Revenues</b>	<b>MUS\$</b>	<b>555,7</b>	<b>528,2</b>	<b>27,6</b>	<b>5%</b>

Fertilizer markets behaved well in 2011 with volumes of potassium chloride increasing around 7% from 2010 and the Brazilian market growing more than 25%. Prices increased more than 20% in 2011 and stabilized during the fourth quarter. Global demand for commodities continues to expand as the world's population increases and more and better quality food must be produced in both the short and long term.

SQM's sales volumes represented less than 3% of the global market in 2011. During the fourth quarter, sales volumes in this business line were below expectations due mainly to delays in the construction of new granulated potassium chloride facilities in the Salar de Atacama. However, the price hikes during the year allowed for a slight increase in revenues for this business line. In addition, construction has been completed on the new potassium chloride facilities. These facilities will produce significant volumes in 2012, allowing SQM to increase sales volumes of granulated potassium chloride.

\* Mean production as tons of lithium carbonate equivalent (LCE)



## INDUSTRIAL CHEMICALS

Revenues from industrial chemicals totaled US\$139.5 million in 2011, a decrease of 6.8% over the US\$149.7 million recorded in 2010.

Revenues and Volumes Industrial Chemicals:

		2011	2010	2011/2010	
Industrial Nitrates	Th. MT	181,2	198,9	-17,7	-9%
Boric Acid	Th. MT	2,4	2,6	-0,2	-9%
<b>Revenues and Volumes Iodine and Derivatives</b>	<b>MUS\$</b>	<b>139,5</b>	<b>149,7</b>	<b>-10,2</b>	<b>-7%</b>

Demand for industrial chemicals for traditional applications, such as explosives, detergents and glass, among others, remained stable in 2011.

Our industrial chemicals business line reported a slight decrease in sales volumes during 2011 while prices remained relatively stable. We expect a significant increase in sales volumes for 2012 as a result of the increase in sales of solar salts, a powerful element used in generating solar energy.

## OTHER COMMODITY FERTILIZERS AND OTHER REVENUE

Revenues from sales of other commodity fertilizers and other revenue totaled US\$90.5 million in 2011, compared to US\$81.8 million in the prior year.

## ADMINISTRATIVE EXPENSES

Administrative expenses totaled US\$ 91.8 million (4.3% of revenues) in 2011, compared to US\$78.8 million recorded in 2010.

## NET FINANCIAL EXPENSES

Net financial expenses for 2011 were US\$16.1 million, compared to US\$22.1 million recorded in 2010.

## CAPITAL MANAGEMENT

The Company had total assets of approximately US\$3,872 million as of December 31, 2011 with a return on assets of 24.1%, explained mainly by the increase in the Company's net income for the same period.

Net financial debt as of December 31, 2011 was US\$753.4 million with a net financial debt/EBITDA ratio of 0.79 as of year-end 2011. This is compared to a ratio of 0.85 as of year-end 2010, demonstrating the Company's capacity to generate resources to cover its financial obligations.

Capital Management	12/ 31/2011	12/ 31/2010	Description (1)	Calculation (1)
Net Financial Debt (NFD)	753,410	584,357	Financial Debt - Financial Resources	Other Current Financial Liabilities+ Other Non-Current Financial Liabilities – Cash and Cash Equivalent – Other Current Financial Assets- Non Current Hedging Assets.
Liquidity	3.11	3.56	Current Assets divided by Current Liabilities	Total Current Assets / Total Current Liabilities
Net Debt / Capitalization	0.29	0.26	Net Financial Debt divided by Total Equity	Net Financial Debt / (Net Financial Debt+ Total Equity)
ROE	29.7%	23.2%	Earnings divided by Total Equity	Earnings / Total Equity
ROA	24.1%	20.9%	EBITDA - Depreciation divided by Total Assets minus financial resources minus investments in related companies	(Gross Margin- Administrative Expenses)/ (Total Assets - Cash and Cash Equivalents- Other Current Financial Assets – Hedging Assets, non current- Investments accounted for using equity method)
NFD/ EBITDA	0.79	0.85		EBITDA = Gross Margin + Depreciation – Administrative Expenses

(1) Assume absolute value in the different accounts

## INVESTMENT PLAN

SQM constantly analyzes opportunities to improve its production methods, increase capacity and develop new products based on new market needs. Our focus is on developing new products in response to client demands, as well as new products that can be derived from our existing production and other products that fit within our long-term development strategy. In recent years, our Investment Plan was primarily related to growth, the acquisition of new assets, construction of new facilities and renovation of plants and equipment.

During 2011, SQM invested approximately US\$500 million in several projects, including:

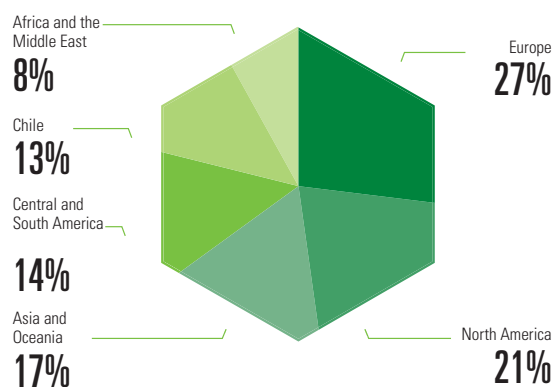
- Increasing the production capacity of our potassium-based products in the Salar de Atacama, and continuing with the construction of new potassium chloride and granulated potassium chloride facilities.
- Increasing the capacity and efficiency of our iodine and nitrate plants.
- Optimizing our railway system.
- Various projects designed to maintain capacity, increase yield and reduce costs.

The Company's investment plans for 2012 call for expenditures of US\$500 million aimed at:

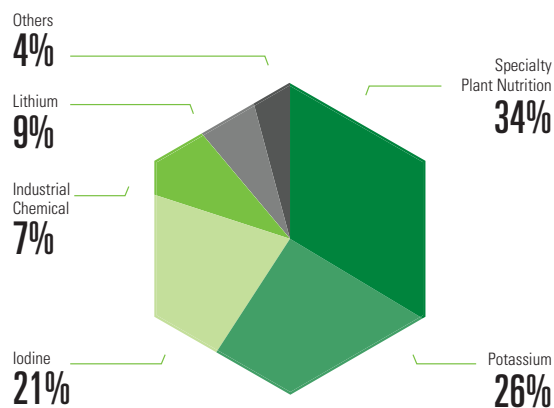
- Expanding the production capacity of iodine and nitrates in the Tarapaca Region.
- Continuing to increase the production capacity of potassium products in the Salar de Atacama.
- Various projects designed to maintain capacity, increase yield and reduce costs.

These plans may be modified to reflect changes in market conditions that affect the Company's products. Also, SQM reserves the right to capital markets in order to optimize its financial position.

## GEOGRAPHICAL DISTRIBUTION OF SALES



## SALES BY BUSINESS SEGMENT



Source: The Company

# Consolidated Financial Statements

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For the period ended As of December 31, 2011

**SOCIEDAD QUIMICA Y MINERA DE CHILE S.A. and SUBSIDIARIES**  
**Thousands of U.S. dollars**

This document is composed of:

- Independent Auditor's Report
- Consolidated Classified Statement of Financial Position
- Consolidated Statement of Comprehensive Income by function
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Cash Flows
- Statements of Changes in Net Shareholders' Equity
- Explanatory Notes to the Consolidated Financial Statements







## REPORT OF THE INDEPENDENT ACCOUNTANTS

Santiago, March 6, 2012

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

We have audited the consolidated balance sheet of Sociedad Química y Minera de Chile S.A. and its subsidiaries as of December 31, 2011, the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended. The preparation of these financial statements (including the notes thereto) is the responsibility of Sociedad Química y Minera de Chile S.A. management. Our responsibility is to express an opinion on these financial statements, based on our audit. The consolidated financial statements of Sociedad Química y Minera de Chile S.A. as of December 31, 2010, were audited by other auditors whose report dated March 1, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in Chile. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sociedad Química y Minera de Chile S.A. and its subsidiaries as of December 31, 2011, the results of their operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Javier Gatica Menke', with a checkmark to the right.

Javier Gatica Menke  
RUT: 7.003.684-3

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive style.

PricewaterhouseCoopers



## > Index

Consolidated Classified Statements of Financial Position	
Consolidated Statement of Comprehensive Income by function	
Consolidated Statement of Comprehensive Income	
Consolidated Statements of Cash Flows	
Statements of Changes in Equity	84
Notes to the Interim Consolidated Financial Statements	
<b>1 Company's Identification and Activity</b>	<b>85</b>
<b>2 Bases of presentation of the Interim Consolidated Financial Statements and accounting criteria applied</b>	<b>87</b>
2.1 Periods covered	87
2.2 Basis of preparation	87
2.3 Transactions in foreign currency	88
2.4 Basis of consolidation	89
2.5 Significant accounting judgments, estimates & assumptions	92
2.6 Financial information by operating segment	92
2.7 Property, plant and equipment	92
2.8 Investment properties	93
2.9 Inventory	93
2.10 Trade and other accounts receivables	94
2.11 Revenue recognition	94
2.12 Investments recognized using the equity method	94
2.13 Income tax	95
2.14 Earnings per share	95
2.15 Non- financial asset value	95
2.16 Financial assets	96
2.17 Financial liabilities	97
2.18 The environment	97
2.19 Minimum dividend	97
2.20 Consolidated statement of cash flows	97
2.21 Obligations related to employee termination benefits and pension commitments	97
2.22 Financial derivatives and hedge transactions	98
2.23 Leases	98
2.24 Prospecting expenses	99
2.25 Other provisions accrued expenses accrued	99
2.26 Compensation plans	99
2.27 Good and service insurance expenses	99
2.28 Intangibles assets	99
2.29 Research and development expenses	100
2.30 Classification of balances as current and non-current	100
<b>3 Financial risk management, Objectives and Policies</b>	<b>100</b>
3.1 Risk management policy	100
3.2 Risk factors	100
3.3 Risk measurement	102
<b>4 Changes in accounting estimates and policies (uniformity)</b>	<b>102</b>

<b>5</b>	<b>Cash and cash equivalents</b>	<b>102</b>
5.1	Types of cash and cash equivalent	102
5.2	Other cash and cash equivalents	102
5.3	Information on cash and cash equivalents by currency	103
5.4	Amount of significant restricted (unavailable) cash balance	103
5.5	Detail of time deposits	104
<b>6</b>	<b>Inventory</b>	<b>105</b>
<b>7</b>	<b>Related Party Disclosures</b>	<b>105</b>
7.1	Disclosures on related parties	105
7.2	Relationships between the parent company and the entity	105
7.3	Intermediate parent company and companies controlled by SQM SA that publicly issue financial statements	106
7.4	Detailed identification of the link between the parent company and the subsidiary	106
7.5	Detail of related parties and transactions with related parties	108
7.6	Trade and other accounts receivable from related parties, current	109
7.7	Trade and other accounts payable from related parties, current	109
7.8	Board of Directors and senior management	110
<b>8</b>	<b>Financial instruments</b>	<b>111</b>
8.1	Types of other financial assets	111
8.2	Trade and other accounts receivable account receivables	111
8.3	Assets and liabilities coverage	113
8.4	Financial liabilities	114
8.5	Trade and other accounts payables	121
8.6	Financial liabilities at fair value through profit or loss	121
8.7	Financial asset and liability categories	121
8.8	Financial assets pledged as guarantee	122
8.9	Estimated fair value of financial instruments and derivative financial instrument	122
<b>9</b>	<b>Investments and disclosures on investments in subsidiaries</b>	<b>123</b>
9.1	Disclosures on investments in subsidiaries	123
<b>10</b>	<b>Investments in associates accounted for using the Equity method</b>	<b>128</b>
10.1	Investments in associates accounted for using the Equity method	128
10.2	Assets, liabilities, revenues and expenses of associates	128
10.3	Detail of investments in associates	130
<b>11</b>	<b>Joint ventures</b>	<b>130</b>
11.1	Policy for the accounting for joint ventures in a Parent Company's separate financial statements	130
11.2	Disclosures on interest in joint ventures	130
11.3	Detail of assets liabilities and profit or loss of significant investments in joint ventures by company	131
11.4	Detail of the amount of gain (loss) net of investments in significant joint ventures by company	131
<b>12</b>	<b>Intangible assets and goodwill</b>	<b>132</b>
12.1	Balances	132
12.2	Disclosures on intangible assets and goodwill	132
<b>13</b>	<b>Property, plant and equipment</b>	<b>134</b>
13.1	Types of property, plant and equipment	134
13.2	Reconciliation of changes in property plant and equipment by class	135

13.3	Detail of property plant and equipment pledged as guarantees	136
13.4	Additional information	136
<b>14</b>	<b>Leases</b>	<b>136</b>
14.1	Disclosures on finance leases, lessee	136
<b>15</b>	<b>Employee Benefits</b>	<b>136</b>
15.1	Accruals for employee benefits	136
15.2	Policies on defined benefit plan	137
15.3	Other long-term benefits	137
15.4	Employee post-retirement liabilities	138
15.5	Employee termination benefits	139
<b>16</b>	<b>Executive compensation plan</b>	<b>140</b>
<b>17</b>	<b>Equity Disclosures</b>	<b>141</b>
17.1	Capital Management	141
17.2	Disclosures on preferred share capital	141
17.3	Dividend policy	142
17.4	Interim dividends	142
<b>18</b>	<b>Provisions and other non-financial liabilities</b>	<b>143</b>
18.1	Types of provisions	143
18.2	Description of other provisions	143
18.3	Other non-financial liabilities, current	144
18.4	Movements in provisions	144
18.5	Detail of main types of provisions and other non-financial liabilities	145
<b>19</b>	<b>Contingencies and restrictions</b>	<b>146</b>
19.1	Lawsuits or other relevant events	146
19.2	Restrictions	148
19.3	Commitments	148
19.4	Restricted or pledged cash	148
19.5	Collateral received from third parties	148
19.6	Indirect guarantees	149
<b>20</b>	<b>Revenue</b>	<b>149</b>
<b>21</b>	<b>Earnings per share</b>	<b>150</b>
<b>22</b>	<b>Loan costs</b>	<b>150</b>
<b>23</b>	<b>Effect of variations in foreign currency exchange rates</b>	<b>150</b>
<b>24</b>	<b>The Environment</b>	<b>151</b>
24.1	Disclosures on disbursements related to the environment	151
24.2	Detail of information on disbursements related to the environment	152
24.3	Description of each project indicating whether these are in process or have been finished	160
<b>25</b>	<b>Other current and non-current non-financial assets</b>	<b>163</b>
<b>26</b>	<b>Operating segments</b>	<b>164</b>
26.1	Operating segments	164
26.2	Statements of income classified by operating segment based on groups of products	166
26.3	Revenues from ordinary activities from transactions with other operating segments of the company at December 31, 2011	167
26.4	Disbursements of non-monetary assets	168



26.5	Information on products and services for external customers	168
26.6	Information on geographical areas	169
26.7	Revenue from external customers, classified by geographical area	169
26.8	Non-current assets classified by geographical area	169
26.9	Information on the main customers	170
26.10	Property, plant and equipment classified by geographical areas	170
<b>27</b>	<b>Other income, other expenses by function and other gains or losses</b>	<b>172</b>
27.1	Revenue from ordinary activities	172
27.2	Cost of sales	172
27.3	Other income	172
27.4	Management expenses	173
27.5	Other expenses, by function	173
27.6	Other gains (losses)	173
<b>28</b>	<b>Income Taxes</b>	<b>174</b>
28.1	Current tax accounts receivable	174
28.2	Current tax accounts payables	174
28.3	Tax earnings	174
28.4	Income and deferred taxes	175
28.5	Amendments to the Income Tax Law and Specific Tax on Mining (Royalty) in Chile	180
<b>29</b>	<b>Disclosures on accounts in foreign currency</b>	<b>181</b>
<b>30</b>	<b>Events after the reporting period</b>	<b>184</b>
30.1	Authorization of the financial statements	184
30.2	Disclosures of subsequent events	184
30.3	Detail of dividends declared after the reporting date	184

## &gt; Consolidated Classified Statements of Financial Position

ASSETS	Note N°	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Current assets</b>			
Cash and cash equivalents	5.1	444,992	524,652
Other current financial assets	8.1	169,261	76,178
Other non-financial current assets	25	63,792	44,442
Trade and other accounts receivable, current	8.2	412,062	375,945
Trade and other accounts receivable due from related parties, current	7.6	117,139	36,172
Inventory	6.0	744,402	605,101
Current tax assets	28.1	4,765	32,773
<b>Total current assets</b>		<b>1,956,413</b>	<b>1,695,263</b>
<b>Non-current assets</b>			
Other non-current financial assets	8.1	30,488	92,674
Other non-financial assets, non-current	25	24,651	24,157
Non-current rights receivable	8.2	1,070	1,102
Investments accounted for using the equity method	10.1	60,694	62,271
Intangible assets other than goodwill	12.1	4,316	3,270
Goodwill	12.1	38,605	38,388
Property, plant and equipment	13.1	1,755,042	1,453,973
Investment property	13.4	-	1,373
Deferred tax assets	28.4	304	365
<b>Total non-current assets</b>		<b>1,915,170</b>	<b>1,677,573</b>
<b>Total assets</b>		<b>3,871,583</b>	<b>3,372,836</b>

<b>LIABILITIES AND EQUITY</b>	<b>Note N°</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other current financial liabilities	8.4	161,008	187,555
Trade and other accounts payable	8.5	183,032	152,147
Trade accounts payable due to related parties, current	7.7	873	3,538
Other current provisions	18.1	16,937	15,014
Current tax liabilities	28.2	75,418	7,113
Current accrual for employee benefits	15.1	30,074	44,011
Other non-financial liabilities, current	18.3	161,961	67,459
<b>Total current liabilities</b>		<b>629,303</b>	<b>476,837</b>
<b>Non-current liabilities</b>			
Other non-current financial liabilities	8.4	1,237,027	1,090,188
Other long-term accrued expenses	18.1	8,595	5,500
Deferred tax liabilities	28.4	98,594	100,781
Non-current accruals for employee benefits	15.1	33,684	28,710
<b>Total non-current liabilities</b>		<b>1,377,900</b>	<b>1,225,179</b>
<b>Total liabilities</b>		<b>2,007,203</b>	<b>1,702,016</b>
	<b>Note N°</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
<b>Equity</b>	17		
Issued capital		477,386	477,386
<b>Retained earnings</b>		<b>1,351,560</b>	<b>1,155,131</b>
Other reserves		(16,112)	(9,713)
<b>Equity attributable to owners of the parent</b>		<b>1,812,834</b>	<b>1,622,804</b>
Non-controlling interest		51,546	48,016
<b>Total equity</b>		<b>1,864,380</b>	<b>1,670,820</b>
<b>Total liabilities and equity</b>		<b>3,871,583</b>	<b>3,372,836</b>



## &gt; Consolidated Statements of Income by Function

	Note N°	January to December	
		2011 ThUS\$	2010 ThUS\$
Sales	20	2,145,286	1,830,413
Cost of sales	27.2	(1,290,494)	(1,204,410)
<b>Gross profit</b>		<b>854,792</b>	<b>626,003</b>
Other income by function	27.3	47,681	6,545
Administrative expenses	27.4	(91,760)	(78,819)
Other expenses by function	27.5	(63,047)	(36,212)
Other gains (losses)	27.6	5,787	(6,979)
Interest income		23,210	12,930
Finance expenses	22	(39,335)	(35,042)
Equity in income of associates and joint ventures accounted for using the equity method		21,808	10,681
Foreign currency transactions	23	(25,307)	(5,807)
<b>Income before income tax</b>		<b>733,829</b>	<b>493,300</b>
Income tax expense	28.4	(179,710)	(106,029)
<b>Net income</b>		<b>554,119</b>	<b>387,271</b>
<b>Net income (loss) attributable to:</b>			
Equity holders of the parent		545,758	382,122
Non-controlling interests		8,361	5,149
<b>Net income for the year</b>		<b>554,119</b>	<b>387,271</b>
<b>Earnings per share</b>			
<b>Common shares</b>			
Basic earnings per share (US\$ per share)	21	2,0736	1,4519

## > Consolidated Statements Of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME	January to December	
	2011 ThUS\$	2010 ThUS\$
Net income for the year	554,119	387,271
<b>Other comprehensive income components before foreign currency translation difference</b>		
Gains (losses) from foreign currency translation differences, before tax	(2,890)	663
<b>Other comprehensive income before tax and foreign currency translation differences</b>	<b>(2,890)</b>	<b>663</b>
<b>Cash flow hedges</b>		
Gains (losses) from cash flow hedges, before tax	(1,241)	(1,474)
<b>Other comprehensive income before tax and cash flow hedges</b>	<b>(1,241)</b>	<b>(1,474)</b>
Other comprehensive income, before taxes, actuarial gain (loss) for definite benefit plans	(918)	1,020
Other sundry reserves	(1,677)	-
<b>Other comprehensive income components. net of tax</b>	<b>(6,726)</b>	<b>209</b>
<b>Income tax related to components of other comprehensive income</b>		
Income tax related to other comprehensive income cash flow hedges	218	251
<b>Addition of income tax related to other comprehensive income components</b>	<b>218</b>	<b>251</b>
<b>Other comprehensive income</b>	<b>(6,508)</b>	<b>460</b>
<b>Total comprehensive income</b>	<b>547,611</b>	<b>387,731</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent	539,359	382,215
Comprehensive income attributable to non-controlling interests	8,252	5,516
<b>Total comprehensive income</b>	<b>547,611</b>	<b>387,731</b>

## &gt; Consolidated Financial Statements

<b>STATEMENT OF CASH FLOWS</b>	<b>Note N°</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
<b>Cash flows provided by operating activities</b>			
<b>Net income for the year</b>		<b>554,119</b>	<b>387,271</b>
Ajustes por conciliación de ganancias (pérdidas)			
Depreciation and amortization		195,897	143,940
Amortization of mining rights		6,017	6,022
Increase in Royalty Corfo accrual		6,800	5,182
Increase in marketing expense accrual		985	4,007
Increase in legal accrual		9,192	4,023
Increase in bonus accrual		33,494	41,153
Increase in vacation liabilities		11,956	9,034
Increase in accrued expenses		23,055	9,927
Unrealized effects of foreign currency transactions		25,307	(11,183)
Unrealized Derivative Instruments, net		-	16,990
Non-distributed gains from associates		(21,808)	(10,681)
Income tax expense		179,710	106,396
Adjustments for entries other than cash		(14,075)	21,919
Adjustments for which the effects on cash are cash flows from Investing or financing activities		(3,680)	(448)
Decrease (increase) in trade accounts receivable		(135,401)	(18,266)
Increases in other accounts receivable		(37,393)	(21,614)
Decrease (increase) in inventory		(147,238)	26,545
Increase in trade accounts payable		(44,566)	(84,731)
Increases in other accounts payable		3,039	56,836
<b>Reconciling adjustments</b>		<b>91,291</b>	<b>305,051</b>
Interest received		4,299	1,774
Interest paid		(2,349)	(6,655)
Income tax paid		(76,015)	(68,919)
<b>Net cash flows provided by operating activities</b>		<b>571,345</b>	<b>618,522</b>
<b>Cash flows used in investing activities</b>			
Proceeds from loss of control in subsidiaries or other business		5,736	-
Payments to acquire interest in joint ventures		(4,909)	(3,500)
Proceeds from the disposal of property, plant and equipment		43,231	1,433
Acquisition of property, plant and equipment		(501,118)	(335,997)
Third parties payment of loans		83	1,275
Receipts from time deposits with maturities greater than 90 days		(129,069)	169,797
Disbursements from time deposits with maturities greater than 90 days		69,818	(69,817)
<b>Net cash flows used in investing activities</b>		<b>(516,228)</b>	<b>(236,809)</b>



<b>STATEMENT OF CASH FLOWS</b>	<b>Note N°</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
Cash flows provided by (used in) financing activities			
Amounts received from long-term loans		550,000	564,000
Payments of loans		(370,000)	(632,540)
Dividends paid		(277,334)	(175,539)
Other cash outflows		(7,862)	(10,156)
<b>Net cash flows provided by (used in) financing activities</b>		<b>(105,196)</b>	<b>(254,235)</b>
<b>Net increase in cash and cash equivalents before the effect of changes in foreign exchange rates</b>		<b>(50,079)</b>	<b>127,478</b>
Effects of variation in foreign exchange rate on cash and cash equivalents		(29,581)	21,535
<b>Net increase in cash and cash equivalents</b>		<b>(79,660)</b>	<b>149,013</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>524,652</b>	<b>375,639</b>
<b>Cash and cash equivalents at end of year</b>	5	<b>444,992</b>	<b>524,652</b>

## &gt; Statements of Changes in Equity

	Issued capital ThUS\$	Foreign currency translation reserve ThUS\$	Cash flow hedge reserve ThUS\$	Defined benefit plan reserves ThUS\$	Other sundry reserves	Subtotal Other reserves ThUS\$	Retained earnings ThUS\$	Equity attributable to owners of the parent ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
<b>Beginning balance, current period: January 1, 2011</b>	<b>477,386</b>	<b>1,530</b>	<b>(9,207)</b>	<b>(2,036)</b>	-	<b>(9,713)</b>	<b>1,155,131</b>	<b>1,622,804</b>	<b>48,016</b>	<b>1,670,820</b>
Net income for the year	-	-	-	-	-	-	545,758	545,758	8,361	554,119
Other comprehensive income (expenses)	-	(2,781)	(1,023)	(918)	(1,677)	(6,399)	-	(6,399)	(109)	(6,508)
<b>Comprehensive income</b>	-	<b>(2,781)</b>	<b>(1,023)</b>	<b>(918)</b>	<b>(1,677)</b>	<b>(6,399)</b>	<b>545,758</b>	<b>539,359</b>	<b>8,252</b>	<b>547,611</b>
Dividends declared	-	-	-	-	-	-	(349,329)	(349,329)	-	(349,329)
Increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	-	(4,722)	(4,722)
<b>Changes in equity</b>	-	<b>(2,781)</b>	<b>(1,023)</b>	<b>(918)</b>	<b>(1,677)</b>	<b>(6,399)</b>	<b>196,429</b>	<b>190,030</b>	<b>3,530</b>	<b>193,560</b>
<b>Ending balance, current year: December 31, 2011</b>	<b>477,386</b>	<b>(1,251)</b>	<b>(10,230)</b>	<b>(2,954)</b>	<b>(1,677)</b>	<b>(16,112)</b>	<b>1,351,560</b>	<b>1,812,834</b>	<b>51,546</b>	<b>1,864,380</b>

	Issued capital ThUS\$	Foreign currency translation reserve ThUS\$	Cash flow hedge reserve ThUS\$	Defined benefit plan reserves ThUS\$	Subtotal Other reserves ThUS\$	Retained earnings ThUS\$	Equity attributable to owners of the parent ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
<b>Beginning balance, current period: January 1, 2010</b>	<b>477,386</b>	<b>1,234</b>	<b>(7,984)</b>	<b>(3,056)</b>	<b>(9,806)</b>	<b>951,173</b>	<b>1,418,753</b>	<b>45,697</b>	<b>1,464,450</b>
Net income for the year	-	-	-	-	-	382,122	382,122	5,149	387,271
Other comprehensive income (expenses)	-	296	(1,223)	1,020	93	-	93	367	460
<b>Comprehensive income</b>	<b>-</b>	<b>296</b>	<b>(1,223)</b>	<b>1,020</b>	<b>93</b>	<b>382,122</b>	<b>382,215</b>	<b>5,516</b>	<b>387,731</b>
Dividends	-	-	-	-	-	(178,164)	(178,164)	-	(178,164)
Increase (decrease) from transfers and other changes	-	-	-	-	-	-	-	(3,197)	(3,197)
<b>Changes in equity</b>	<b>-</b>	<b>296</b>	<b>(1,223)</b>	<b>1,020</b>	<b>93</b>	<b>203,958</b>	<b>204,051</b>	<b>2,319</b>	<b>206,370</b>
<b>Ending balance, current year: December 31, 2010</b>	<b>477,386</b>	<b>1,530</b>	<b>(9,207)</b>	<b>(2,036)</b>	<b>(9,713)</b>	<b>1,155,131</b>	<b>1,622,804</b>	<b>48,016</b>	<b>1,670,820</b>



## > Note 1 - Corporate Information for Sociedad Química y Minera de Chile S.A. and Subsidiaries

### Historical Background

Sociedad Química y Minera de Chile S.A. and subsidiaries (collectively the "Company") is a public corporation organized in accordance with the laws of the Republic of Chile, ID 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 of the Ministry of Finance on June 22, 1968, and it was registered on June 29, 1968 in the Business Registry of Santiago, on page 4,537 N° 1,992. The parent company is located at El Trovador 4285, 6th Floor, Las Condes, Santiago, Chile. Its phone No. 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 inspection by the SVS.

The Company's operating segments are divided into six main categories, as follows:

**Specialty plant nutrients:** In this business line, the Company provides advice in practices for fertilization according to each type of crop, soil and climate. In this business category, potassium derivative products and especially potassium nitrate have played a leading role, given the contribution they make to developing crops, ensuring an improvement 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 other mixtures.

**Iodine:** The Company is an important producer of iodine worldwide. Iodine is a product that is widely used in the pharmaceutical industry, in technology and in nutrition. Additionally, iodine is also used in x-ray contrast media and polarizing film for LCD displays.

**Lithium:** The Company's Lithium is mainly used in rechargeable batteries for cell phones, cameras and laptops. Through the preparation of lithium-based products, the Company provides significant raw materials to face great challenges such as the efficient use of energy and raw material. 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 temperatures and to help save costs and energy.

**Industrial Chemicals:** Industrial chemicals are products used as supplies for a number of production processes. The Company participates in this line of business, producing sodium nitrate, potassium nitrate, boric acid

and potassium chloride. Industrial nitrates are also used as a means for the storage of 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 a plant's structure, it has a significant role in the development of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its vitamin content and its physical appearance. Within this business line, the Company also produces potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Atacama Salar (the Atacama Saltpeter Deposit).

**Other products and services:** This segment includes those revenues derived from commodities, rendering of services, interests, royalties and dividends.

## > Note 2 - Basis of presentation for the consolidated financial statements and Summary of significant accounting policies

### 2.1 Periods covered

These consolidated financial statements cover the following periods:

- Consolidated classified statements of financial position as of December 31, 2011 and as of December 31, 2010.
- Consolidated statements of income by function for the periods ended December 31, 2011 and 2010.
- Consolidated statements of comprehensive income for the periods ended December 31, 2011 and 2010.
- Consolidated statements of cash flows for the periods ended December 31, 2011 and 2010.
- Consolidated statements of changes in equity for the periods ended December 31, 2011 and 2010.

### 2.2 Basis of preparation

The Company's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") and represent the integral adoption, explicit, and without reserves of the IFRS as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements reflect fairly the Company's, financial position, results of its operations, comprehensive income, changes in equity and cash flows for the nine months periods ended December 31, 2011 and 2010.

IFRS establish certain alternatives for their application. Those alternative applied by the Company are detailed in this Note.

The accounting policies used in the preparation of these consolidated financial statements comply with each IFRS in force at their presentation date.

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

### Accounting pronouncements

As of the date of these consolidated financial statements, the following accounting pronouncements had been issued by the IASB, but their application was not mandatory, and they were not applied by the Company.

	Amendments and modifications	Compulsory application as of
IAS 19	Employee Benefits	January 1, 2013
IAS 27	Separate Financial Statements	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2013 Deferred until 01de January 2015 as per amendment approved in December 2011
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Agreements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013

### IAS 19 Reviewed "Employee Benefits"

Issued in June 2011, it replaces IAS 19 (1998). This reviewed standard modifies the recognition and measurement of expenses related to define benefit plans and termination benefits. In addition, it includes modifications to the disclosures of all employee benefits.

### IAS 27 "Separate Financial Statements"

Issued in May 2011, it replaces IAS 27 (2008). The scope of this standard is restricted as of this change to only the separate financial statements, given that the matters related with the definition of control and consolidation were removed and included in IFRS 10. Its early adoption is allowed jointly with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 28.

### IFRS 9 "Financial Instruments"

Issued in December 2009, it 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. Its early adoption is permitted.

### IFRS 10 "Consolidated Financial Statements"

Issued in May 2011, it replaces SIC 12 "Consolidation of special purpose entities" and parts of IAS 27 "Consolidated Financial Statements." It includes clarification and new parameters for the definition of control, as well as the principles for the preparation of Consolidated Financial Statements. Its early adoption is allowed jointly with IFRS 11, IFRS 12 and amendments to IAS 27 a 28.

**IFRS 11 “Joint Agreements”**

Issued in May 2011, it replaces IAS 31 “Interests in Joint Ventures” y SIC 13 “Jointly Controlled Entities”. Among the amendments is included the elimination of the concept of jointly controlled assets and the possibility of proportional consolidation of entities under joint control. Its early adoption is allowed jointly with IFRS 10, IFRS 12 and the amendments to IAS 27 and 28.

**IFRS 12 “Disclosure of Interests in Other Entities”**

Issued in May 2011, it applies for those entities that hold investments in affiliates, joint ventures, associates. Its adoption is allowed jointly with IFRS 10, IFRS 11 and amendments to IAS 27 and 28

**IFRS 13 “Fair value measurement”**

Issued in May 2011, it consolidates in one standard the method to measure the fair value of assets and liabilities and the necessary disclosures on this, and incorporates new concepts and clarifications for its measurement.

	<b>Amendments and modifications</b>	<b>Compulsory application as of</b>
IAS 1	Presentation Of Financial Statements	July 1, 2012
IAS 12	Income Taxes	January 1, 2012
IFRS 7	Financial Instruments: Disclosures	July 1, 2011
IAS 28	Investments in Associates and joint ventures	January 1, 2013

**IAS 1 “Presentation Of Financial Statements”**

Issued in June 2011. The main change of this amendment requires that the items of Other Comprehensive Income must be classified and grouped assessing whether they will be potentially reclassified to income in subsequent periods. Its early adoption is allowed.

**IAS 12 “Income Taxes”**

This amendment, issued in December 2010, grants one exception to the general principles of IAS 12 for the investment property that is measured using the fair value model contained under IAS 40 “Investment Property.” The exception also applies to Investment Property acquired as part of a business combination if after the business combination the buyer applies the fair value model contained in IAS 40. The amendment includes the assumption that the investment properties valued at fair value are realized upon their sale and therefore the temporary differences originated thereby have to be calculated using the tax rate applicable for the sale transactions. Its early adoption is allowed.

**IFRS 7 “Financial Instruments: Disclosures”**

Issued in October 2010, it increases the disclosure requirements for the transactions that imply transfers of financial assets.

**IAS 28 “Investments in Associates and Joint Ventures”**

Issued in May 2011, it sets the standard for the accounting treatment of the investments through the application of the equity method. Its early adoption is allowed jointly with IFRS 10, IFRS 11 and IFRS 12 and the amendment to IAS 27.

The Company’s management estimates that the adoption of standards, amendments and interpretations described above are under evaluation and it is expected that they will not have a significant impact on the Consolidated Financial Statements of the Company.

**2.3 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 “USD”), which is the Company’s functional and presentation currency and is the currency of the main economic environment in which it operates.

Consequently, the term foreign currency is defined as any currency other than U.S. dollar.

The conversion of the financial statements of foreign companies with functional currency other than 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 the average exchange rate for the year.
- Equity accounts are stated at the historical exchange rate prevailing at acquisition date (or at the average exchange rate for the period in which it was generated both for the case of retained earnings and for contributions made), as applicable.

Foreign currency translation differences which arise from the conversion of financial statements are recorded in the account “Foreign currency translation differences” within other comprehensive income.

**(b) Basis of conversion****Domestic subsidiaries**

Assets and liabilities denominated in Chilean pesos and other currencies other than the functional currency (U.S. dollar) as of December 31, 2011, and December 31, 2010, have been translated to U.S. dollars at the exchange rates prevailing at those dates. The corresponding Chilean pesos



were converted at Ch\$519.20 per US\$1.00 as of December 31, 2011, and Ch\$468.01 per US\$1.00 as of December 31, 2010.

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, 2011 amounted to Ch\$22,294.03 (US\$42.94), and as of December 31, 2010 amounted to Ch\$21,455.55 (US\$45.84).

#### Foreign subsidiaries

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

	12/31/2011 US\$	12/31/2010 US\$
Brazilian Real	1.88	1.66
New Peruvian Sol	2.77	2.81
Argentinean Peso	4.30	3.98
Japanese Yen	77.74	81.49
Euro	0.77	0.75
Mexican Peso	13.98	12.38
Australian Dollar	1.03	1.01
Pound Sterling	0.64	0.64
South African Rand	8.10	6.63
Ecuadorian Dollar	1.00	1.00
Chilean Peso	519.20	468.01
UF	42.94	45.84

#### (c) Transactions and balances

Non-monetary transaction balances denominated in a currency other than the functional currency (U.S. dollar) are translated using the exchange rate in force for the functional currency 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 classified statement of financial position. All differences are taken 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.

#### (d) Group entities

The profit or loss, assets and liabilities of all those entities with a functional currency other than the presentation currency 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.
- Revenue and expenses in each profit or loss account are translated at average exchange rates for the year.
- All resulting foreign currency exchange differences are recognized as a component separate from other comprehensive income (the foreign currency translation difference reserve).

### 2.4 Basis of consolidation

#### (a) Subsidiaries

Subsidiaries are all those entities over which the Company has control to lead the financial and operating policies, which, in general, is accompanied by an interest of greater than half the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Company and are excluded from consolidation on the date that this control ceases to exist.

In order to recognize the acquisition of a subsidiary, the Company uses the acquisition method. Under this method, the acquisition cost is the fair value of assets delivered, of equity instruments issued and of liabilities incurred or assumed at the exchange date plus costs directly attributable to the acquisition. Identifiable assets acquired and identifiable liabilities and contingencies assumed in a business combination are initially stated at their fair value as of the acquisition date. For each business combination, the acquirer measures the non-controlling interests in the acquiree at fair value.

**Companies included in consolidation:**

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			
				12/31/2011			12/31/2010
				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 Mexico 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 Peru 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
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	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 Venezuela S.A.	Venezuela	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. (**)	Spain	US\$	0.0000	100.0000	100.0000	66.6750
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

TAX ID No.	Foreign subsidiaries	Country of origin	Functional currency	Ownership interest			
				12/31/2011			12/31/2010
				Direct	Indirect	Total	Total
96.801.610-5	Comercial Hydro S.A.	Chile	Chilean peso	0.0000	60.6383	60.6383	60.6383
96.651.060-9	SQM Potasio S.A.	Chile	US\$	99.9974	0.0000	99.9974	99.9974
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 S.A.	Chile	US\$	99.0000	1.0000	100.0000	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. (*)	Chile	Chilean peso	0.0000	42.4468	42.4468	42.4468
76.145.229-0	Agrorama S.A. (***)	Chile	Chilean peso	0.0000	60.6377	60.6377	0.0000

(\*) Comercial Agrorama Ltda. was consolidated given that the Company has control through subsidiary Soquimich Comercial S.A.

(\*\*) As of December 31, 2010 the interest in Fertilizantes Naturales S.A. was of 66.67%. On December 14, 2011, Fertilizantes Naturales S.A. changed its company name to SQM Iberian S.A.

(\*\*\*) This subsidiary was incorporated on April 7, 2011.

Subsidiaries are consolidated by including in the consolidated financial statements all of their assets, liabilities, revenues, expenses and cash flows upon making the respective adjustments and eliminations of intra-group operations.

The results from subsidiary companies acquired or disposed of during the year are included in consolidated statement of income accounts from the effective date of acquisition or up to the effective date of disposal, as applicable.

Non-controlling interests represent the portion of subsidiary net assets and operating results not owned by the parent company.



## 2.5 Significant accounting judgments, estimates and assumptions

The information contained in these consolidated financial statements is the responsibility of the Company's management, who expressly indicate that they have applied all the principles and criteria included in IFRS, issued by the IASB.

In the accompanying consolidated financial statements, judgments and estimates have been made by management to quantify certain assets, liabilities, revenues, expenses and commitments recorded and or disclosed therein. Basically, these estimates include, but are not limited to, the following:

- The useful lives of tangible and intangible assets and their residual values.
- Impairment evaluations and resulting losses, if any.
- Assumptions used for the actuarial calculation of employee benefits.
- Provisions and contingent liabilities.
- Inventory provisions based on technical studies which cover the different variables affecting products in stock (density, humidity, among others) and allowances on slow-moving spare parts in inventory.
- Future costs for the closure of mining facilities.
- The determination of the fair value of certain financial and non-financial assets and derivative 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 events that may occur in the future could make their modification necessary in future years. Changes would be recorded prospectively, recognizing the effects of the change in estimates in the respective future consolidated financial statements.

## 2.6 Financial information by operating segment

IFRS 8 requires that companies adopt a "management approach" to disclose information on the operations generated by its operating segments. In general, this is the information that management uses internally for the evaluation of segment performance and making the decision on how to allocate resources for this purpose.

An operating segment is a group of assets and operations responsible for providing products or services subject to risks and performance different from those of other business segments. A geographical segment is responsible for providing products or services in a given economic environment subject to risks and performance different from those of other segments that operate in other economic environments.

The following operating segments have been identified by the Company:

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

The Company has not been able to allocate all assets and liabilities to each operating segment because the same productive plants and process are often related to more than one operating segment. Such assets and liabilities are classified as non-allocated in Note 26.

## 2.7 Property, plant and equipment

Tangible property, plant and equipment assets are stated at acquisition cost, net of the related accumulated depreciation, amortization and impairment losses that they might have experienced.

In addition to the price paid for the acquisition of tangible property, plant and equipment, the Company has considered the following concepts as part of the acquisition cost, as applicable:

1. Accrued interest expenses during the construction period which are directly attributable to the acquisition, construction or production of qualifying assets, which are those that require a substantial period prior to being ready for use. The interest rate used is that related to the project's specific financing or, should this not exist, the average financing rate of the investor company.
2. The present value of future costs that the Company will have to experience related to the closure of its facilities are included in the asset's cost.

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

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

Property, plant and equipment, net in the case of their residual values are depreciated using the straight-line method over its estimated useful lives. When portions of a property, plant and equipment item have different useful lives, these portions are recorded as separate items. The useful life is reviewed annually, and revised if necessary.

The useful lives used for the depreciation and amortization of assets included in property, plant and equipment are presented below.

Types of property, plant and equipment	Life	Life
Buildings	3	60
Plant and equipment	3	35
Information technology equipment	3	10
Fixed installations and accessories	3	35
Motor vehicles	5	10
Other property, plant and equipment	2	30

Gains or losses which are 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 sales value and its net carrying value.

The Company obtains property rights and mining concessions from the Chilean State Government. Property rights are usually obtained without any initial cost (other than the payment of mining licenses and minor registration expenses) and when rights are obtained on these concessions, the Company retains them while it pays the related annual license fees. Such license fees, which are paid annually, are recorded as prepaid expenses and amortized over the following twelve month period. Amounts attributable to mining concessions acquired from other Governments or third parties, which are not from the Chilean State, are recorded at their acquisition cost in property, plant and equipment, and depreciated over their contractual lives.

## 2.8 Investment properties

The Company recognizes as investment properties the net values of land, buildings and other properties held which it intends to commercialize under lease agreements, or to obtain proceeds from their sale as a result of those increases generated in the future in the respective market prices. These assets are not used in the activities and are not destined for the Company's own use.

Investment properties are initially stated at acquisition cost, which includes the acquisition price or production cost plus directly assignable expenses. Subsequently, investment properties are stated at their acquisition cost less accumulated depreciation, and the possible accrued provisions for value impairment.

## 2.9 Inventory

The Company states inventory at the lower of cost or net realizable value. Cost includes direct costs of materials and; as applicable, labor costs, indirect costs incurred to transform raw materials into finished products, and general expenses incurred in carrying inventory to their current location and conditions. The method used to determine the cost of inventory is weighted average cost method.

The net realizable value of inventory represents the estimate of the sales price less estimated finishing costs and costs that will be incurred in commercialization, sales and distribution processes.

Commercial discounts, rebates obtained and other similar entries are deducted in the determination of the acquisition price.

The valuation of obsolete, impaired or slow-moving products relates to their estimated net realizable value. The Company conducts an evaluation of the net realizable value of inventory at the end of each year, recording an estimate with a charge to expense when inventories are overstated. When the circumstances that previously gave rise to the write-down cease to exist, or when there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances (or prices of primary raw materials), the estimate made previously is modified.

Provisions on the Company's inventory have been made based on a technical study which covers the different variables affecting products in stock (density, humidity, among others.)

## 2.10 Trade and other accounts receivable

Trade and other accounts receivable relate to non-derivative financial assets with fixed payments that can be determined and are not quoted in any active market. These arise from sales operations involving the products and/or services that the Company commercializes directly to its customers.

These assets are initially recognized at their fair value (which is equivalent to their face value, discounting implicit interest for installment sales) and subsequently at amortized cost according to the effective interest rate method less an accrual for impairment loss. When the face value of the account receivable does not significantly differ from its fair value, it is recognized at face value. An allowance for impairment loss is established for trade accounts receivable when there is objective evidence that the Company will not be able to collect all the amounts owed to it according to the original terms of accounts receivable.

Implicit interest in installment sales is recognized as interest income when interest is accrued over the term of the operation.

## 2.11 Revenue recognition

Revenue includes the fair value of considerations received or receivable for the sale of goods and services during performance of the Company's activities. Revenue is presented net of value added tax, estimated returns, rebates and discounts and after the elimination of sales among subsidiaries.

Revenue is recognized when its amount can be stated reliably, it is possible that the future economic rewards will flow to the entity and the specific conditions for each type of activity-related revenue are complied with, 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 estimated returns 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 is recognized considering the degree of completion of the service as of the date of presentation of the consolidated classified statement of financial position, provided that the result from the transaction can be estimated reliably.

### (c) Interest income

Interest income is recognized when interest is accrued in consideration of the principal pending payment using the effective interest rate method.

### (d) Income from dividends

Income from dividends is recognized when the right to receive the payment is established.

## 2.12 Investments recognized using the equity method

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 recorded using the equity method. Significant influence is assumed to exist when the Company has interest exceeding 20% of the investee's equity.

Under this method, the investment is recognized in the consolidated classified statement of financial position at cost plus changes subsequent to the acquisition in an amount proportional to the net associated company's equity using the ownership interest in the associate. The associated goodwill is included at the carrying value of the investee, and it is not subject to amortization. The debit or credit to profit or loss reflects the proportional amount in the associated companies' results for the reporting period.

Unrealized profit on transactions with associates and subsidiaries are eliminated in consolidation of the ownership percentage that the Company has on these entities.

Unrealized losses are also eliminated unless the transaction provided evidence of loss from impairment of the assets transferred.

Changes in equity of the associates are recognized proportionally with a debit or credit to "Other reserves" and classified according to their origin.



The associated companies and the Company's reporting dates and policies are similar for equivalent transactions and events under similar circumstances.

In the event that significant influence is lost or the investment is sold or is available-for-sale, the equity value method is discontinued, suspending the recognition of proportional income.

If the resulting amount according to the equity method is negative, the Company's equity interest is reduced to zero in the consolidated classified statement of financial position unless the Company has a contractual commitment to resolve the equity position. In this case, the respective provision for risks and expenses is recorded.

Dividends received in these companies are recorded by reducing the equity value and proportional profit or loss recognized in conformity with their interest, and are included in the consolidated statement of income under the caption "Equity in income (losses) of associates and joint ventures accounted for using the equity method".

### **2.13 Income Tax**

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies. Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

Differences between the book value of assets and liabilities and their tax basis generate the balance of deferred tax assets or liabilities, which are calculated using the tax rates expected to be applicable when the assets and liabilities are realized.

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 classified statement of financial position, considering the origin of the gains or losses which have generated them.

As of the date of these consolidated financial statements, the carrying value of deferred tax assets has been reviewed and reduced to the extent their will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was not more likely than not that future taxable income will 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.

The deferred income tax related to entries directly recognized in equity is recognized with an effect on equity and not with an effect on profit or loss.

Deferred tax assets and liabilities are offset if there is a legally receivable right of offsetting tax assets against tax liabilities and the deferred tax is related to the same tax entity and authority.

### **2.14 Earnings per share**

The basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary owners of the parent by the weighted average number of ordinary shares outstanding during the year.

The Company has not conducted any type of operation of potential dilutive effect that assumes diluted earnings per share other than the basic earnings per share.

### **2.15 Non-financial asset value impairment**

Assets subject to depreciation and amortization are subject to impairment testing, provided that an event or change in the circumstances indicates that the amounts in the accounting records may not be recoverable. An impairment loss is recognized for the excess of the book 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 cash generating unit ("CGU") less costs of sales and its value in use, and is determined for an individual asset unless the asset does not generate any cash inflows that are clearly independent from other assets or groups of assets.

When the carrying value of an asset exceeds its recoverable amount, the asset is considered an impaired asset and is reduced to its net recoverable amount.

In evaluating value in use, estimated future cash flows are discounted using a discount rate before taxes which reflects current market evaluation on the time value of money and specific asset risks.

An appropriate valuation model is used to determine the fair value less selling costs. These calculations are confirmed by valuation multiples, quoted share prices for subsidiaries quoted publicly or other available fair value indicators.

Impairment losses are recognized as expense, except for properties reevaluated previously where the revaluation was taken to equity. In this case impairment is also recognized with a debit to equity up to the amount of any previous revaluation.

For assets other than acquired goodwill, an annual evaluation is conducted of whether there is impairment loss indicators recognized previously that might have already ceased to exist or decreased. The recoverable amount is estimated if such indicators exist. An impairment loss previously recognized is reversed only if there have been changes in estimates used to determine the asset's recoverable amount from the last time in which an impairment loss was recognized. If this is the case, the carrying value of the asset is increased to its recoverable amount. This increased amount cannot exceed the carrying value that would have been determined net of depreciation if an asset impairment loss would have not been recognized in prior years. This reversal is recognized with a credit to profit or loss unless an asset is recorded at the revalued amount. Should this be the case, the reversal is treated as an increase in revaluation.

As of December 30, 2011, and December 31, 2010, the Company is not aware of any indicators of impairment with respect to its depreciated assets.

## 2.16 Financial assets

The Company classifies its financial assets under the following categories: at fair value through profit or loss, loans and accounts receivable, 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.

The Company assesses at each reporting date 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 (an incurred "loss event") and that loss event has an impact on the estimated future cash flow 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 hedge accounts. Assets under this category are classified as current assets and variations generated in fair value are directly recognized in profit or loss.

### (b) Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed payments or payments that can be determined and are not quoted in any active market. These are included in current assets, except for those with expiration dates exceeding 12 months from the closing date, which are classified as non-current assets. Loans and accounts receivable are included under the caption "Trade and other accounts receivable" in the consolidated classified statement of financial position and are stated at amortized cost. The subsequent measurement at amortized cost is calculated using the effective interest rate method less impairment.

### (c) Financial assets held-to-maturity

Financial assets held-to-maturity are non-derivative financial assets with fixed payments or payments that can be determined and fixed expiration dates 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.

### (d) Financial assets available for sale

Financial assets available for sale are non-derivative instruments that have been designated in this category or are not classified in any of the other categories. They are included in non-current assets unless the Company intends to dispose of the investment in the 12 months following the closing date. These assets are stated at fair value, recognizing in other comprehensive income those variations in fair value.

## 2.17 Financial liabilities

The Company classifies its financial liabilities under the following categories: at fair value through profit or loss, trade accounts payable, interest-bearing loans or derivatives designated as hedging instruments.

The Company's management determines the classification of its financial liabilities at the time of initial recognition.

Financial debt obligations are recorded at nominal value and as non-current when maturity is over twelve months and as current when maturity is less than twelve months. Interest expenses are recorded the year in which they are accrued under a financial approach.

In accordance with IAS 32 and 39, debt-related expenses are accounted for in the accompanying consolidated classified statements of financial position, deducting the associated debt and are imputed to the results of the year within the life of the debt using the effective interest rate method.

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

### (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 accounts payable

Trade accounts payable to suppliers are subsequently stated at their amortized cost using the effective interest rate method.

### (c) Interest-bearing loans

Loans 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 costs of transactions which are an integral part of the effective interest rate.

## 2.18 The environment

In general, the Company follows the criteria of considering amounts used in environmental protection and improvement as environmental expenses. However, the cost of facilities, machinery and equipment used for the same purpose are considered property, plant and equipment.

## 2.19 Minimum dividend

According to the Corporations Act, a publicly traded corporation must pay dividends according to the policy deduced in the General Shareholders' Meeting of each year, with a minimum of 30% of the net income of the year if the corporation does not have retained losses from prior years, unless it is otherwise decided with the unanimous vote of the issued and subscribed shares.

## 2.20 Consolidated statement of cash flows

Cash equivalents relate to short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to low risk of change in value, and that expire in less than three months. This classification also applies to mutual funds classified as cash equivalents.

The statement of cash flows includes cash movements performed during the year, determined using the indirect method.

## 2.21 Obligations related to employee termination benefits and pension commitments

Obligations with the Company's employees are in accordance with that established in the collective bargaining agreements in force formalized through collective employment agreements and individual employment contracts. In the case of the United States employees, certain obligations are in accordance with the related pension plan, valid until the year 2002.

These obligations are valued using actuarial calculations, which consider such hypotheses as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees' salaries, as well as the effects on variations in services derived from variations in the inflation rate.

Actuarial losses and gains that may be generated by variations in previously defined obligations are directly recorded in consolidated statement of income.

Actuarial losses and gains have their origin in deviations between the estimate and the actual behavior of actuarial hypotheses or in the reformulation of established actuarial hypotheses.

The discount rate used by the Company for calculating the obligation was 6% for the periods ended December 31, 2011 and December 31, 2010.

The Company's affiliate SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 6.5% interest rate. The net balance of this obligation is presented in the category called non-current accruals for employee benefits.



## 2.22 Financial derivatives and hedge transactions

Derivatives are recognized initially at fair value as of the date in which the derivatives contract is signed and subsequently they are valued at fair value at each period end. The method for recognizing the resulting loss or gain depends on whether the derivative has been designated as an accounting hedge instrument and if so, it depends on the type of hedging, which may be as follows:

(a) Fair value hedge of assets and liabilities recognized (fair value hedges);

(b) Hedging of a single risk associated with an asset or liability recognized or a highly possible foreseen transaction (cash flow hedge);

At the beginning of the transaction, the Company documents the relationship existing between hedging instruments and those entries hedged, as well as their objectives for risk management purposes and the strategy to conduct different hedging operations.

The Company also documents its evaluation both at the beginning and the end of each period of whether derivatives used in hedging transactions are highly effective to offset changes in the fair value or in cash flows of hedged entries.

The fair value of derivative instruments used for hedging purposes is shown in Note 8.3. Movements in the cash flow hedge reserve (other comprehensive income) are classified as a non-current asset or liability if the remaining expiration period of the hedged item is higher than 12 months and as a current asset or liability if the remaining expiration period of the entry is lower than 12 months.

Financial derivatives are classified as a current asset or liability, and the change in their fair value is recognized directly in profit or loss.

(a) Fair value hedge

The change in the fair value of a derivative is recognized with a debit or credit to profit or loss, as applicable. The change in the fair value of the hedged entry attributable to hedged risk is recognized as part of the carrying value of the hedged entry and is also recognized with a debit or credit to profit or loss.

For fair value hedging related to items recorded at amortized cost, the adjustment of the fair value is amortized against income 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 with a debit or credit to profit or loss at its fair value attributable to the risk being covered.

If the hedged entry is derecognized, the fair value not amortized is immediately recognized with a debit or credit to profit or loss.

(b) Cash flow hedges

The effective portion of gains or losses from the hedge instrument is initially recognized with a debit or credit to other comprehensive income, whereas any ineffective portion is immediately recognized with a debit or credit to income, as applicable.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects income for the year, as when the hedged interest income or expense is recognized when a forecasted sale occurs. When the hedged entry is the cost of a non-financial asset or liability, amounts taken to 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, the amounts previously recognized in other comprehensive income are transferred to income. If a hedge instrument expires, is sold, finished, and exercised without any replacement, or if a rollover is performed or if its designation as hedging is revoked, the amounts previously recognized in equity are maintained in shareholders' equity until the expected firm transaction or commitment occurs.

## 2.23 Leases

(a) Leases - Finance lease

Leases are classified as finance leases when the Company holds substantially all the risks and rewards derived from the ownership. Finance leases are capitalized at the beginning of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments.

Each lease payment is distributed between the liability and the interest expenses to obtain ongoing interest on the pending balance of the debt. The respective lease obligations, net of interest expense, are included in other non-current liabilities. The interest element of finance cost is debited in the consolidated statement of income during the lease period so that a regular ongoing interest rate is obtained on the remaining balance of the liability for each year. The asset acquired through a finance lease is subject to depreciation over the lesser value of its useful life or the life of the agreement.

(b) Lease - Operating lease

Leases in which the lessor maintains a significant part of the risks and rewards derived from the ownership are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are debited to the statement of income or capitalized (as applicable) on a straight-line basis over the lease period.

## 2.24 Prospecting expenses

Those prospecting expenses associated with mineral reserves being exploited are included under Inventory and amortized according to the estimated mineral content reserves. Prospecting expenses associated with future mineral reserves are presented under other non-financial assets as and when minerals included in the future reserve have caliche ore-grade, which makes the mining property economically commercializable.

Those expenses incurred on mining properties in which the product has a low caliche ore-grade that is not economically commercializable, are directly charged to income.

## 2.25 Other provisions accrued expenses

Provisions are recognized when:

- The Company has a present obligation as the result of a past event.
- It is more likely than not that certain resources must be used, including benefits, to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

In the event that the provision or a portion of it is reimbursed, the reimbursement is recognized as a separate asset solely if there is certainty of income.

In the consolidated statement of income, the expense for any provision is presented net of any reimbursement.

Should the effect of the time value of money be significant, provisions are discounted using a discount rate before taxes that reflects the liability's specific risks. When a discount rate is used, the increase in the provision over time is recognized as a finance cost.

The Company's policy is maintaining accruals to cover risks and expenses based on a better estimate to deal with possible or certain and quantifiable responsibilities from current litigation, compensations or obligations, pending expenses for which the amount has not yet been determined, collaterals and other similar guarantees for which the Company is responsible. These are recorded at the time the responsibility or the obligation that determines the compensation or payment is generated.

The Company determines and recognizes the cost related to employee vacation on an accrual basis.

## 2.26 Compensation plans

Compensation plans implemented through benefits in share-based payments settled in cash, which have been provided, are recognized in the financial statements at their fair value, in accordance with International Financial Reporting Standard No. 2 "Share-based payments". Variations in the fair value of options granted are recognized with a charge to wages on a straight-line basis during the period between the date on which these options are granted and the payment date. (See Note N°16).

## 2.27 Goods and service insurance expenses

Payments for the different insurance policies which the Company contracts are recognized in expenses considering the proportional amount related to the time that they cover, regardless of payment terms. Amounts paid and not consumed are recognized as prepaid expenses within current assets.

Costs of claims are recognized in profit or loss immediately after they become known, net of recoverable amounts from insurance companies. Recoverable amounts are recorded as a reimbursable asset from the insurance company under "Trade and other accounts receivable", calculated as established in the respective insurance policies.

## 2.28 Intangible assets

Intangible assets mainly relate to goodwill acquired, water rights, trademarks, and rights of way related to electric lines and development expenses, and computer software licenses.

### (a) Goodwill acquired

Goodwill acquired represents the excess in acquisition cost on the fair value of the Company's ownership of the net identifiable assets of the subsidiary on the acquisition date. Goodwill acquired related to acquisitions of subsidiaries is included in intangible assets, which is subject to value impairment tests annually and is stated at cost plus accumulated impairment losses. Gains and losses related to the sale of an entity include the carrying value of goodwill related to the entity sold.

This intangible asset is assigned to cash generating units with the purpose of testing impairment losses. It is allocated based on cash generating units expected to obtain benefits from the business combination from which the aforementioned goodwill acquired arose.

**(b) Water rights**

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent rights granted on a perpetual basis to the Company, these are not amortized. However, they are subject to an impairment assessment on an annual basis.

**(c) Right of way for electric lines**

As required for the operation of industrial plants, the Company has paid rights of way in order to install wires for the different electric lines in third party land. These rights are presented under Intangible assets. Amounts paid are capitalized at the date of the agreement and charged to income according to the life of the right of way.

**(d) Computer software**

Licenses for IT programs acquired are capitalized based on costs that have been incurred to acquire them and prepare them to use the specific program. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group and which probably will generate economic benefits that are higher than costs during more than a year, are recognized as intangible assets. Direct costs include expenses incurred for employees who develop IT programs and an adequate percentage of general expenses.

The costs of development for IT programs recognized as assets are amortized over their estimated useful lives.

No impairment of intangible assets exists as of December 31, 2011 and December 31, 2010.

**2.29 Research and development expenses**

Research and development expenses are expensed in the period in which the disbursement is made, with the exception of property, plant and equipment acquired for use in research and development, which are recognized in the accounting under the respective item within property, plant and equipment.

**2.30 Classification of balances as current and non-current**

In the attached statement of financial position, balances are classified in consideration of their remaining recovery (maturity) dates; i.e., those maturing on a date equal to or lower than twelve months are classified as current and those with maturity dates exceeding the aforementioned period are classified as non-current.

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of the anticipated recovery date.

**> Note 3 - Financial Risk Management, Objectives and Policies****3.1 Risk management policy**

The 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 components.

The operations of the Company are subject to certain risk factors that may affect the financial position or results of the same. 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 risks that might also affect the commercial operations, the business, the financial position or the results of the Company, but at this time they are not significant.

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

**3.2 Risk factors****3.2.1 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.



### 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 a direct annual expense close to US\$110 million on account of petrol, gas and equivalents and close to US\$ 50 million on account of electricity. Variations of 10% in the prices of energy the Company requires to operate, may involve in the short term movements in costs amounting to US\$16.5 million.

### 3.2.2 Doubtful accounts risk

A contraction of the global economy and the potentially negative effects in the financial position of our clients may extend the accounts receivable collection time for SQM, increasing the bad debt exposure. While measures have been taken in order to minimize 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.

As a way to mitigate these risks, SQM actively controls debt collection and uses measures such as, loan insurance, letters of credit, and prepayments with regard to some accounts receivable.

### 3.2.3 Foreign exchange risk

As a result of the influence in the price determination, of its relationship with sales costs and since a significant part of the business of the Company is carried out in that foreign currency, the functional currency of SQM is the United States dollar. However, the global business activities of the Company expose the same to the foreign exchange fluctuations of several currencies with respect to the US dollar. Therefore, SQM has hedge contracts to ensure its main mismatches (assets net of liabilities) in currencies other than the US dollar against the foreign exchange fluctuation. Those contracts are periodically up-dated 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 dollar would affect the net income of MCS. Approximately US\$ 400 million cost of the Company are related to the Chilean peso. The effect of such obligations in the balance is covered by operations of derivative instruments that hedge the mismatch of balance in this currency.

At December 31, 2010, the Company had derivative instruments classified as hedging currency and interest rate associated with all the obligations denominated bonds both in Chilean pesos and UF, with a fair value of \$ 97.5 million. At December 31, 2011, this value amounts to US\$ 56.1 million, both for SQM.

On December 31, 2011, the Chilean peso to US dollar parity was of Ch\$ 519.20 for US\$ 1, and at December 31, 2010 it was of Ch\$ 468.01 for US\$ 1.

### 3.2.4 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 said rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to the LIBOR rate fluctuations.

As of December 31, 2011, approximately 28% of the Company's financial obligations included current portion valued at LIBOR, therefore significant increases in the rate may impact its financial position. A 100 point variation on this rate may trigger variations in the financial expenses close to US\$ 3.7 million. Notwithstanding, this effect is significantly counterbalanced by the returns of the Company's investments that also relate to LIBOR.

In addition, as of December 31, 2011, the Company's financial debt is mainly in the long-term, with 11% with maturities under 12 months which decreases the exposure to changes in the interest rates.

### 3.2.5 Liquidity risk

Liquidity risk is related to the fund requirements to comply with payment obligations. The object of the Company is to keep financial flexibility by comfortably balancing the fund requirements and the flows from the regular business conduct, bank loans, public bonds, short term investments, and negotiable instruments, amongst other.

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, 2011, the Company had non-committed and available bank credit lines for a total of US\$ 611 million, in addition to committed bank lines for US\$ 40 million, available in case additional resources are needed.

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

### 3.3 Risk measurement

The Company has methods to measure the effectiveness and efficiency of risk strategies, both prospectively and retrospectively. Those methods are consistent with the risk management profile of the Group.

## > Note 4 - Changes in accounting estimates and policies (Uniformity)

### 4.1 Changes in accounting estimates

There are no changes in accounting estimates as of the closing date of the consolidated financial statements.

### 4.2 Changes in accounting policies

As of December 31, 2011, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period or the transaction date.

The consolidated classified statements of financial position as of December 31, 2011 and as of December 31, 2010 and the statements of income, comprehensive income, equity and cash flows for the periods ended December 31, 2011 and December 31, 2010, have been prepared in accordance with IFRS, and accounting principles and criteria have been applied consistently.

## > Note 5 - Cash and cash equivalents

### 5.1 Types of cash and cash equivalents

As of December 31, 2011 and December 31, 2010, cash and cash equivalents are detailed as follows:

<b>Cash and cash equivalents</b>		
	<b>12/31/2011</b>	<b>12/31/2010</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Cash on hand	73	83
Bank balances	37,950	24,267
Short-term time deposits	263,396	375,057
Other cash and cash equivalents	143,573	125,245
<b>Cash and cash equivalents</b>	<b>444,992</b>	<b>524,652</b>

### 5.2 Other cash and cash equivalents

As of December 31, 2011, and December 31, 2010, other cash and cash equivalents relate to mutual fund units for investments made in:

<b>Institution</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Legg Mason Western Asset Institutional Liquid Reserves	47,162	52,576
BlackRock Institutional cash series Plc	48,025	36,712
JP Morgan US dollar Liquidity Fund Institutional	48,386	35,957
<b>Total</b>	<b>143,573</b>	<b>125,245</b>

These other cash equivalents are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

### 5.3 Information on cash and cash equivalents by currency

Cash and cash equivalents are classified by currency as follows:

<b>Original currency</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Chilean Peso	123,265	331,011
US Dollar	297,257	176,703
Euro	16,343	6,784
Mexican Peso	29	102
South African Rand	5,450	8,776
Japanese Yen	2,292	1,192
Peruvian Sol	16	13
Brazilian Real	21	21
Chinese Yuan	300	40
Indonesian rupee	5	5
Pound sterling	14	5
<b>Totals</b>	<b>444,992</b>	<b>524,652</b>

### 5.4 Amount of significant restricted (unavailable) cash balances

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

As of December 31, 2011 and December 31, 2010, the Company has no significant cash balances with any type of restriction.



## 5.5 Detail of time deposits

Cash and cash equivalents in time deposits at each year-end are detailed as follows:

Receiver of the deposit	Type of Deposit	Original Currency	Interest rate	Placement date	Expiration date	Principal ThUS\$	Interest accrued to-date ThUS	12/31/2011 ThUS\$	12/31/2010 ThUS\$
								9,677	26,401
Banco Crédito e Inversiones	Fixed term	Chilean pesos	0.51	09/11/2011	07/02/2012	9,591	85	9,676	4,168
Banco Crédito e Inversiones	Fixed term	Chilean pesos	0.60	22/12/2011	09/02/2012	25,164	45	25,209	6,738
Banco Crédito e Inversiones	Fixed term	US Dollar	1.60	20/12/2011	04/01/2012	20,000	10	20,010	10,574
Banco Crédito e Inversiones	Fixed term	US Dollar	1.20	21/10/2011	19/01/2012	20,482	49	20,531	10,150
Banco Crédito e Inversiones	Fixed term	US Dollar	2.00	21/12/2011	12/01/2012	20,000	11	20,011	10,355
Banco Crédito e Inversiones	Fixed term	US Dollar	2.50	21/12/2011	26/01/2012	20,000	14	20,014	-
Banco de Chile	-	-	-	-	-	-	-	-	20,781
Banco de Chile	-	-	-	-	-	-	-	-	16,056
Banco de Chile	-	-	-	-	-	-	-	-	15,832
Banco de Chile	-	-	-	-	-	-	-	-	20,962
Banco de Chile	-	-	-	-	-	-	-	-	7,271
Banco de Chile	-	-	-	-	-	-	-	-	20,306
Banco de Chile	-	-	-	-	-	-	-	-	1,667
Banco Estado	-	-	-	-	-	-	-	-	17,001
Banco Santander-Santiago	Fixed term	Chilean pesos	0.52	29/12/2011	23/02/2012	12,089	4	12,093	10,499
Banco Santander-Santiago	Fixed term	Chilean pesos	0.55	28/12/2011	08/03/2012	20,099	11	20,110	15,528
Banco Santander-Santiago	Fixed term	Chilean pesos	0.55	28/12/2011	15/03/2012	20,099	11	20,110	20,897
Banco Santander-Santiago	Fixed term	Chilean pesos	0.55	28/12/2011	22/03/2012	20,099	11	20,110	31,752
Banco Santander-Santiago	-	-	-	-	-	-	-	-	6,251
Banco Santander-Santiago	-	-	-	-	-	-	-	-	3,200
Banco Santander-Santiago	-	-	-	-	-	-	-	-	20,009
Banco Security	-	-	-	-	-	-	-	-	16,014
Banco Security	-	-	-	-	-	-	-	-	7,017
Citibank New - York	Overnight	US Dollar	0.01	30/12/2011	03/01/2012	115	-	115	557
Citibank New - York	Overnight	US Dollar	0.01	30/12/2011	03/01/2012	1,586	-	1,586	-
Santander	Fixed term	US Dollar	0.01	12/31/2011	03/01/2012	3,001	-	3,001	-
Corpbanca	Fixed term	US Dollar	1.30	18/10/2011	11/01/2012	16,000	43	16,043	15,556
Corpbanca	Fixed term	US Dollar	2.60	20/12/2011	19/01/2012	20,000	16	20,016	5,786
Corpbanca	Fixed term	US Dollar	2.75	21/12/2011	25/01/2012	10,024	8	10,032	4,060
Corpbanca	Fixed term	US Dollar	2.75	21/12/2011	25/01/2012	10,000	8	10,008	8,786
IDBI Bank	Fixed term	Rupia Hindú	-	12/31/2011	31/01/2012	2	-	2	3
Scotiabank Sud Americano	-	-	-	-	-	-	-	-	20,880
Banco BBVA Chile	Fixed term	Chilean pesos	0.60	22/12/2011	16/02/2012	5,033	9	5,042	-
<b>Total</b>								<b>263,396</b>	<b>375,057</b>

## > Nota 6 - Inventory

The composition of inventory is detailed as follows:

Type of inventory	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Raw materials	10,111	7,120
Supplies for production	31,602	21,398
Products-in-progress	355,894	291,536
Finished products	346,795	285,047
<b>Total</b>	<b>744,402</b>	<b>605,101</b>

Inventory reserves recognized as of December 31, 2011 amount to ThUS\$58,220, as of December 31, 2010 amounted to ThUS\$63,597. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density, humidity, among others.) Additionally, reserves have been recognized for lower prices on the sale of products and inventory difference.

As of December 31, 2011 the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$1,016,119 and as of December 31, 2010 to ThUS\$902,961.

The breakdowns of inventory reserves are detailed as follows:

Clases de inventarios	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Raw materials reserves	593	593
Supplies for production reserves	500	500
Products-in-progress reserves	33,811	43,115
Finished products reserves	23,316	19,389
<b>Total</b>	<b>58,220</b>	<b>63,597</b>

La Compañía no ha entregado inventarios en prenda como garantía para los períodos antes señalados.

## > Note 7 - Related Party Disclosures

### 7.1 Related party disclosures

Balances pending at each period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other accounts receivable from related parties or trade and other accounts payable to related parties. For the period ended December 31, 2011, the Company has not recorded any impairment in accounts receivable related to amounts owed by related parties. This evaluation is conducted every year through an examination of the financial position of the related party in the market in which it operates.

### 7.2 Relationships between the parent company and the entity

According to the Company's by-laws, no shareholder can own more than 32% of the Company's voting shares.

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Global Mining Investments (Chile) S.A., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 31.97% of the current total amount of shares issued, subscribed and paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.08% of the total amount of shares of SQM S.A. issued, subscribed and paid.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the pertinent stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have subscribed an Agreement of Joint Action (AAC as per its acronym in Spanish) with regards to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting rights capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting rights capital of SQM S.A.

Likewise, the Agreement of Joint Action has not transformed the Pampa Group and the Kowa Group into related companies. The agreement of Joint Action has only transformed the current controller of SQM S.A., composed of the Pampa Group, and the Kowa Group into related parties of SQM S.A.

#### Detail of effective concentration

Taxpayer ID	Company name	Ownership percentage
96.511.530-7	Sociedad de Inversiones Pampa Calichera S.A.	21.66
96.863.960-9	Global Mining Investments (Chile) S.A.	3.34
76.165.311-5	Potasios de Chile S.A.	6.97
<b>Total Pampa Group</b>		<b>31.97</b>
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
<b>Total Kowa Group</b>		<b>2.08</b>

### 7.3 Intermediate parent company and companies controlled by SQM S.A. that publicly issue financial statements

The only intermediate parent company that prepares public financial statements is Soquimich Comercial S.A.

### 7.4 Detailed identification of the link between the parent company and the subsidiary as of December 31, 2011 and December 31, 2010

Subsidiary	Interest percentage in subsidiary		
	12/31/2011 and 12/31/2010		
	Direct %	Indirect %	Total %
Comercial Hydro S.A.	%	Indirect	60.6383
SQM Potasio S.A.	%	Total	99.9974
SQM Nitratos S.A.	%	0.0001	100.0000
Ajay SQM Chile S.A.	51.0000	0.0000	51.0000
SQMC Internacional Ltda.	0.0000	60.6381	60.6381
SQM Industrial S.A.	99.0470	0.9530	100.0000
Isapre Norte Grande Ltda.	1.0000	99.0000	100.0000
Almacenes y Depósitos Ltda.	1.0000	99.0000	100.0000
Serv. Integrales de Tránsitos y Transferencias S.A.	0.0003	99.9997	100.0000
Soquimich Comercial S.A.	0.0000	60.6383	60.6383
SQM Salar S.A.	18.1800	81.8200	100.0000
Minera Nueva Victoria S.A.	99.0000	1.0000	100.0000
Proinsa Ltda.	0.0000	60.5800	60.5800
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	0.0000	100.0000	100.0000
Exploraciones Mineras S.A.	0.2691	99.7309	100.0000
Comercial Agrorama Ltda.	0.0000	42.4468	42.4468
Agrorama S.A. (*)	0.0000	60.6377	60.6377
Nitratos Naturais Do Chile Ltda.	0.0000	100.0000	100.0000
Nitrate Corporation of Chile Ltd.	0.0000	100.0000	100.0000
SQM North America Corporation.	40.0000	60.0000	100.0000
SQM Europe N.V.	0.8600	99.1400	100.0000
Soquimich SRL Argentina	0.0000	100.0000	100.0000
Soquimich European Holding B.V.	0.0000	100.0000	100.0000
SQM Corporation N.V.	0.0002	99.9998	100.0000
SQI Corporation N.V.	0.0159	99.9841	100.0000
SQM Comercial de México S.A. de C.V.	0.0013	99.9987	100.0000
North American Trading Co.	0.0000	100.0000	100.0000
Administración y Servicios Santiago S.A. de C.V.	0.0000	100.0000	100.0000
SQM Perú S.A.	0.9800	99.0200	100.0000
SQM Ecuador S.A.	0.0040	99.9960	100.0000
SQM Nitratos México S.A.	0.0000	51.0000	51.0000
SQMC Holding Corporation L.L.P.	0.1000	99.9000	100.0000
SQM Investment Corporation N.V.	1.0000	99.0000	100.0000
SQM Brasil Limitada.	2.7900	97.2100	100.0000
SQM France S.A.	0.0000	100.0000	100.0000

(\*) This subsidiary was constituted on April 07, 2011.



Subsidiary	Interest percentage in subsidiary		
	12/31/2011 and 12/31/2010		
	Direct %	Indirect %	Total %
SQM Japan Co Ltd.	1.0000	99.0000	100.0000
Royal Seed Trading A.V.V.	1.6700	98.3300	100.0000
SQM Oceania Pty Limited.	0.0000	100.0000	100.0000
Rs Agro Chemical Trading A.V.V.	98.3333	1.6667	100.0000
SQM Indonesia S.A.	0.0000	80.0000	80.0000
SQM Virginia L.L.C.	0.0000	100.0000	100.0000
SQM Venezuela S.A.	0.0000	100.0000	100.0000
SQM Italia SRL	0.0000	100.0000	100.0000
Comercial Caiman Internacional S.A.	0.0000	100.0000	100.0000
SQM Africa Pty.Ltd.	0.0000	100.0000	100.0000
SQM Lithium Specialties LLP.	0.0000	100.0000	100.0000
SQM Iberian S.A..(**)	0.0000	100.0000	100.0000
Iodine Minera B.V.	0.0000	100.0000	100.0000
SQM Agro India Pvt. Ltd.	0.0000	100.0000	100.0000
SQM Beijing Commercial Co. Ltd.	0.0000	100.0000	100.0000

(\*\*) As of December 31, 2010 the interest held in Fertilizantes Naturales S.A. was of 66.67%, on December 14, 2011, Fertilizantes Naturales S.A. changed its company name to SQM Iberian S.A.

## 7.5 Detail of related parties and transactions with related parties

Transactions between the parent company and its subsidiaries are part of the Company's common transactions. In addition, these have been eliminated in consolidation and are not detailed in this note.

Taxpayer ID	Company	Relationship	Original country	Transaction	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi As	Associate	Turkey	Product Sales	26,748	12,460
Foreign	Ajay Europe S.A.R.L.	Associate	France	Product Sales	27,743	22,150
Foreign	Ajay Europe S.A.R.L.	Associate	France	Dividends	-	628
Foreign	Ajay North America LLC.	Associate	United States	Product Sales	47,501	35,502
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	Product Sales	8,234	12,384
Foreign	Kowa Company Ltd.	Jointly-controlled entity	Japan	Product Sales	138,818	94,611
Foreign	NU3 B.V.	Associate	The Netherlands	Product Sales	15,708	12,921
Foreign	NU3 B.V.	Associate	The Netherlands	Services Sales	-	102
Foreign	NU3 N.V.	Associate	Belgium	Product Sales	9,993	12,590
Foreign	SQM Thailand Co. Ltd.	Associate	Thailand	Product Sales	7,355	1,613
Foreign	SQM Vitas Brasil	Joint venture	Brazil	Product Sales	34,514	-
Foreign	SQM Vitas Perú	Joint venture	Peru	Product Sales	13,608	-
Foreign	Misr Speciality Fertilizers	Associate	Egypt	Product Sales	-	502
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Product Sales	-	834
77.557.430-5	Sales de Magnesio Ltda.	Associate	Chile	Services Sales	-	353
78.062.420-5	Minera Saskatchewan Ltda. (PCS )	Other related party	Chile	Services Sales	-	423

**7.6 Trade and other accounts receivable from related parties, current:**

Taxpayer ID	Company	Relationship	Country	Currency	12/31/2011 ThUS\$	12/31/2010 ThUS\$
77,557,430-5	Sales de Magnesio Ltda,	Associate	Chile	Chilean peso	685	106
96,511,530-7	Soc,de Inversiones Pampa Calichera	Jointly-controlled entity	Chile	US Dollar	8	8
79,049,778-9	Callegari Agrícola S,A,	Other related party	Chile	Chilean peso	314	6
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	US Dollar	3,899	-
Foreign	Nutrisi Holding N,V,	Associate	Belgium	Euro	-	1,618
Foreign	Ajay Europe S,A,R,L,	Associate	France	US Dollar	4,603	2,043
Foreign	Ajay North America LLC,	Associate	United states	US Dollar	7,387	2,666
Foreign	Abu Dhabi Fertilizer Industries WWL	Associate	United Arab Emirates	US Dollar	4,587	4,517
Foreign	NU3 B,V,	Associate	The Netherlands	Euro	-	1,083
Foreign	Misr Speciality Fertilizers	Associate	Egypt	US Dollar	199	335
Foreign	Kowa Company Ltd,	Jointly-controlled entity	Japan	US Dollar	44,188	23,134
Foreign	SQM Thailand Co, Ltd,	Associate	Thailand	US Dollar	5,521	656
Foreign	Qingdao SQM-Star Corp	Joint venture	China	US Dollar	71	-
Foreign	SQM Vitas Brasil Agroindustria	Joint venture	Brazil	US Dollar	27,523	-
Foreign	SQM Vitas Perú S,A,C,	Joint venture	Peru	US Dollar	17,534	-
Foreign	SQM Vitas Southern Africa PTY,	Joint venture	South Africa	US Dollar	597	-
Foreign	SQM Coromandel Fertilizers Ltd,	Joint venture	India	US Dollar	23	-
<b>Total</b>					<b>117,139</b>	<b>36,172</b>

**7.7 Trade and other accounts payable to related parties, current**

Taxpayer ID	Company	Relationship	Country	Currency	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Foreign	Doktor Tarsa Tarim Sanayi AS	Associate	Turkey	US Dollar	-	73
Foreign	NU3 N.V.	Associate	Belgium	US Dollar	-	270
Foreign	SQM Vitas	Joint venture	United Arab Emirates	Dirham of the United Arab Emirates	873	2,614
Foreign	SQM Coromandel Fertilizers Limited	Joint venture	India	Rupee	-	581
<b>Total</b>					<b>873</b>	<b>3,538</b>

As of December 31, 2011, and December 31, 2010 there are no allowances for doubtful accounts relating to outstanding balances from transactions with related parties.

## 7.8 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, 2011, 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.

During the periods covered by these consolidated financial statements, there are 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 participation. In addition, there were no transactions conducted between the Company, its directors or members of Senior Management.

### 2) Directors' Compensation

#### 2.1 Compensation for 2011

##### 2.1.1 Board of Directors

Directors' compensation is detailed as follows:

- a) A payment of a monthly fixed gross amount of UF 300 in favor of 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.
- 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 total net for the period effectively earned by the Company during fiscal year 2011.
- 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 total net income for the year effectively earned by the Company during fiscal year 2011.
- 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 statement of financial position (balance sheet), the financial statements, the annual report, the report by the account inspectors and the report of external auditors for the fiscal year ending December 31, 2011.
- e) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2011 amount to ThUS\$3,030.

### 2.1.2 Audit Committee

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 total net income for the year effectively earned by the Company during fiscal year 2011.

### 2.2 Compensation for 2010

#### 2.2.1 Directors' Compensation and Committee

The remuneration of Directors is composed of:

- a) A payment of a monthly fixed gross amount of UF 300 in favor of 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 total net income for the period effectively earned by the Company during fiscal year 2010.
- 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 total net income for the year effectively earned by the Company during fiscal year 2010.
- 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 statement of financial position (balance sheet), the financial statements, the annual report, the report by the account inspectors and the report of external auditors for the fiscal year ending December 31, 2010.
- e) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2010 amount to ThUS\$ 2,869.

#### 2.2.2 Audit Committee

The remuneration of Directors Committee is composed of:

- 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 total net income for the year effectively earned by the Company during fiscal year 2010.

3) No guarantees have been constituted in favor of the Directors.

4) Senior Management remuneration

As of December 31, 2011, the global remuneration paid to the 114 main executives amounts to ThUS\$ 22,509 (ThUS\$ 21,809 as of December 31, 2010). This includes monthly fixed salary and variable performance bonuses.

The Company has a bonuses intermediate and bi-intermediate plan for compliance target and level of individual contribution to the Company's results. These benefits are structured in a minimum and maximum of gross remunerations which are paid once a year or every two years.

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 share and is payable in cash between 2012 and 2016 (See Note 16).

6) No guarantees have been constituted in favor of the Company's management.

7) The Company's Managers and Directors do not receive or have not received any benefit during the period ended as of December 31, 2011 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

8) One of the Company's Board of Directors is member of the Ultramar Group. During the period ended December 31, 2011, the amount of operations with this Group is approximately ThUS\$13,751 (ThUS\$ 11,532 as of December 31, 2010).

9) The Company currently maintains financial operations with BCI Bank (Banco de Crédito e Inversiones). A member of the Company's Board of Directors also belongs to the Board of Directors of BCI Bank.

## > Note 8 - Financial Instruments

Financial assets are detailed as follows:

### 8.1 Types of other financial assets

Types of other financial assets		
	12/31/2011	12/31/2010
	ThUS\$	ThUS\$
Other current financial assets (1)	129,069	69,818
Derivative instruments (2)	14,455	1,363
Hedging assets, current	25,737	4,997
<b>Total other current financial assets</b>	<b>169,261</b>	<b>76,178</b>
Other non-current financial assets (3)	117	118
Hedging assets, non-current	30,371	92,556
<b>Total other non-current financial assets</b>	<b>30,488</b>	<b>92,674</b>

(1) Relates to time deposits with purchased maturities greater than 90 days.

(2) Relate to forwards and options that were not classified as hedging instruments.

(See note 8.3).

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

Other financial assets, current

Financial Institution	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Banco Santander	13,753	-
BBVA	33,528	-
Banco de Crédito e Inversiones	17,739	36,251
Banco de Chile	44,849	10,333
Corpbanca	19,200	18,031
Banco Itau Chile	-	5,203
<b>Total</b>	<b>129,069</b>	<b>69,818</b>

### 8.2 Trade and other accounts receivable

a) Trade and other accounts receivable, net:

Description of the type of trade and other accounts receivable, net:		
	12/31/2010	12/31/2011
	ThUS\$	ThUS\$
<b>Trade accounts receivable</b>	<b>387,607</b>	<b>350,720</b>
Other accounts receivable	24,455	25,225
Trade and other accounts receivable current, net	412,062	375,945
<b>Trade and other accounts receivable non-current, net</b>	<b>1,070</b>	<b>1,102</b>
Other accounts receivable	1,070	1,102
<b>Total</b>	<b>413,132</b>	<b>1,102</b>

b) Trade and other accounts receivable, gross:

Types of trade and other accounts receivable, gross	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Trade accounts receivable	404,320	367,545
Other accounts receivable	26,415	27,282
<b>Trade and other accounts receivable current, gross</b>	430,735	394,827
Other accounts receivable	1,070	1,102
<b>Total</b>	<b>431,805</b>	<b>395,929</b>

c) Detail of financial assets past due

Financial assets past due are composed of the following: Trade and other accounts receivable as of December 31, 2011 and December 31, 2010.

Balances as of 12/31/2011					
Financial assets	Past due for less than three months ThUS\$	Past due for between three and six months ThUS\$	Past due for between six and twelve months ThUS\$	Past due for more than twelve months ThUS\$	Total ThUS\$
Trade and other accounts receivable	42,483	1,879	6,177	13,616	64,155
<b>Total</b>	<b>42,483</b>	<b>1,879</b>	<b>6,177</b>	<b>13,616</b>	<b>64,155</b>

Balances as of 12/31/2010					
Financial assets	Past due for less than three months ThUS\$	Past due for between three and six months ThUS\$	Past due for between six and twelve months ThUS\$	Past due for more than twelve months ThUS\$	Total ThUS\$
Trade and other accounts receivable	57,804	606	6,976	4,245	69,631
<b>Total</b>	<b>57,804</b>	<b>606</b>	<b>6,976</b>	<b>4,245</b>	<b>69,631</b>

d) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts when in the Company's management's opinion, all collection means have been exhausted or there are certain doubts as to the recovery of trade and other accounts receivable,

Financial assets	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Trade and other accounts receivable	(18,673)	(18,882)
<b>Balance</b>	<b>(18,673)</b>	<b>(18,882)</b>

Reconciliation of variations in the allowance for doubtful accounts of trade and other accounts receivable,

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Opening balance	18,882	17,083
Bad debt expense	3,758	2,028
Write-offs	(3,288)	(118)
Exchange difference	(679)	(111)
<b>Total</b>	<b>18,673</b>	<b>18,882</b>

e) Credit risk concentration

Hedging assets	Derivative instruments (CCS) ThUS\$	Effect on profit or loss for the period, derivative Instruments ThUS\$	Hedging reserve in other comprehensive income (equity) ThUS\$	Deferred income tax hedging reserve in equity ThUS\$	Hedging reserve in other comprehensive income (equity) ThUS\$
December 31, 2011	56,109	(39,719)	(12,184)	2,104	(10,080)
December 31, 2010	97,553	46,936	(11,093)	1,886	(9,207)

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

The policy of the Company is to request a collateral (such as letters of credit or bank guarantee clauses) or to have insurance for certain accounts as the manager deems suitable. Renegotiated debts are not significant and are limited to accounts receivable in Chile.

Derivate instruments (IP) ThUS\$	Effect on profit or loss for the period, derivative Instruments ThUS\$	Hedging reserve in other comprehensive income (equity) ThUS\$	Deferred income tax hedging reserve in equity ThUS\$	Hedging reserve in other comprehensive income (equity) ThUS\$
December 31, 2011	355	(205)	(150)	-
December 31, 2010	-	-	-	-
			<b>12/31/2011</b>	<b>12/31/2010</b>
			<b>ThUS\$</b>	<b>ThUS\$</b>

**Trade receivables**

Gross trade receivable balances in the effect on profit or loss column consider the interim effects of the contracts impaired as of December 31, 2011 at December 31, 2010 accounts

**Receivables that are neither overdue or considered impaired in value**

Derivative contract maturities are detailed as follows:

The Company uses cross currency swap derivative contracts to hedge the possible financial risk associated with the volatility of the exchange rate associated with Chilean pesos (and US dollars) the objective is to hedge the financial risks associated with payables. Hedging is documented and tested to measure their effectiveness.

**8.3 Assets and Liabilities Coverage**

Series	Contract Amount ThUS\$	Currency	Expiration Date
C	76,972	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

The balance represents derivative instruments measured at fair value which have been classified as hedge from exchange and with obligations maintained for bonds related to the total obligations relating to bonds of the Company in Chilean pesos and UF. As of December 31, 2011 and as of December 31, 2010, the same currencies and have the same expiration dates of bond principal payments.

**Hedge Accounting**

The Company classifies derivative instruments as hedging that may include derivative or implicit derivatives either as fair value hedge derivative instruments, cash flow hedge derivative instruments, or hedge derivative instruments for net investment in a business abroad.

## (a) Fair value hedges

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 covered item that is attributable to the risk that is covered.

The Company documents the relationship between hedge instruments and the covered entry along with the objectives of its risk management and strategy to carry out different hedge transactions. In addition, upon commencement of the period covered and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective to cover market fluctuations for which purpose 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. To date, the effectiveness tests have defined them as effective.

## (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.

**8.4 Financial liabilities**

As of December 31, 2011, and December 31, 2010, financial liabilities are detailed as follows:

<b>Types of interest-bearing loans</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
<b>Current interest-bearing loans</b>		
Bank loans (a)	141,436	150,958
Derivative instruments (8.6)	2,174	18,353
Current hedging liabilities	269	-
Unsecured obligations (b)	17,129	18,244
<b>Total</b>	<b>161,008</b>	<b>187,555</b>
<b>Non-current interest-bearing loans</b>		
Bank loans (c)	329,150	140,000
Unsecured obligations (d)	907,877	950,188
<b>Total</b>	<b>1,237,027</b>	<b>1,090,188</b>



## a) Current bank loans:

As of December 31, 2011 and December 31, 2010, current bank loans are detailed as follows:

Debtor				Creditor						12/31/2011 Current maturities		
Taxpayer ID	Subsidiary	Country	Taxpayer ID	Financial institution	Country	Currency	Type of repayment	Effective rate	Nominal rate	UP to 90 days ThUS\$	More than 90 days less than 1 year ThUS\$	Total ThUS\$
93.007.000-9	SQM.S.A.	Chile	97.032.000-8	Banco BBVA Chile	United States	USD	Maturity date	0.9975%	0.9975%	20,094	-	20,094
97.007.000-9	SQM.S.A.	Chile	97.030.000-7	Banco Estado	United States	USD	Maturity date	0.9465%	0.9465%	20,089	-	20,089
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	Maturity date	2.9500%	2.7189%	-	645	645
79.626.800-K	SQM Salar S.A.	Chile	97.030.000-7	Banco Estado	Chile	USD	Maturity date	1.2375%	1.2375%	-	20,114	20,114
79.626.800-K	SQM Salar S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	Maturity date	1.0293%	1.0293%	20,085	-	20,085
79.626.800-K	SQM Salar S.A.	Chile	97.018.000-1	Scotiabank Sud Americano	Chile	USD	Maturity date	0.7468%	0.75%	-	20,048	20,048
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	USD	Maturity date	2.69%	2.344%	-	140	140
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development Canada	United States	USD	Maturity date	1.95%	1.7445%	-	24	24
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Cayman) Ltd.	Cayman Islands	USD	Maturity date	1.93%	1.59%	-	207	207
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York)	United States	USD	Maturity date	1.51%	1.2325%	-	137	137
79.947.100-0	SQM Industrial S.A.	Chile	97.004.000-5	Banco de Chile	Chile	USD	Maturity date	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	USD	Maturity date	1.14%	0.70%	-	20,051	20,051
<b>Total</b>										<b>60,268</b>	<b>81,423</b>	<b>141,691</b>
<b>Borrowing costs</b>										-	<b>(255)</b>	<b>(255)</b>
<b>Total</b>										<b>60,268</b>	<b>81,168</b>	<b>141,436</b>

Debtor				Creditor			12/31/2010 Current maturities					
Taxpayer ID	Subsidiary	Country	Taxpayer ID	Financial institution	Country	Currency	Type of repayment	Effective rate	Nominal rate	UP to 90 days ThUS\$	More than 90 days less than 1 year ThUS\$	Total ThUS\$
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	Maturity date	3.93%	3.77%	20,214	-	20,214
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	Maturity date	3.93%	3.77%	10,104	-	10,104
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	Maturity date	2.55%	2.55%	-	625	625
93.007.000-9	SQM S.A.	Chile	97.032.000-8	BBVA Banco Bilbao Vizcaya Argentaria	Chile	USD	Maturity date	0.64%	0.64%	20,030	-	20,030
93.007.000-9	SQM S.A.	Chile	97.032.000-8	BBVA Banco Bilbao Vizcaya Argentaria	Chile	USD	Maturity date	0.26%	0.26%	20,000	-	20,000
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	ING Capital LLC	United States	USD	Maturity date	1.00%	0.80%	-	80,055	80,055
<b>Total</b>										<b>70,348</b>	<b>80,680</b>	<b>151,028</b>
<b>Borrowing costs</b>										<b>-</b>	<b>(70)</b>	<b>(70)</b>
<b>Total</b>										<b>70,348</b>	<b>80,610</b>	<b>150,958</b>

b) Unsecured obligations, current:

### Bonos

Debtor												Periodicity		12/31/2011 Current due dates		
Tax ID	Subsidiary	Country	Placement in Chile or abroad	Number of registration or ID of the instrument	Series	Placed nominal current value	Currency or indexed unit	Effective rate	Nominal rate	Interest payment	Amortization payment	Up to 90 days ThUS\$	days less than 1 year ThUS\$	Total ThUS\$		
93.007.000-9	SQM S.A	Chile	Foreign	184	Single	-	US\$	6.75%	6.13%	Bi-annually	At maturity	-	2,577	2,577		
93.007.000-9	SQM S.A	Chile	Foreign	184	Single	-	US\$	5.94%	5.50%	Bi-annually	At maturity	-	2,667	2,667		
93.007.000-9	SQM S.A	Chile	Chile	446	C	150,000	UF	6.59%	4.00%	Bi-annually	Bi-annually	-	6,754	6,754		
93.007.000-9	SQM S.A	Chile	Chile	563	G	-	Ch\$	7.10%	7.00%	Bi-annually	At maturity	1,354	-	1,354		
93.007.000-9	SQM S.A	Chile	Chile	564	H	-	UF	6.01%	4.90%	Bi-annually	Bi-annually	4,045	-	4,045		
93.007.000-9	SQM S.A	Chile	Chile	563	I	-	UF	6.22%	3.00%	Bi-annually	At maturity	-	477	477		
93.007.000-9	SQM S.A	Chile	Chile	563	J	-	Ch\$	5.81%	5.50%	Bi-annually	At maturity	-	1,351	1,351		
<b>Total</b>												<b>5,399</b>	<b>13,826</b>	<b>19,225</b>		
<b>Bond issue cost</b>												<b>(276) (1,820) (2,096)</b>				
<b>Total</b>												<b>5,123</b>	<b>12,006</b>	<b>17,129</b>		

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

Debtor												Periodicity		12/31/2010 Current due dates		
Tax ID	Subsidiary	Country	Placement in Chile or abroad	Number of registration or ID of the instrument	Series	Placed nominal current value	Currency or indexed unit	Effective rate	Nominal rate	Interest payment	Amortization payment	Up to 90 days ThUS\$	More than 90 days less than 1 year ThUS\$	Total ThUS\$		
93.007.000-9	SQM S.A	Chile	Foreign		Single	-	US\$	6.69%	6.13%	Bi-annually	At maturity	-	2,591	2,591		
93.007.000-9	SQM S.A	Chile	Foreign		Single	-	US\$	5.93%	5.50%	Bi-annually	At maturity	-	2,682	2,682		
93.007.000-9	SQM S.A	Chile	Chile	446	C	150,000	UF	6.56%	4.00%	Bi-annually	Bi-annually	-	7,237	7,237		
93.007.000-9	SQM S.A	Chile	Chile	564	H	-	UF	6.29%	4.90%	Bi-annually	Bi-annually	4,319	-	4,319		
93.007.000-9	SQM S.A	Chile	Chile	563	G	-	Ch\$	7.53%	7.00%	Bi-annually	At maturity	1,502	-	1,502		
93.007.000-9	SQM S.A	Chile	Chile	563	I	-	UF	5.36%	3.00%	Bi-annually	At maturity	-	512	512		
93.007.000-9	SQM S.A	Chile	Chile	563	J	-	Ch\$	6.64%	5.50%	Bi-annually	At maturity	-	1,508	1,508		
<b>Total</b>												<b>5,821</b>	<b>14,530</b>	<b>20,351</b>		
<b>Bond issue cost</b>												<b>(270) (1,837) (2,107)</b>				
<b>Total</b>												<b>5,551</b>	<b>12,693</b>	<b>18,244</b>		

c) Types of non-current interest-bearing loans

Non-current interest-bearing loans as of December 31, 2011 and December 31, 2010 are detailed as follows:

### Non-current interest-bearing bank loans

Debtor				Creditor										12/31/2011 Years to maturity		
Taxpayer ID	Subsidiary	Country	Taxpayer ID	Financial institution	Country	Currency	Amortization period	Effective rate	No-minal rate	1 to 3 years ThUS\$	3 to 5 years ThUS\$	More than 5 years ThUS\$	Total ThUS\$			
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	At maturity	2.95%	2.72%	140,000	-	-	140,000			
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Scotiabank & Trust (Caimán) Ltd.	Cayman Islands	USD	At maturity	1.93%	1.59%	50,000	-	-	50,000			
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Bank of America	United States	USD	At maturity	2.69%	2.34%	-	40,000	-	40,000			
Foreign	Royal Seed Trading Corporation A.V.V.	Aruba	Foreign	Export Development	Cayman Islands	USD	At maturity	1.95%	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	USD	At maturity	1.51%	1.23%	-	50,000	-	50,000			
<b>Total</b>										<b>190,000</b>	<b>140,000</b>	<b>-</b>	<b>330,000</b>			
<b>Borrowing costs</b>										<b>(104)</b>	<b>(746)</b>	<b>-</b>	<b>(850)</b>			
<b>Total</b>										<b>189,896</b>	<b>139,254</b>	<b>-</b>	<b>329,150</b>			

Debtor				Creditor										12/31/2011 Years to maturity		
Taxpayer ID	Subsidiary	Country	Taxpayer ID	Financial institution	Country	Currency	Amortization period	Effective rate	No-minal rate	1 to 3 years ThUS\$	3 to 5 years ThUS\$	More than 5 years ThUS\$	Total ThUS\$			
93.007.000-9	SQM S.A.	Chile	Foreign	Banco Estado NY Branch	United States	USD	At maturity	2.55%	2.55%	-	140,000	-	140,000			
<b>Total</b>										<b>-</b>	<b>140,000</b>	<b>-</b>	<b>140,000</b>			
<b>Borrowing costs</b>										<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total</b>										<b>-</b>	<b>140,000</b>	<b>-</b>	<b>140,000</b>			



Debtor					Periodicity							12/31/2011 Non-Current due dates			
Tax ID	Subsidiary	Country	Placement in Chile or abroad	Number of registration or ID of the instrument	Serie	Placed nominal current value	Currency or indexed unit	Effective rate	Nominal rate	Interest payment	Amortization payment	Over 1 to 3 ThUS\$	Over 3 to 5 ThUS\$	Over 5 ThUS\$	Total ThUS\$
93.007.000-9	SQM S.A	Chile	Foreign		Single	200,000,000	US\$	6.75%	6.13%	Bi-annually	At maturity	-	200,000	-	200,000
93.007.000-9	SQM S.A.	Chile	Foreign		Single	250,000,000	US\$	5.94%	5.50%	Bi-annually	At maturity	-	-	250,000	250,000
93.007.000-9	SQM S.A	Chile	Chile	446	C	2,100,000	UF	6.59%	4.00%	Bi-annually	Bi-annually	12,881	12,881	64,408	90,170
93.007.000-9	SQM S.A	Chile	Chile	564	H	4,000,000	UF	6.01%	4.90%	Bi-annually	Bi-annually	-	-	171,753	171,753
93.007.000-9	SQM S.A	Chile	Chile	563	G	21,000,000,000	Ch\$	7.10%	7.00%	Bi-annually	At maturity	40,446	-	-	40,446
93.007.000-9	SQM S.A	Chile	Chile	563	I	1,500,000	UF	6.22%	3.00%	Bi-annually	At maturity	64,408	-	-	64,408
93.007.000-9	SQM S.A	Chile	Chile	563	J	52,000,000,000	Ch\$	5.81%	5.50%	Bi-annually	At maturity	100,152	-	-	100,152
<b>Total</b>												<b>217,887</b>	<b>212,881</b>	<b>486,161</b>	<b>916,929</b>
<b>Bond issue costs</b>												<b>(1,263)</b>	<b>(951)</b>	<b>(6,838)</b>	<b>(9,052)</b>
<b>Total</b>												<b>216,624</b>	<b>211,930</b>	<b>479,323</b>	<b>907,877</b>

of December 31, 2011. December 31, 2010 is detailed as follows:

Debtor					Periodicity							12/31/2010 Non-Current due dates			
Tax ID	Subsidiary	Country	Placement in Chile or abroad	Number of registration or ID of the instrument	Serie	Placed nominal current value	Currency or indexed unit	Effective rate	Nominal rate	Interest payment	Amortization payment	Over 1 to 3 ThUS\$	Over 3 to 5 ThUS\$	Over 5 ThUS\$	Total ThUS\$
93,007,000-9	SQM S,A	Chile	Foreign		single	200,000,000	US\$	6.69%	6.13%	Bi-annually	At maturity	-	-	200,000	200,000
93,007,000-9	SQM S,A	Chile	Foreign		single	250,000,000	US\$	5.93%	5.50%	Bi-annually	At maturity	-	-	250,000	250,000
93,007,000-9	SQM S,A	Chile	Chile	446	C	2,325,000	UF	6.56%	4.00%	Bi-annually	Bi-annually	13,755	13,755	75,654	103,164
93,007,000-9	SQM S,A	Chile	Chile	564	H	4,000,000	UF	6.29%	4.90%	Bi-annually	Bi-annually	-	-	183,402	183,402
93,007,000-9	SQM S,A	Chile	Chile	563	G	21,000,000,000	Ch\$	7.53%	7.00%	Bi-annually	At maturity	-	44,877	-	44,877
93,007,000-9	SQM S,A	Chile	Chile	563	I	1,500,000	UF	5.36%	3.00%	Bi-annually	At maturity	-	68,776	-	68,776
93,007,000-9	SQM S,A	Chile	Chile	563	J	52,000,000,000	Ch\$	6.64%	5.50%	Bi-annually	At maturity	-	111,124	-	111,124
<b>Total</b>												<b>13,755</b>	<b>238,532</b>	<b>709,056</b>	<b>961,343</b>
<b>Bond issue costs</b>												<b>(682)</b>	<b>(2,670)</b>	<b>(7,803)</b>	<b>(11,155)</b>
<b>Total</b>												<b>13,073</b>	<b>235,862</b>	<b>701,253</b>	<b>950,188</b>

## e) Additional Information

**Bonds**

As of December 31, 2011 and December 31, 2010, ThUS\$17,129, ThUS\$18,244, respectively are presented at short-term related to principal, current portion plus interest accrued at that date, not including borrowing costs and bonds issuance costs. In the long-term, non-current, the Company presented ThUS\$907,877 as of December 31, 2011, ThUS\$950,188 as of December 31, 2010 related to principal installments of Series C bonds, unique Series bonds, Series G bonds, Series H bonds, Series J bonds, Series I bonds and single series second issuance bonds.

As of December 31, 2011 and December 31, 2010 the details of each issuance are as follows:

**Series "C" bonds**

On January 25, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4,00%.

As of December 31, 2011 and December 31, 2010, the Company has made the following payments of principal and interest to comply with its obligations in relation to the Series C bonds.

Payments made	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Principal	6,678	6,298
Interest	4,169	4,175

**Single Series bonds**

On April 5, 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."

As of December 31, 2011 and December 31, 2010, the Company has made the following payments of principal and interest to comply with its obligations in relation to the Single Series bonds.

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Interest payments	12,250	12,250

**Series "G" and "H" bonds**

On January 13, 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% at 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 at the maturity of the term and an annual interest rate of 7%.

As of December 31, 2011 and December 31, 2010, the Company has made the following payments of principal and interest to comply with its obligations in relation to the Series G and H bonds line:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Interest G series	3,094	2,750
Interest H series	8,989	7,763

**Series "J" and "I" Bonds**

On 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 the expiration date of the term 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 at the maturity of the term and annual interest rate of 3,00%.

As of December 31, 2011 and December 31, 2010, the Company has made the following payments of principal and interest to comply with its obligations in relation to the Series J and I bonds:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Interest J series	5,665	5,588
Interest I series	1,954	1,873

**Single Series bonds (second issuance)**

On April 21, 2010, the Company informed the Chilean Superintendence of Securities and Insurance of its placement in international markets of an unsecured bond of ThUS\$250,000 maturing in ten years beginning on the aforementioned date with an annual interest rate of 5,5%.

As of December 31, 2011 and December 31, 2010, the Company has made the following payments of principal and interest to comply with its obligations in relation to the second-issuance single series bonds.

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Interest payments	13,750	6,875

Promissory notes with middle-term maturities

On April 2, 2009 the Company issued promissory notes in the local market for an amount of Th\$ 15,000,000 (ThUS\$ 25,770) identified as line 47, Serie 1-B, with a maturity of 10 years. The maximum amount to be issued is UF 1,500,000.

Payments made	2011		2010	
	ThCh\$	ThUS\$	ThCh\$	ThUS\$
Principal, Series 1-B	-	-	15,000,000	29,040

### 8.5 Trade and other accounts payable

Type of trade and other accounts payable	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Current trade and other accounts payable</b>		
Trade accounts payable	182,552	151,516
Rentals	-	207
Other accounts payable	480	424
<b>Total</b>	<b>183,032</b>	<b>152,147</b>

The purchase commitments held by the Company are recognized as a liability when the services and goods are received by the Company, The Company has purchase order as of December 31, 2011 which amounts ThUS\$ 79,045 (December 31, 2010 ThUS\$ 51,347)

### 8.6 Financial liabilities at fair value through profit or loss

This balance relates to derivative instruments, measured at fair value, the detail by type of instrument is as follows:

Financial liabilities at fair value through profit or loss	12/31/2011 ThUS\$	Effect on profit or loss as of 12/31/2011 ThUS\$	12/31/2010 ThUS\$	Effect on profit or loss as of 12/31/2010 ThUS\$
<b>Current</b>				
Derivative instruments (forwards)	1,053	(1,053)	15,818	(15,818)
Derivative instruments (options)	1,036	(1,036)	2,535	(2,535)
Derivative instruments (IRS)	355	(120)	-	-
	<b>2,444</b>	<b>(2,209)</b>	<b>18,353</b>	<b>(18,353)</b>

Balances in the column "effect on profit or loss" consider the annual effects of agreements that were in force as of December 31, 2011.

### 8.7 Financial asset and liability categories

Description of financial assets	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Financial assets at fair value through profits and loss	14,455	1,363
Financial assets at fair value in other comprehensive income	56,109	97,553
Financial assets at fair value through profits and loss	129,069	69,818
Investments held to maturity	117	118
Loans and accounts receivable	413,132	377,047
<b>Total financial assets</b>	<b>612,882</b>	<b>545,899</b>
Description of financial liabilities	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Financial liabilities at fair value through profit or loss	2,444	18,353
Financial liabilities measured at amortized cost	1,578,624	1,411,537
<b>Total financial liabilities</b>	<b>1,581,068</b>	<b>1,429,890</b>

### 8.8 Financial assets pledged as guarantee

On November 4, 2004, Isapre Norte Grande Ltda. maintained a guarantee equivalent to the total amount owed to its members and healthcare providers, which is managed and maintained by Banco de Chile.

As of December 31, 2011 and December 31, 2010, assets pledged as guarantees are detailed as follows:

Restricted cash	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Isapre Norte Grande Ltda.	428	514
<b>Total</b>	<b>428</b>	<b>514</b>

### 8.9 Estimated fair value of financial instruments and derivative financial instruments

As required by IFRS 7, the following information is presented for the disclosure of the estimated fair value of financial assets and liabilities.

Although inputs represent Management's best estimate, they are subjective and involve significant estimates related to the current economic and market conditions, as well as risk factors.

Methodologies and assumptions used depend on the risk terms and characteristics of each instrument, and include the following as a summary:

- Cash equivalents approximate 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.
- For interest-bearing liabilities with an original maturity of more than a year, fair values are calculated by discounting contractual cash flows at their original current market with similar terms.
- For forward and swap contracts, fair value is determined using quoted market prices of financial instruments with similar characteristics.

El siguiente es un detalle de los instrumentos de la sociedad a valor libro y valor razonable estimado:

	12/31/2011		12/31/2010	
	Carrying Value ThUS\$	Fair Value ThUS\$	Carrying Value ThUS\$	Fair Value ThUS\$
Cash and cash equivalents	444,992	444,992	524,652	524,652
Current trade and other accounts receivable	412,062	412,062	375,945	375,945
Other current financial assets:				
- Time deposits (L2)	129,069	129,069	69,818	69,818
- Derivative instruments (L2)	14,455	14,455	1,363	1,363
- Current hedging assets (L2)	25,737	25,737	4,997	4,997
<b>Total other current financial assets</b>	<b>169,261</b>	<b>169,261</b>	<b>76,178</b>	<b>76,178</b>
Other non-current financial assets:				
Non-current hedging assets (L2)	30,371	30,371	92,556	92,556
<b>Total other non-current financial assets</b>	<b>30,488</b>	<b>30,488</b>	<b>92,674</b>	<b>92,674</b>
Other current financial liabilities				
- Bank loans	141,436	141,436	150,958	150,958
- Derivative instruments (L2)	2,174	2,174	18,353	18,353
- Hedging liabilities (L2)	269	269	-	-
- Unsecured obligations	17,129	17,129	18,244	18,244
<b>Total other current financial liabilities</b>	<b>161,008</b>	<b>161,008</b>	<b>187,555</b>	<b>187,555</b>
Trade accounts payable	183,032	183,032	152,147	152,147
Other non-current financial liabilities:				
- Bank loans	329,150	348,218	140,000	143,174
- Unsecured obligations	907,877	1,074,907	950,188	1,092,026
<b>Total other non-current financial liabilities</b>	<b>1,237,027</b>	<b>1,423,125</b>	<b>1,090,188</b>	<b>1,235,200</b>



## Fair value hierarchy

Fair value hierarchies correspond to:

- **Level 1 (L1):** when only quoted (unadjusted) prices have been used in active markets,
- **Level 2 (L2):** when in a phase in the valuation process variables other than prices quoted in Level 1 have been used which are directly observable in markets,
- **Level 3 (L3):** when in a phase in the valuation process, variables not based on observable market data have been used,

## > Note 9 - Investments and disclosures on Investments in subsidiaries

### 9.1 Disclosures on investments in subsidiaries

#### a) Operations acquired in 2011

On April 7, 2011 was formed Sociedad Agrorama S.A. with ownership of the subsidiary Soquimich Comercial S.A. by 99,999% and Sociedad Productora de Insumos Agrícolas Ltda. by 0,001%. This new company will have a paid-in capital amounting to M\$100,000 (ThUS\$211), its duration will be indefinite and its main business objective will be the commercialization and distribution of fertilizers, pesticides and agricultural products or supplies.

On August 30, 2011, SQM Industrial S.A. made a capital contribution amounting to ThUS\$8,000 to its subsidiary SQMC México S.A. de CV.

During the month of September 2011, SQM Industrial S.A. made a capital contribution amounting to ThUS\$14,017 to its subsidiary SQMC México S.A. de CV, thereby increasing its share to 99.8739%.

During the month of September 2011, the subsidiary Soquimich European Holding B.V., purchases from its associate Nutrisi Holding N.V., 66.6% of the share it held in the subsidiary Fertilizantes Naturales S.A. for an amount of ThUS\$3.179.

On December 12, 2011 the subsidiary Comercial Agrorama Callegari Ltda., changed its company name to "Comercial Agrorama Limitada".

On December 14, 2011, Fertilizantes Naturales S.A. changed its company name to SQM Iberian S.A.

During December 2011 the subsidiary Soquimich European Holding B.V. sold its 50% interest Nutrisi Holding N.V. for an amount of ThUS\$ 5,736

#### b) Operations acquired in 2010

On February 2, 2010, the subsidiary SQM Beijing Commercial Co. Ltd. was formed, to which SQM Industrial S.A. contributed capital of ThUS\$100, obtaining an equity interest of 100% in that entity.

Financial information as of December 31, 2011 of the companies included in the consolidation process is detailed as follows:

12/31/2011											
Subsidiaries	Country	Functional currency	Interest %	Current ThUS\$	Assets Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Net profit (loss) ThUS\$
SQM Nitratos S.A.	Chile	US dollar	100	722,375	97,049	819,424	650,781	14,734	665,515		
Proinsa Ltda.	Chile	Chilean Peso	60.58	203	1	204	-	-	-	-	(1)
SQMC Internacional Ltda.	Chile	Chilean Peso	60.6382	268	-	268	-	-	-	-	(4)
SQM Potasio S.A.	Chile	US dollar	99.9974	7,345	763,767	771,112	4	120,134	120,138	-	246,439
Serv. Integrales de Tránsito y Transf. S.A.	Chile	US dollar	100	206,437	70,859	277,296	244,321	6,237	250,558	42,979	4,302
Isapre Norte Grande Ltda.	Chile	Chilean Peso	100	591	536	1,127	558	158	716	3,654	28
Ajay SQM Chile S.A.	Chile	US dollar	51	25,393	1,584	26,977	9,058	797	9,855	76,536	10,066
Almacenes y Depósitos Ltda.	Chile	Chilean Peso	100	370	49	419	1	-	1	-	(17)
SQM Salar S.A.	Chile	US dollar	100	576,952	861,720	1,438,672	484,131	126,407	610,538	802,246	286,239
SQM Industrial S.A.	Chile	US dollar	100	1,234,168	655,813	1,889,981	1,002,501	64,097	1,066,598	799,461	93,062
Minera Nueva Victoria S.A.	Chile	US dollar	100	53,457	59,171	112,628	1,501	3,026	4,527	3,676	4,069
Exploraciones Mineras S.A.	Chile	US dollar	100	446	31,432	31,878	4,082	-	4,082	-	(207)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean Peso	100	685	72	757	212	436	648	2,099	(23)
Soquimich Comercial S.A.	Chile	US dollar	60.6383	173,957	17,389	191,346	81,660	1,090	82,750	218,667	7,220
Comercial Agrorama Ltda.	Chile	Chilean Peso	42.4468	10,180	1,375	11,555	10,159	105	10,264	10,910	29
Comercial Hydro S.A.	Chile	Chilean Peso	60.6382	7,411	270	7,681	148	93	241	109	334
Agrorama S.A.	Chile	Chilean Peso	60.6377	326	2	328	226	-	226	32	(91)
SQM North América Corp.	United States	US dollar	100	173,102	15,452	188,554	173,460	3,356	176,816	309,682	(19,702)
RS Agro Chemical.Trading A.V.V.	Aruba	US dollar	100	5,224	-	5,224	-	-	-	-	(4)
Nitratos Naturais do Chile Ltda.	Brazil	US dollar	100	2,047	302	2,349	6,804	-	6,804	-	271
Nitrate Corporation of Chile Ltd.	England	US dollar	100	5,076	-	5,076	-	-	-	-	-
SQM Corporation N.V.	Dutch Antilles	US dollar	100	669	88,800	89,469	3,715	-	3,715	-	40,340
SQM Perú S.A.	Perú	US dollar	100	6,357	109	6,466	6,611	-	6,611	19,189	(759)
SQM Ecuador S.A.	Ecuador	US dollar	100	9,635	89	9,724	9,176	-	9,176	22,512	(83)
SQM Brasil Ltda.	Brazil	US dollar	100	295	59	354	1,050	-	1,050	867	113
SQI Corporation NV.	Antillas Holandesas	US dollar	100	-	17	17	36	-	36	-	6
SQMC Holding Corporation L.L.P.	United States	US dollar	100	2,516	18,615	21,131	614	-	614	-	10,926
SQM Japan Co. Ltd.	Japan	US dollar	100	2,684	284	2,968	558	520	1,078	2,601	518
SQM Europe N.V.	Belgium	US dollar	100	430,603	391	430,994	393,419	-	393,419	941,794	20,135
SQM Italia SRL	Italy	US dollar	100	1,333	-	1,333	17	-	17	-	-
SQM Indonesia S.A.	Indonesia	US dollar	80	5	-	5	1	-	1	-	(1)
North American Trading Company	United States	US dollar	100	161	145	306	39	-	39	-	-

continues

## 12/31/2011

Subsidiaries	Country	Functional currency	Interest %	Current ThUS\$	Assets Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Net profit (loss) ThUS\$
SQM Virginia LLC	United States	US dollar	100	14,831	14,376	29,207	14,830	-	14,830	-	(3)
SQM Comercial de México S.A. de C.V.	Mexico	US dollar	100	67,320	1,252	68,572	47,814	592	48,406	158,065	(1,061)
SQM investment Corporation N.V.	Dutch Antilles	US dollar	100	64,753	370	65,123	41,236	755	41,991	12,162	1,887
Royal Seed Trading Corporation A.V.V.	Aruba	US dollar	100	195,885	850	196,735	13,543	190,000	203,543	-	1,251
SQM Lithium Specialties LLP	United States	US dollar	100	15,782	3	15,785	1,264	-	1,264	-	(3)
Soquimich SRL Argentina	Argentina	US dollar	100	429	-	429	144	-	144	-	(78)
Comercial Caimán Internacional S.A.	Panama	US dollar	100	477	-	477	1,232	-	1,232	855	(14)
SQM France S.A.	France	US dollar	100	345	6	351	114	-	114	-	-
Administración y Servicios Santiago S.A. de C.V.	Mexico	US dollar	100	13	-	13	821	94	915	2,623	100
SQM Nitratos México S.A. de C.V.	Mexico	US dollar	51	26	1	27	17	-	17	136	-
Soquimich European Holding B.V.	Netherlands	US dollar	100	49,395	103,816	153,211	72,969	-	72,969	-	38,850
SQM Iberian S.A	Spain	US dollar	100	27,230	(5)	27,225	25,638	-	25,638	73,496	258
Iodine Minera B.V.	Netherlands	US dollar	100	13,228	-	13,228	7	-	7	3,034	3,100
SQM Africa Pty Ltd.	South Africa	US dollar	100	62,165	170	62,335	52,657	-	52,657	104,712	7,821
SQM Venezuela S.A.	Venezuela	US dollar	100	5	-	5	328	-	328	-	(157)
SQM Oceanía Pty Ltd.	Australia	US dollar	100	4,349	-	4,349	1,042	-	1,042	4,291	2,372
SQM Agro India Pvt. Ltd.	India	US dollar	100	61	2	63	18	-	18	-	(27)
SQM Beijing Commercial Co. Ltd.	China	US dollar	100	2,127	20	2,147	1,910	-	1,910	5,769	140
<b>Total</b>				<b>4,178,692</b>	<b>2,806,213</b>	<b>6,984,905</b>	<b>3,360,427</b>	<b>532,631</b>	<b>3,893,058</b>	<b>3,893,922</b>	<b>864,114</b>

Financial information as of December 31, 2010 of the companies included in the consolidation process is detailed as follows:

<b>12/31/2010</b>											
<b>Subsidiaries</b>	<b>Country</b>	<b>Functional currency</b>	<b>Interest %</b>	<b>Current ThUS\$</b>	<b>Assets Non-current ThUS\$</b>	<b>Total ThUS\$</b>	<b>Current ThUS\$</b>	<b>Liabilities Non-current ThUS\$</b>	<b>Total ThUS\$</b>	<b>Revenue ThUS\$</b>	<b>Net profit (loss) ThUS\$</b>
SQM Nitratos S.A.	Chile	US dollar	100	652,776	61,542	714,318	610,283	11,599	621,882	134,842	29,622
Proinsa Ltda.	Chile	Chilean peso	60.58	227	1	228	-	-	-	-	-
SQMC Internacional Ltda.	Chile	Chilean peso	60.6382	302	-	302	-	-	-	-	(2)
SQM Potasio S.A.	Chile	US dollar	99.9974	58,331	604,872	663,203	2	172,351	172,353	-	139,838
Serv. Integrales de Tránsito y Transf. S.A.	Chile	US dollar	100	149,255	60,290	209,545	182,671	4,437	187,108	45,446	10,113
Isapre Norte Grande Ltda.	Chile	Chilean peso	100	570	591	1,161	581	154	735	4,018	20
Ajay SQM Chile S.A.	Chile	US dollar	51	15,299	2,378	17,677	6,833	747	7,580	54,948	2,049
Almacenes y Depósitos Ltda.	Chile	Chilean peso	100	413	52	465	1	-	1	-	(13)
SQM Salar S.A.	Chile	US dollar	100	365,830	658,793	1,024,623	273,758	98,885	372,643	631,151	185,315
Comercial Hydro S.A.	Chile	Chilean peso	60.6382	6,890	329	7,219	40	73	113	185	217
SQM Industrial S.A.	Chile	US dollar	100	1,063,080	596,723	1,659,803	854,130	51,512	905,642	690,541	130,230
Minera Nueva Victoria S.A.	Chile	US dollar	100	73,217	53,754	126,971	445	2,495	2,940	1,578	4,369
Exploraciones Mineras S.A.	Chile	US dollar	100	438	31,380	31,818	3,814	-	3,814	-	(178)
Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A.	Chile	Chilean peso	100	645	93	738	224	367	591	1,897	(3)
Soquimich Comercial S.A.	Chile	US dollar	60.6383	140,678	15,875	156,553	48,195	1,181	49,376	171,181	10,107
Agrorama Callegari Ltda.	Chile	Chilean peso	42.4468	5,024	1,492	6,516	4,998	117	5,115	6,910	(293)
SQM North América Corp.	United States	US dollar	100	109,944	15,448	125,392	90,533	2,644	93,177	226,249	8,143
RS Agro Chemical.Trading A.V.V.	Aruba	US dollar	100	5,227	-	5,227	-	-	-	-	(5)
Nitratos Naturais do Chile Ltda.	Brazil	US dollar	100	5	290	295	5,022	-	5,022	-	(124)
Nitrate Corporation of Chile Ltd.	England	US dollar	100	5,076	-	5,076	-	-	-	-	-
SQM Corporation N.V.	Dutch Antilles	US dollar	100	669	52,607	53,276	3,712	-	3,712	-	13,472
SQM Perú S.A.	Peru	US dollar	100	15,159	483	15,642	15,027	-	15,027	24,536	1,236
SQM Ecuador S.A.	Ecuador	US dollar	100	8,716	71	8,787	8,149	-	8,149	16,808	298
SQM Brasil Ltda.	Brazil	US dollar	100	295	75	370	1,180	-	1,180	771	17
SQI Corporation NV.	Dutch Antilles	US dollar	100	-	10	10	33	-	33	-	-
SQMC Holding Corporation L.L.P.	United States	US dollar	100	1,501	8,498	9,999	619	-	619	-	492
SQM Japan Co. Ltd.	Japan	US dollar	100	1,440	633	2,073	263	436	699	1,855	218
SQM Europe N.V.	Belgium	US dollar	100	358,214	454	358,668	341,425	-	341,425	861,596	7,107
SQM Italia SRL	Italy	US dollar	100	1,377	-	1,377	17	-	17	-	-
SQM Indonesia S.A.	Indonesia	US dollar	80	5	-	5	1	-	1	-	-
North American Trading Company	United States	US dollar	100	161	145	306	39	-	39	-	-
SQM Virginia LLC	United States	US dollar	100	14,834	14,379	29,213	14,834	-	14,834	-	(1)
SQM Comercial de México S.A. de C.V.	Mexico	US dollar	100	58,332	1,410	59,742	60,646	-	60,646	130,861	(1,523)

continues



## 12/31/2010

Subsidiaries	Country	Functional currency	Interest %	Current ThUS\$	Assets Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Net profit (loss) ThUS\$
SQM Investment Corporation N,V,	Dutch Antilles	US dollar	100	71,100	551	71,651	49,515	742	50,257	14,255	587
Royal Seed Trading Corporation A,V,V,	Aruba	US dollar	100	88,567	-	88,567	96,627	-	96,627	-	(9,058)
SQM Lithium Specialties LLP	United States	US dollar	100	15,786	3	15,789	1,264	-	1,264	-	(1)
Soquimich SRL Argentina	Argentina	US dollar	100	472	-	472	109	-	109	-	(83)
Comercial Caimán Internacional S,A,	Panama	US dollar	100	339	-	339	1,080	-	1,080	-	(174)
SQM France S,A,	France	US dollar	100	345	6	351	114	-	114	-	-
Administración y Servicios Santiago S,A, de C,V,	Mexico	US dollar	100	47	-	47	854	195	1,049	2,597	(173)
SQM Nitratos México S,A, de C,V,	Mexico	US dollar	51	27	1	28	17	-	17	128	4
Soquimich European Holding B,V,	Netherlands	US dollar	100	68,722	71,384	140,106	94,565	-	94,565	-	12,481
Fertilizantes Naturales S,A,	Spain	US dollar	66.67	16,515	(10)	16,505	15,175	-	15,175	64,748	749
Iodine Minera B,V,	Netherlands	US dollar	100	10,122	-	10,122	1	-	1	1,467	1,175
SQM Africa Pty Ltd,	South Africa	US dollar	100	38,463	147	38,610	36,736	-	36,736	94,111	149
SQM Venezuela S,A,	Venezuela	US dollar	100	80	-	80	402	-	402	-	(161)
SQM Oceanía Pty Ltd,	Australia	US dollar	100	1,466	-	1,466	533	-	533	2,207	120
SQM Agro India Pvt, Ltd,	India	US dollar	100	231	4	235	149	-	149	-	(14)
SQM Beijing Commercial Co, Ltd,	China	US dollar	100	131	42	173	77	-	77	1,462	(4)
<b>Total</b>				<b>3,426,343</b>	<b>2,254,796</b>	<b>5,681,139</b>	<b>2,824,693</b>	<b>347,935</b>	<b>3,172,628</b>	<b>3,186,348</b>	<b>546,318</b>

## > Note 10 - Investments in associates accounted for using the Equity method

### 10.1 Investments in associates accounted for using the equity method

As of December 31, 2011 and December 31, 2010, in accordance with criteria established in Note 2.4 and Note 2.12, investments in associates accounted for using the equity method and investments in joint ventures are detailed as follows:

	Note N°	12/31/ 2011 ThUS\$	12/31/2010 ThUS\$
Investments in associates	10.1 a 10.3	43,057	38,262
Joint ventures	11.0 a 11.4	17,637	24,009
<b>Total</b>		<b>60,694</b>	<b>62,271</b>

### 10.2 Assets, liabilities, revenues and expenses of associates

12/31/2011											
Tax ID	Associate	Country of incorporation	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Profit (loss) ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	4,428	56	4,484	1,595	-	1,595	8,652	1,335
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	Dirham of the United Arab Emirates	20,697	2,267	22,964	5,846	3	5,849	38,024	2,985
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	70,507	7,583	78,090	40,713	13,039	53,752	67,205	5,160
Foreign	Ajay North America	United States	US dollar	38,982	8,884	47,866	9,876	-	9,876	80,923	23,689
Foreign	Ajay Europe SARL	France	Euro	30,044	2,288	32,332	14,600	-	14,600	59,189	8,384
Foreign	Misr Specialty Fertilizers	Egypt	Egyptian pound	2,651	2,825	5,476	2,582	220	2,802	-	(266)
Foreign	SQM Eastmed Turkey	Turkey	Euro	16	422	438	264	-	264	29	(94)
Foreign	SQM Thailand Co. Ltd.	Thailand	Thai Bath	7,522	608	8,130	4,227	-	4,227	10,895	175
<b>Total</b>				<b>174,847</b>	<b>24,933</b>	<b>199,780</b>	<b>79,703</b>	<b>13,262</b>	<b>92,965</b>	<b>264,917</b>	<b>41,368</b>

12/31/2010

Tax ID	Associate	Country of incorporation	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Profit (loss) ThUS\$
77.557.430-5	Sales de Magnesio Ltda.	Chile	Chilean peso	3,844	3	3,847	1,143	-	1,143	6,494	1,408
Foreign	Abu Dhabi Fertilizer Industries WWL	Arabia	Dirham of the United Arab Emirates	19,909	2,092	22,001	7,869	-	7,869	35,506	1,960
Foreign	Doktor Tarsa Tarim Sanayi AS	Turkey	Turkish Lira	49,013	7,840	56,853	33,229	27	33,256	64,540	8,003
Foreign	Ajay North America	United States	US dollar	15,585	6,926	22,511	5,168	-	5,168	52,237	4,143
Foreign	Ajay Europe SARL	France	Euro	15,428	2,223	17,651	6,519	-	6,519	41,992	2,212
Foreign	Misir Specialty Fertilizers	Egypt	Egyptian pound	3,013	3,214	6,227	2,980	226	3,206	4,231	(521)
Foreign	SQM Eastmed Turkey	Turkey	Euro	34	592	626	247	-	247	646	-
Foreign	SQM Thailand Co. Ltd.	Thailand	Thai Bath	5,307	587	5,894	2,035	-	2,035	11,149	594
<b>Total</b>				<b>112,582</b>	<b>34,245</b>	<b>146,827</b>	<b>62,418</b>	<b>253</b>	<b>62,671</b>	<b>216,795</b>	<b>20,855</b>

### 10.3 Details of investments in associates

The interest of SQM S.A., in its associates is detailed as follows:

Associate Name	Main Activities of Associate	% Interest	Investment 12/31/2011 ThUS\$	Investment 12/31/2010 ThUS\$
Sales de Magnesio Ltda.	Magnesium salt trader	50%	1,444	1,352
Abu Dhabi Fertilizer Industries Co. W.W.L.	Distribution and trade of specialty vegetal nutrients in the Middle East	50%	8,558	7,066
Ajay North America L.L.C	Production and trade of iodine by-products	49%	14,866	7,251
Doktor Tarsa Tarım Sanayi AS	Distribution and trade of specialty vegetal nutrients in Turkey	50%	12,169	11,799
Nutrisi Holding N.V.	Holding	50%	-	3,551
Ajay Europe SARL	Production and distribution of iodine and iodine products	50%	3,102	4,076
NU3 B.V.	Production of fertilizers in solid and liquid state	100%	-	-
NU3 N.V.	Production of fertilizers in solid and liquid state	50%	-	-
Misr Specialty Fertilizers S.A.E.	Production and trade of liquid fertilizers for Egypt	47.4857%	1,270	1,435
SQM Eastmed Turkey	Production and trade of specialty products	50%	87	189
SQM Thailand Co. Ltd.	Distribution and trade of specialty vegetal nutrients	40%	1,561	1,543
<b>Total</b>			<b>43,057</b>	<b>38,262</b>

The Company does not have an interest in unrecognized losses in investments in associates.

The Company does not have any associates not accounted for using the equity method.

## > Note 11 - Joint Ventures

### 11.1 Policy for accounting for joint ventures in a Parent Company's separate financial statements

The method for the recognition of joint ventures in which equity interest is initially recorded at cost and subsequently adjusted considering changes after the acquisition in the portion of the entity's net assets which correspond to the investor. Profit for the year of the investor will receive the portion which belongs to it in profit or loss of the entity under joint control.

### 11.2 Disclosures on interest in joint ventures

#### a) Operations acquired in 2011

On January 27, 2011 the subsidiary SQM Industrial S.A. made a capital contribution of ThUS\$2,500 in Sichuan SQM Migao Chemical Fertilizer Co.

#### b) Operations acquired in 2010

On March 4, 2010, SQM Industrial S.A. entered an agreement with Qingdao Star Plant Protection Technology Co. Ltd. by means of which the companies formed a joint venture, SQM Qingdao-Star Co. Ltd. Each party made a capital contribution of ThUS\$2,000 for an interest of 50%.

On June 24, 2010 SQM Industrial S.A. made a contribution of ThUS\$2,500 in SQM Migao Sichuan.



**11.3 Detail of assets, liabilities and results of investments in joint ventures by company as of 12.31.2011 and 12.31.2010, respectively:**

12/31/2011												
Tax ID	Joint Venture	Country	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Expenses ThUS\$	Net Income (loss) 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	United Arab Emirates	Dirham of the United Arab Emirates	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
<b>Total</b>				<b>45,434</b>	<b>20,973</b>	<b>66,407</b>	<b>9,687</b>	<b>-</b>	<b>9,687</b>	<b>54,113</b>	<b>(54,809)</b>	<b>(696)</b>

12/31/2010												
Tax ID	Joint Venture	Country	Functional currency	Current ThUS\$	Asset Non-current ThUS\$	Total ThUS\$	Current ThUS\$	Liabilities Non-current ThUS\$	Total ThUS\$	Revenue ThUS\$	Expenses ThUS\$	Net Income (loss) 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	United Arab Emirates	Dirham of the United Arab Emirates	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
<b>Total</b>				<b>32,979</b>	<b>22,425</b>	<b>55,404</b>	<b>7,387</b>	<b>-</b>	<b>7,387</b>	<b>22,857</b>	<b>(21,675)</b>	<b>1,182</b>

**11.4 Amount of net gain (loss) on investments in joint ventures by company is detailed as follows:**

Joint Venture	Main Activities of Joint venture	% Interest	Investment 12/31/2011 ThUS\$	Investment 12/31/2010 ThUS\$
Coromandel SQM	Production and distribution of potassium nitrate	50%	786	432
Sichuan SQM Migao Chemical Fertilizer Co. Ltda.	Production and distribution of soluble fertilizers.	50%	10,142	5,461
SQM Vitas	Production and trade of vegetal and animal specialty and industrial hygiene nutrition goods	50%	5,677	17,102
SQM Qindao-Star Co. Ltda.	Production and distribution of Vegetal Nutrition Solutions NPK solubles	50%	1,032	1,014
<b>Total</b>			<b>17,637</b>	<b>24,009</b>

## > Note 12 - Intangible assets and goodwill

### 12.1 Balances

Balances	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Intangible assets other than goodwill	4,316	3,270
Goodwill	38,605	38,388
<b>Total</b>	<b>42,921</b>	<b>41,658</b>

### 12.2 Disclosures on intangible assets and goodwill

Intangible assets relating to goodwill, water rights, trademarks, industrial patents, rights of way and IT programs.

Balances and movements in the main types of intangible assets as of December 31, 2011, and December 31, 2010 are detailed as follows:

12/31/2011		
Descripción de las Clases de Intangibles	Vida útil	12/31/2011 ThUS\$
Goodwill	Indefinite	38,605
Water rights	Indefinite	1,542
Rights of way, net	Indefinite	396
Industrial patents, net	Finite	440
IT programs, net	Finite	1,938
<b>Total</b>		<b>42,921</b>

12/31/2010		
Description of types of intangible assets	Useful life	12/31/2010 ThUS\$
Goodwill	Indefinite	38,388
Water rights	Indefinite	1,546
Rights of way, net	Indefinite	396
Industrial patents, net	Finite	501
Trademarks, net	Finite	4
IT programs, net	Finite	823
<b>Total</b>		<b>41,658</b>

## a) Estimated useful lives or amortization rates used for finite identifiable intangible assets

Finite useful life measures the lifetime or the number of productive units or other similar factor that constitute its useful life.

The estimated useful life for software is three years. For other finite useful life assets, the period in which they are amortized relates to periods defined by contracts or the rights that generate them.

Indefinite useful life intangible assets mainly relate to water rights and rights of way, which were obtained as indefinite.

## b) Method used to express the amortization of identifiable intangible assets (life or rate)

The method used to express amortization is useful life.

## c) Minimum and maximum amortization lives or rates of intangible assets:

Estimated useful lives or amortization rate	Minimum life or rate	Maximum life or rate
Water rights	Indefinite	Indefinite
Rights of way	Indefinite	Indefinite
Industrial patents	1 year	16 years
Trademarks	1 year	5 years
IT programs	2 years	3 years

## d) Disclosure on internally-generated assets

The Company has no internally-generated intangible assets.

## c) Movements in identifiable intangible assets as of December 31, 2011

Movements in identifiable intangible assets	Net good-will ThUS\$	Water rights, net ThUS\$	Rights of way, net ThUS\$	Industrial patents, net ThUS\$	Trademarks, net ThUS\$	Computer software, net ThUS\$	Identifiable intangible assets, net ThUS\$
<b>Opening balance</b>	<b>38,388</b>	<b>1,546</b>	<b>396</b>	<b>501</b>	<b>4</b>	<b>823</b>	<b>41,658</b>
Additions	217	-	-	-	-	1,812	2,029
Amortization	-	-	-	(61)	(4)	(697)	(762)
Other increases (decreases)	-	(4)	-	-	-	-	(4)
<b>Ending balance</b>	<b>38,605</b>	<b>1,542</b>	<b>396</b>	<b>440</b>	<b>-</b>	<b>1,938</b>	<b>42,921</b>

## f) Movements in identifiable intangible assets as of December 31, 2010

Movements in identifiable intangible assets	Net good-will ThUS\$	Water rights, net ThUS\$	Rights of way, net ThUS\$	Industrial patents, net ThUS\$	Trademarks, net ThUS\$	Computer software, net ThUS\$	Identifiable intangible assets, net ThUS\$
<b>Opening balance</b>	<b>38,388</b>	<b>1,549</b>	<b>395</b>	<b>570</b>	<b>-</b>	<b>322</b>	<b>41,224</b>
Additions	-	-	-	-	-	839	839
Amortization	-	-	-	(69)	-	(338)	(407)
Other increases (decreases)	-	(3)	1	-	4	-	2
<b>Ending balance</b>	<b>38,388</b>	<b>1,546</b>	<b>396</b>	<b>501</b>	<b>4</b>	<b>823</b>	<b>41,658</b>

## > Note 13 - Property, plant and equipment

As of December 31, 2011 and December 31, 2010, property, plant and equipment are detailed as follows:

### 13.1 Types of property, plant and equipment

Description of types of property, plant and equipment	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Property, plant and equipment, net</b>		
Construction-in-progress	297,996	356,551
Land	108,992	107,869
Buildings	146,532	88,320
Plant and equipment	693,792	492,525
IT equipment	3,826	3,897
Fixed installations and accessories	380,033	327,511
Motor vehicles	82,822	48,936
Other property, plant and equipment	41,049	28,364
<b>Total</b>	<b>1,755,042</b>	<b>1,453,973</b>
<b>Property, plant and equipment, gross</b>		
Construction-in-progress	297,996	356,551
Land	108,992	107,869
Buildings	291,401	221,715
Plant and equipment	1,515,120	1,184,270
IT equipment	24,013	22,759
Fixed installations and accessories	618,443	531,423
Motor vehicles	199,998	151,544
Other property, plant and equipment	62,938	47,910
<b>Total</b>	<b>3,118,901</b>	<b>2,624,041</b>
<b>Accumulated depreciation and value impairment of property, plant and equipment</b>		
Accumulated depreciation of buildings	144,869	133,395
Accumulated depreciation plant and equipment	821,328	691,745
Accumulated depreciation of IT equipment	20,187	18,862
Accumulated depreciation of fixed installations and accessories	238,410	203,912
Accumulated depreciation of motor vehicles	117,176	102,608
Accumulated depreciation of other PP&E	21,889	19,546
<b>Total</b>	<b>1,363,859</b>	<b>1,170,068</b>



## 13.2 Reconciliation of changes in property, plant and equipment by type as of December 31, 2011 and December 31, 2010:

12/31/2011										
Reconciliation entries of changes in property, plant and equipment by class as of December 31, 2011	Construction in-progress ThUS\$	Land ThUS\$	Buildings, net ThUS\$	IT equipment, net ThUS\$	Fixed installations and accessories, net ThUS\$	Motor vehicles ThUS\$	Vehículos de motor, neto ThUS\$	Improvement of leased property, plant and equipment, net ThUS\$	Other property, plant and equipment, net ThUS\$	Property, plant and equipment, net ThUS\$
<b>Opening balance</b>	<b>356,551</b>	<b>107,869</b>	<b>88,320</b>	<b>492,525</b>	<b>3,897</b>	<b>327,511</b>	<b>48,936</b>	-	<b>28,364</b>	<b>1,453,973</b>
<b>Changes</b>										
Additions	474,042	1,251	178	455	277	902	558	-	185	477,848
Divestitures	-	(85)	(1,371)	(64)	-	-	(451)	-	-	(1,971)
Depreciation expense	-	-	(11,477)	(130,230)	(1,644)	(34,607)	(14,902)	-	(3,036)	(195,896)
Increase(decrease) in foreign currency exchange	-	(42)	-	(4)	127	(69)	(23)	-	45	34
Reclassifications	(546,769)	-	69,410	333,622	1,371	86,275	48,717	-	7,374	-
Others Increases / Decreases	14,172	(1)	1,472	(2,512)	(202)	21	(13)	-	8,117	21,054
<b>Total changes</b>	<b>(58,555)</b>	<b>1,123</b>	<b>58,212</b>	<b>201,267</b>	<b>(71)</b>	<b>52,522</b>	<b>33,886</b>	-	<b>12,685</b>	<b>301,069</b>
<b>Ending balance</b>	<b>297,996</b>	<b>108,992</b>	<b>146,532</b>	<b>693,792</b>	<b>3,826</b>	<b>380,033</b>	<b>82,822</b>	-	<b>41,049</b>	<b>1,755,042</b>
12/31/2010										
Reconciliation entries of changes in property, plant and equipment by class as of December 31, 2011	Construction in-progress ThUS\$	Land ThUS\$	Buildings, net ThUS\$	IT equipment, net ThUS\$	Fixed installations and accessories, net ThUS\$	Motor vehicles ThUS\$	Vehículos de motor, neto ThUS\$	Improvement of leased property, plant and equipment, net ThUS\$	Other property, plant and equipment, net ThUS\$	Property, plant and equipment, net ThUS\$
<b>Opening balance</b>	<b>379,416</b>	<b>108,356</b>	<b>86,252</b>	<b>453,859</b>	<b>3,853</b>	<b>193,893</b>	<b>55,341</b>	-	<b>19,576</b>	<b>1,300,546</b>
<b>Changes</b>										
Additions	295,357	386	1,021	512	123	41	450	-	126	298,016
Divestitures	-	(26)	(114)	(3,391)	(26)	-	-	-	(116)	(3,673)
Depreciation expense	-	-	(9,226)	(88,640)	(1,537)	(29,342)	(11,837)	-	(3,326)	(143,908)
Increase(decrease) in foreign currency exchange	-	-	2	55	-	14	13	-	2	86
Reclassifications	(315,722)	-	10,385	130,130	1,484	162,905	4,969	-	5,849	-
Others Increases / Decreases	(2,500)	(847)	-	-	-	-	-	-	6,253	2,906
<b>Total changes</b>	<b>(22,865)</b>	<b>(487)</b>	<b>2,068</b>	<b>38,666</b>	<b>44</b>	<b>133,618</b>	<b>(6,405)</b>	-	<b>8,788</b>	<b>153,427</b>
<b>Ending balance</b>	<b>356,551</b>	<b>107,869</b>	<b>88,320</b>	<b>492,525</b>	<b>3,897</b>	<b>327,511</b>	<b>48,936</b>	-	<b>28,364</b>	<b>1,453,973</b>

### 13.3 Detail of property, plant and equipment pledged as guarantee

There are no restrictions on titles or guarantees for the compliance with obligations which affect property, plant and equipment.

### 13.4 Additional Information

#### 1) Leased property, plant and equipment

At December 31, 2011, the company has no assets in leasing. At December 31, 2010 the balance of assets in leasing amounted to ThUS\$ 1,373 and corresponded to 2 floors of the Las Americas building in Santiago Centro.

#### 2) The investment properties at December 31, 2011 and at December 31, 2010 is as follows:

Description of assets	12/31/2011 ThUS\$	12/31/2010 ThUS\$
2 floors of the Las Americas Building, net	-	1,373
<b>Total (neto)</b>	<b>-</b>	<b>1,373</b>

#### 3) Interest capitalized in construction-in-progress

Capitalized interest amounted to ThUS\$ 22,249 as of December 31, 2011 and ThUS\$ 25,947 as of December 31, 2010.

Financing costs are not capitalized for periods that 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 that inhibit the asset's maintenance in good conditions for its use.

## > Note 14 - Leases

### 14.1 Disclosures on finance leases, lessee

The asset acquired under a finance lease relates to a contract that the Company, has with Inversiones La Esperanza S.A., which began in June 1992 and ends on June 31, 2011, The agreement entered into indicates 230 installments of UF 663,75 each, with an annual interest rate of 8,5%.

The Company held financial leases as a tenant until July 2011, and for this reason there are no quotas or restrictions to report.

The net book value at December 31, 2011 amounted to ThUS\$ 0 and at December 31, 2011 to ThUS\$ 1,373.

The reconciliation between the total gross investment and the present value is detailed as follows:

The reconciliation between the total gross investment and the present value is detailed as follows:

Minimum payments to be made	Gross investment	12/31/2011 Deferred interest ThUS\$	Pre-present value	Gross investment	12/31/2010 Deferred interest ThUS\$	Pre-present value
Not exceeding one year	-	-	-	213	(6)	207
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213</b>	<b>(6)</b>	<b>207</b>

## > Note 15 - Employee benefits

### 15.1 Accruals for employee benefits

Types of benefits and expenses by employee	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Current</b>		
Profit sharing and bonuses	30,074	44,011
<b>Total</b>	<b>30,074</b>	<b>44,011</b>
<b>Non-current</b>		
Profit sharing and bonuses	4,083	800
Severance indemnities	28,188	27,208
Pension Plan	1,413	702
<b>Total</b>	<b>33,684</b>	<b>28,710</b>

### 15.2 Policies on defined benefit plan

This policy is applied to all benefits received for services provided by the Company's employees.

Short-term benefits for active employees are represented by salaries, social welfare benefits, paid time off, sick leaves and other leaves, profit sharing and incentives and non-monetary benefits; e.g., healthcare services, housing, subsidized or free goods or services. These benefits will be paid over a term not exceeding twelve months.

The Company only has employee benefits for active employees, with the exception of SQM North America, as explained in 15.4 below.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year calculated based on the net income for the period, applying a factor obtained subsequent to the employee evaluation process.

Employee benefits include bonuses for officers of the Company according to the price per share of the Company and are paid in cash. The short-term portion is presented as the current employee benefits accrual while the long-term portion is presented as non-current.

The bonus provided to the Company's directors is calculated based on net income for the year at each year-end and will consider the application of a percentage factor.

The benefit relates to vacations (short-term benefits to employees) as provided in the Chilean Labor Code, which indicates that employees with more than a year of service will be entitled to annual holidays for a period of not less than fifteen paid business days. The Company provides the benefit of two additional vacation days.

Employee termination benefits are agreed upon and payable based on the last salary for each year of service to the Company or with certain maximum limits in respect to the number of years to be considered or with respect to monetary terms. In general, this benefit is payable when the employee or worker ceases to provide his/her services to the Company, and the right to collect can be obtained for different causes, as indicated in the respective agreements; e.g., retirement, dismissal, voluntary retirement, incapacity or disability, death, etc.

Law No, 19,728 published on May 14, 2001 and effective since October 01, 2002 required "Compulsory Unemployment Insurance" in favor of all dependent employees regulated by the Chilean Labor Code, Article 5 of this law provided the financing of this insurance through monthly contribution payments by both the employee and the employer.

### 15.3 Other long-term benefits

Other long-term benefits relate to employee termination benefits and are recorded at their actuarial value.

Employee termination benefits at actuarial value	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Employee termination benefits, Chile	27,574	26,577
Other obligations in foreign companies	614	631
<b>Total other non-current liabilities</b>	<b>28,188</b>	<b>27,208</b>
SQM North America's pension plan	1,413	702
<b>Total post-employment obligations</b>	<b>1,413</b>	<b>702</b>

Employee termination benefits have been calculated using the actuarial assessment method of the Company's obligations with respect to employee termination benefits, which relate to defined benefit plans consisting of days of remuneration per year served at the time of retirement, under conditions agreed upon in the respective agreements established between the Company and its employees.

Under the indemnity fund benefit plan, the Company retains the obligation for the payment of employee termination benefits related to retirements without establishing a separate fund with specific assets, which is referred to as not funded. The discount interest rate of flows expected to be used was 6%.

#### Benefit payment conditions

The employee termination benefit relates to remuneration days per year worked for the Company with no limit on salary or years of service to the Company, when employees cease to work for the Company due to turnover or death. In this case, the maximum age for men is 65 years and 60 years old for women, which are the usual ages for retirement due to achieving the senior citizen age according to the Chilean pension system provided in Decree Law 3,500 of 1980.

#### Methodology

The determination of the obligation for benefits under IAS 19, Projected Benefit Obligation (PBO) is described as follows:

To determine the Company's total liability, the Company used a mathematical simulation model that was programmed using a computer and processed the situation of each employee on an individual basis.

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate, ThUS, information on each person was simulated from the beginning of the life of his/her employment contract or when he/she started earning benefits up to the month in which the person reaches the normal retirement age, generating in each period the possible reti-

rement according to the Company's turnover rate and the mortality rate according to the age reached, When he/she reaches retirement age, the employee finishes his/her service for the Company and receives indemnity related to retirement due to old age.

The methodology followed to determine the accrual for all employees covered by the agreements has considered turnover rates and the mortality rate RV-2010 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, This methodology is established in IAS 19 Retirement Benefit Costs.

#### 15.4 Employee post-retirement obligations

Up to 2002, our subsidiary SQM North América, had agreed with its employees, a pension plan referred to as "SQM North America Retirement Income Plan", whose obligation is calculated by 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 at present value using the interest rate defined by the authority for 2011 and 2010.

Since 2003, SQM North America, offers its employees, benefits associated to pensions based on system 401-k, which generates no obligations to the Company.

The table below establishes the status of the financing plan and the amounts recognized in the consolidated balance sheet:

	31/12/2011 ThUS\$	31/12/2010 ThUS\$
<b>Variation in projected benefit obligation (liability):</b>		
Benefit liability at the beginning of year	6,548	6,792
Cost of service	1	1
Interest cost	413	427
Actuarial loss	(46)	(374)
Benefits paid	(297)	(297)
<b>Benefit obligation (liability) at year-end</b>	<b>6,619</b>	<b>6,549</b>
<b>Change in the plan's assets:</b>		
Fair value of the plan's assets at beginning of year	5,847	5,082
Contributions by the employer	189	192
Actual return (loss) on plan assets	(533)	869
Benefits paid	(297)	(296)
<b>Fair value of the plan's assets at year-end</b>	<b>5,206</b>	<b>5,847</b>
<b>Accrued liability pension plan</b>	<b>(1,413)</b>	<b>(702)</b>
<b>Items not yet recognized as net regular pension-related cost elements:</b>		
Net actuarial loss at the beginning of year	(2,111)	(3,056)
Amortization during the period	84	155
Net gain or loss during the period	(927)	865
<b>Adjustment made to recognize the minimum pension-related liability</b>	<b>(2,954)</b>	<b>(2,036)</b>



As of December 31, 2011 and December 31, 2010 the net regular pension-related expense was composed of the following elements:

	31/12/2011 ThUS\$	31/12/2010 ThUS\$
Costs or benefits of services earned during the period	1	1
Cost of interest in benefit liability	413	427
Actual return in plan's assets	(532)	(869)
Amortization of loss from prior periods	84	154
Net gain for the period	973	492
Net regular pension-related expense	57	(205)

As of December 31, 2011 and December 31, 2010 distributions of the plan assets (SQM North America) by category are detailed as follows:

	31/12/2011 ThUS\$	31/12/2010 ThUS\$
Growth securities (US instruments)	67%	59%
International securities (US instruments)	23%	25%
Taxable bonds (US instruments)	8%	14%
Money market funds (US instruments)	2%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### 15.5 Employee termination benefits

Severance pays calculated at actuarial value present the movements below:

	31/12/2011 ThUS\$	31/12/2010 ThUS\$
<b>Initial balance</b>	<b>(27,208)</b>	<b>(28,682)</b>
Cost of current service	(7,871)	(3,583)
Interest cost	(1,106)	(1,889)
Actuarial gains/ losses	(151)	88
Exchange rate difference	2,693	-
Benefits paid	5,455	6,858
<b>Balance as of December 31</b>	<b>(28,188)</b>	<b>(27,208)</b>

The severance pay liability is valued using the actuarial value method, for which purpose the company uses the following actuarial hypotheses:

	31/12/2011	31/12/2010	
Mortality table	RV - 2010	RV - 2009	
Real annual interest rate	6%	6%	
Voluntary resignation turnover rate:			
Men	0.9%	0.9%	annual
Women	1.53%	1.53%	annual
Salary increase	3.0%	3.0%	annual
Retirement age:			
Men	65	65	years
Women	60	60	years

## > Note 16 - Executive compensation plan

The Company counts on a compensation plan for its executives, by means of the granting of payments based on the SQM share price change, paid in cash, and the executives may exercise their rights until the year 2016.

### Characteristics of the plan

This compensation plan is related with the company performance through the price of the Series B SQM share (Santiago Stock Exchange).

### Participants in this plan

This compensation plan includes 46 executives of the Company, who are entitled to this benefit, provided they stay with the Company during the dates these options are executed. The dates for exercising the options will be the first 7 calendar days of May corresponding to the fiscal year.

### Compensation

The compensation for each executive is the differential between the average prices of the share during April of each year compared to the base price established by Company's management. The base price fixed by the Company for this compensation plan amounts to US\$ 50 per share.

The Company reserves the right to exchange that benefit by shares or share options.

The movement of the options in effect for the period, the average prices for the fiscal year of the options and the average contractual life of the options in effect as of December 31, 2011 and December 31, 2010 are the following:

<b>Movement for the period</b>	<b>31/12/2011 ThUS\$</b>	<b>31/12/2010 ThUS\$</b>
In effect as of January 1	3,370,025	1,150,025
Granted during the fiscal year	-	2,370,000
Exercised during the fiscal year	1,030,025	150,000
In circulation as of December 31	2,340,000	3,370,025
Average contractual life	48 months	60 months

The amounts accrued by the plan, as of December 31, 2011 and December 31, 2010, amount to:

<b>Result effect</b>	<b>31/12/2011 ThUS\$</b>	<b>31/12/2010 ThUS\$</b>
Amount accrued	11,200	22,782
<b>Total accrued compensation</b>	<b>11,200</b>	<b>22,782</b>

## > Note 17 - Equity Disclosures

The detail and movements in the funds of equity accounts are shown in the consolidated statement of changes in equity.

### 17.1 Capital management

The main object of capital management relative to the administration of the Company's equity is to administer the capital of SQM group as follows:

- Ensure the regular conduct of operations and business continuity in the long term.
- Ensure financing of new investments in order to maintain steady growth.
- Have an adequate capital structure in accordance with the cycles of the economy that have an impact on the business and the nature of the industry.
- Maximize the value of SQM group in the mid and long term.

According to the foregoing, the capital requirements are included on the basis of the financing requirements of the group, with the constant intention of maintaining an adequate level of liquidity and in compliance with the financial safeguards established in the debt contracts in force. The Company manages its capital structure and makes adjustments on the basis of the predominant economic conditions so as to mitigate the risks associated with adverse market conditions and take advantage of the opportunities there may be to improve the liquidity position.

There have been no changes in the capital management objectives or policy within the years reported in this document.

### 17.2 Disclosures on preference 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, where both series are preferred shares.

The preferential voting rights for each series are detailed as follows:

Series "A":

If the election of the President of the Company 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":

- 1) A general or extraordinary shareholders' meeting may be called at the request of shareholders representing 5% of the Company's Series B shares.
- 2) An 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, 2011, December 31, 2010, the Group does not maintain shares in the parent company either directly or through its companies in which it has investments.

#### Detail of types of capital in preference shares:

Type of capital in preferred shares	12/31/2011		12/31/2010	
	Serie A	Serie B	Serie A	Serie 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
Par value of shares in ThUS\$	-	-	-	-
Capital amount in shares ThUS\$	134,750	342,636	134,750	342,636
Amount of premium issuance ThUS\$	-	-	-	-
Amount of reserves ThUS\$	-	-	-	-
Number of fully subscribed and paid shares	142,819,552	120,376,972	142,819,552	120,376,972
Number of subscribed, partially paid shares	-	-	-	-
<b>Total number of subscribed shares</b>	<b>142,819,552</b>	<b>120,376,972</b>	<b>142,819,552</b>	<b>120,376,972</b>

As of December 31, 2011, December 31, 2010, the Company has not placed any new issuances of shares on the market.

### 17.3 Dividend policy

As required by Article 79 of the Chilean Shareholders' Company Act. unless otherwise decided by unanimous vote of the holders of issued and subscribed shares, the Company must pay dividends according to the policy agreed upon at each annual General Shareholders' Meeting for an amount equivalent to at least 30% of consolidated profit for the year ended December 31 unless and except to the extent that it has a deficit in retained earnings (losses not absorbed in prior years.)

The dividends policy defined by the General Shareholders' Meeting for year 2011 is the following:

- Distribution and payment in favor of each shareholder of a final dividend that will be equivalent to 50% of profit for the year obtained in 2011.
- Distribution and payment during 2011, of an interim dividend which is recorded against the aforementioned final dividend. This interim dividend was paid (see below) during the last quarter of 2011, and its amount did not exceed 50% of the retained earnings for distribution obtained during 2011, which are reflected in the Company's financial statements as of September 30, 2011.
- The distribution and payment by the Company of the remaining balance of the final dividend related to profit for the year for the 2011 fiscal year in up to two installments, which must be effectively paid and distributed prior to June 30, 2012.
- An amount equivalent to the remaining 50% of the Company's profit for the year for 2011 will be retained and destined to the financing of operations of one or more of the Company's investment projects with no prejudice to the possible future capitalization of the entirety or a portion of this.
- The Board of Directors does not consider the payment of any additional or interim dividends.
- The Board of Directors considers as necessary to indicate that the aforementioned Dividends Policy correspond to the intention or expectation of the Board regarding this matter, Consequently, the enforcement

of such Policy Dividends is necessarily conditioned to net incomes finally obtained, to the results indicating the Company's regular forecasts or the existence of certain conditions that could affect them, Notwithstanding the above and to the extent that such policy dividend does not suffer a significant change, SQM S.A. will timely communicate its shareholders on this matter.

### 17.4 Interim dividends

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. (SQM), in its meeting on November 22 of this year, 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 5th working day prior to December 19th, 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, In 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.



On November 23, 2010 the Board of the Company agreed to pay interim dividends amounting to ThUS\$ 110,000, payable from December 15, 2010.

At a Board of Directors meeting held on April 29, 2010, the Directors unanimously agreed to reduce its distribution of dividends. This means that a final dividend of US\$ 0.62131 per share will be paid in relation to net profit for the year. Notwithstanding the above, US\$ 0.37994 per share was already paid as an interim dividend, and this amount should be subtracted from the final dividend detailed above. In line with this, the balance, amounting to US\$ 0.24137 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:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Final dividend	193,050	63,527
Interim dividend	(110,000)	110,000
Dividend accrual	81,325	5,831
Reversal of prior year dividend	(5,831)	-
Dividend prepayment	193,000	
<b>Total</b>	<b>351,544</b>	<b>179,358</b>

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Dividends attributable to owners of the parent	349,329	178,164
Dividends of non-parent ownerships	2,215	1,194
<b>Total</b>	<b>351,544</b>	<b>179,358</b>

## > Note 18 - Provisions and other non-financial liabilities

### 18.1 Types of provisions

Description of types of provisions	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Other current provisions</b>		
Provision for legal complaints (*)	4,571	2,590
Other provisions – see below	12,366	12,424
<b>Total</b>	<b>16,937</b>	<b>15,014</b>
<b>Other non-current provisions</b>		
Other provisions	3,000	2,000
Mine closers	3,724	3,500
Other provisions – see below	1,871	-
<b>Other current provisions</b>	<b>8,595</b>	<b>5,500</b>

(\*) Provisions for legal complaints relate to legal expenses for lawsuits whose resolution are pending, and correspond to funds estimated necessary to make the disbursement of expenses incurred for this purpose.

This provision relates mainly to the litigation of its subsidiary located in Brazil and United States (see note 19.1. number 2) and other minor litigations incurridos por este.

### 18.2 Description of other provisions

Description of other provisions	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Current provisions, other provisions</b>		
Provision for tax loss in fiscal litigation	1,441	1,634
Royalties, agreement with CORFO (the Chilean Economic Development Agency)	6,800	5,182
Temporary closer of "El Toco operation"	-	3,264
Multa Brasil	2,500	-
Indemnización Yara Sudafrica	624	-
Retirement plan	-	880
Miscellaneous provisions	1,001	1,464
<b>Total</b>	<b>12,366</b>	<b>12,424</b>
<b>Other long-term provisions</b>		
Mine closure	3,724	3,500
<b>Total</b>	<b>3,724</b>	<b>3,500</b>

**18.3 Other non-financial liabilities, current**

Description of other liabilities	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Tax withholdings	9,837	5,529
VAT payable	21,087	12,416
Guarantees received	920	1,028
Accrual for dividend	81,325	5,831
Monthly tax provisional payments	11,239	8,171
Deferred income	15,284	14,350
Withholdings from employees and salaries payable	5,554	4,936
Vacation accrual	15,874	14,854
Other current liabilities	841	344
<b>Total</b>	<b>161,961</b>	<b>67,459</b>

**18.3 Movements in provisions as of December 31, 2011**

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

### 18.3 Movements in provisions as of December 31, 2010

Description of items that gave rise to variations	Legal complaints	Dismantling, cost of restoration and rehabilitation	Other provisions	Total
<b>Total provisions, initial balance</b>	<b>590</b>	<b>3,500</b>	<b>15,852</b>	<b>19,942</b>
Additional provisions	4,000	-	14,301	18,301
Provision used	-	-	(17,803)	(17,803)
Increase (decrease) in foreign currency translation	-	-	74	74
<b>Total provisions, final balance</b>	<b>4,590</b>	<b>3,500</b>	<b>12,424</b>	<b>20,514</b>

### 18.5 Detail of main types of provisions and other non-financial liabilities

**Legal expenses:** This provision depends on the pending resolution of a legal lawsuit (incurred mainly in Brazil and U.S.A.).

**Tax accrual in tax litigation:** This accrual relates to lawsuits pending resolution related to taxes in Brazil for two of our subsidiaries, SQM Brazil and NNC.

**CORFO (Economic Development Agency) Royalties agreement:** Relates to the commercialization of mining properties that SQM Salar S.A. pays the Economic Development Agency for on a quarterly basis. The amount of the lease payable is calculated based on sales of products extracted from the Atacama Saltpeter deposit.

The settlement of the aforementioned amounts is performed on a quarterly basis.

**Temporary closure of El Toco operation:** The Company's Board of Directors unanimously agreed to approve the temporary closure of the Toco and Pampa Blanca mining sectors. The Company accrued a legal severance indemnity for the employees subject to this closure. Additional benefits that will be paid to employees will correspond to 2010 expenses.

**Retirement plan:** Corresponds to a benefit agreed upon with employees to retire from the Company. Those employees who invoked the agreed-upon plan signed their consent as of December 31, 2010. The effective retirement date was during 2010, but part of this benefit is pending for 2011.

## > Note 19 - Contingencies and restrictions

According to note 18.1 the Company has only registered a provision for those lawsuits in which the probability to lose is "more likely than not", The Company is party to lawsuits and other relevant legal actions that are detailed as follows:

### 19.1 Lawsuits and other relevant events

1. Plaintiff: Compañía de Salitre y Yodo Soledad S.A.  
 Defendant: Sociedad Química y Minera de Chile S.A.  
 Date: December 1994  
 Court : Civil Court in Pozo Almonte  
 Reason: Nullity of mining concession Cesard 1 to 29  
 Status: Lower court decision in favor of SQM. Appellate court decision pending  
 Nominal value: ThUS\$ 211

2. Plaintiffs: JB Comércio de Fertilizantes e Defensivos Agrícolas Ltda. (JB)  
 Defendants: Nitratos Naturais do Chile Ltda. (NNC)  
 Date: December 1995  
 Court: MM 1ª, Vara Cível de Comarca de Barueri, Brasil.  
 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  
 Nominal value: ThUS\$1,800

3. Plaintiff: Compañía Productora de Yodo y Sales S.A.  
 Defendant: Sociedad Química y Minera de Chile S.A.  
 Date: November 1999  
 Court: Civil Court in Pozo Almonte  
 Reason: Nullity of mining concession Paz II 1 to 25  
 Status: First sentence in favor of SQM. Recourse of appeal pending resolution.  
 Nominal value: ThUS\$ 162

4. Plaintiff: Compañía Productora de Yodo y Sales S.A.  
 Defendant: Sociedad Química y Minera de Chile S.A.  
 Date: November 1999  
 Court: Civil Court in Pozo Almonte  
 Reason: Nullity of mining concession Paz III 1 to 25  
 Status: Lower court decision in favor of SQM. Appellate court decision pending  
 Nominal value: ThUS\$ 204

5. Plaintiff: Nancy Erika Urrea 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  
 Nominal value: ThUS\$ 550

6. 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: Evidence  
 Nominal value: ThUS\$ 1,880

7. Plaintiff: Newland S,A,  
 Defendant: SQM Industrial S.A.  
 Date: August 2010  
 Court: Arbitral Court  
 Reason : Claim for damages due to alleged breach of obligations  
 Status: Ruling against SQMI. Complaint appeal pending  
 Nominal value: ThUS\$480

8. Plaintiffs: María Loreto Lorca Morales, Nathan Guerrero Lorca, Maryori Guerrero Lorca, Abraham Guerrero Lorca, Esteban Guerrero Lorca and María Sol Osorio Tapia et al  
 Defendants: Gonzalo Daved Valenzuela, July Zamorano Avendaño, Comercial Transportes y Servicios Generales July Zamorano Avendaño E.I.R.L. And in solidum SQM S.A. and insurers  
 Date: August 2010  
 Court: 2nd Civil Court of Iquique  
 Reason : Claim for damages resulting from the crash of two trucks in July 2008 near Pozo Almonte, causing the death of Mr. Alberto Galleguillos Monardes And Mr. Fernando Guerrero Tapia  
 Status: First sentence in favor of SQM S.A. Recourse period still open.  
 Nominal value: ThUS\$3,500



9. Plaintiff:	City of Pomona, California USA	Reason:	Compensation for early termination of supply contract and installation of metal structures.
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	Status:	Claim reply
Date:	December 2010	Nominal value:	THUS\$175
Court :	United States District Court for the Central District of California	13. Plaintiff:	Nueva Victoria Mining Company Workers Union
Reason:	Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.	Defendant:	SQM S.A. y SQM Industrial S.A.
Status:	Withdrawal conditioned to the outcome pending of the appeal.	Date:	October 2011
Nominal value:	Unspecified	Court:	Pozo Almonte Labor Court
10. Plaintiff:	City of Lindsay, California USA	Reason :	Protection of basic rights with compensation action for derived injury to honor, reputation, affections or sentiments, all of the above due to the implementation of an ordinary or extraordinary work day
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	Status:	Pretrial audience
Date:	December 2010	Nominal value:	THUS\$9,000
Court:	United States District Court for the Eastern District of California	14. Plaintiff:	Sociedad Industrial Minera Nueva Victoria S.A. Company Union.
Reason:	Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.	Defendant:	SQM S.A. and SQM Industrial S.A.
Status:	Claim.	Date:	December 2011
Nominal value:	Unspecified	Court:	Labor Court of Pozo Almonte
11. Plaintiff:	Alejandro Tapia Moyano	Reason:	Alleged unpaid overtime
Defendant:	SQM Nitratos S.A.	Status:	Reply to accusation
Date:	February 2011	Nominal value:	ThUS\$420
Court:	Labour Court of Antofagasta	15. Plaintiff:	Juan Osvaldo Godoy Barraza
Reason :	Compensation for moral damage for illness allegedly acquired as the results of works performed	Defendant:	Renta Equipos Besalco Limitada and SQM S.A. and its insurers.
Status:	Hearing trial	Date:	February 2012
Nominal value:	ThUS\$200	Court:	Labor Court of San Miguel
12. Plaintiff:	Metalúrgica FAT Limitada	Reason:	Labor accident. Claim for compensation of moral and material damages resulting from the accident that occurred on July 25, 2007 and that resulted in the partial handicap of the plaintiff following the tip over of the truck he drove in SQM S.A.'s premises in Pedro de Valdivia.
Defendant:	SQM Salar S.A.	Status:	Pretrial audience
Date:	August 2011	Nominal value:	:ThUS\$640
Court:	9th Civil Court in Santiago		

The Company has been involved and will probably continue being 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 that will make the final decision. Those proceedings that are regulated by the appropriate legal regulations are intended to exercise or oppose certain actions or exceptions related to certain mining claims either granted or to be granted and that do not or will not affect in an essential manner the development of the Company.

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 nominal 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 it on occasion of their activities. Such amounts will continue to be required using judicial or non-judicial means by the plaintiffs, and the actions and exercise related to these are currently in full force and effect.

The Company has not received legal notice of any claims other than those mentioned in paragraph I above. The claims detailed above seek to annul certain mining claims that were purchased by SQM S.A. and 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.

### 19.2 Restrictions

Bank loans of the Company have similar restrictions to the loans of a similar nature that have been valid at the appropriate times and that amongst others relate to maximum indebtedness and minimum equity. Save for the foregoing. The Company, is not exposed to other restrictions or limits on financial indicators relating to contracts and agreements with creditors.

### 19.3 Commitment

The subsidiary SQM Salar S.A. has signed a rental contract with the Economic Development Agency (CORFO), which establishes that this subsidiary will pay rent to CORFO for the concept of commercialization of certain mining properties owned by CORFO and for the products resulting from this commercialization. The annual rent stated in the aforementioned contract is calculated on the basis of sales of each type of product. The contract is in force until 2030, and rent began being paid in 1996 reflecting an expense amount of ThUS\$ 23,951 as of December 31, 2011 (ThUS\$ 18,717 as of December 31, 2010).

### 19.4 Restricted or pledged cash

The subsidiary Isapre Norte Grande Ltda. in compliance with that established by the Chilean Superintendence of Healthcare, which regulates the running of pension-related health institutions, maintains a guarantee in financial instruments, delivered in deposits, custody and administration to Banco de Chile.

This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is equivalent to the total sum 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, 2011, the guarantee amounts to ThUS\$ 428.

### 19.5 Collateral received from third parties

The main collateral received from third parties (distributors) to guarantee Soquimich Comercial S.A.'s compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$4.467 as of December 31, 2011; as of December 31, 2010 these amounted to ThUS \$6,389 which is detailed as follows:

Entity name	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Llanos y Wammes Soc. Com. Ltda	1,926	2,037
Fertglobal Chile Ltda.	1,541	3,352
Tattersall Agroinsumos S.A.	1,000	1,000

### 19.6 Indirect guarantees

Guarantees in which there is no pending balance indirectly reflect that the respective guarantees are in force and approved by the Company's Board of Directors and have not been used by the respective subsidiary.

Creditor of the guarantee	Debtor			Pending balances as of the closing date of the financial statements	
	Name	Relationship	Type of guarantee	12/31/2011	12/31/2010
				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	-	80,055
Scotiabank & Trust (Cayman) Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,207	-
Bank of America	Royal Seed Trading A.V.V.	Subsidiary	Bond	40,140	-
Export Development Canada	Royal Seed Trading A.V.V.	Subsidiary	Bond	50,024	-
The Bank of Tokyo-Mitsubishi UFJ Ltd.	Royal Seed Trading A.V.V.	Subsidiary	Bond	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	-	-

### > Note 20 - Revenue

As of December 31, 2011 and 2010, revenue is detailed as follows:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Sales of goods	2,138,264	1,823,843
Provision of services	7,022	6,570
<b>Total</b>	<b>2,145,286</b>	<b>1,830,413</b>

## > Note 21 - 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 in circulation during that period,

As expressed, earnings per share are detailed as follows:

<b>Earnings per share</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
Earnings attributable to owners of the parent	545,758	382,122
	<b>12/31/2011 Unidades</b>	<b>12/31/2010 Unidades</b>
Number of common shares in circulation	263,196,524	263,196,524
	<b>12/31/2011</b>	<b>12/31/2010</b>
Basic and diluted earnings per share (US\$ per share)	2,0736	1,4519

The Company has not made any operation with a potential dilutive effect that assumes diluted earnings per share different from the basic earnings per share.

## > Note 22 - Loan costs

The cost of interest is recognized as expenses in the year in which it is incurred, except for interest that is directly related to the acquisition and construction of tangible property, plant and equipment assets and that complies with the requirements of IAS 23. As of December 30, 2011, total interest expenses incurred amount to ThUS\$39,335 (ThUS\$35,042 as of December 30, 2010).

The Company capitalizes all interest costs directly related to the construction or to the acquisition of property, plant and equipment, which require a substantial time to be suitable for use.

### Costs of capitalized interest, property, plant and equipment

The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the monthly end balances of works-in-progress meeting the requirements of IAS 23.

The rates and costs for capitalized interest of property, plant and equipment are detailed as follows:

	<b>12/31/2011</b>	<b>12/31/2010</b>
Capitalization rate of costs for capitalized interest, property, plant and equipment	7%	7%
Amount of costs for interest capitalized in ThUS\$	22,249	25,947

## > Note 23 - Effect of variations in 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

	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
Conversion foreign exchange gains (losses) recognized in the result of the year.	(25,307)	(5,807)
Conversion foreign exchange reserves attributable to the owners of the controlling entity.	(2,781)	296
Conversion foreign exchange reserves attributable to the non-controlling entity.	(109)	367

b) Reserves for foreign currency exchange differences

As of December 31, 2011 and December 31, 2010, foreign currency exchange differences are detailed as follows:

<b>Detail</b>	<b>12/31/2011 ThUS\$</b>	<b>12/31/2010 ThUS\$</b>
<b>Changes in equity generated through the equity method</b>		
Comercial Hydro S.A.	937	937
SQMC Internacional Ltda.	23	41
Proinsa Ltda.	17	31
Agrorama Callegari Ltda.	102	161
Isapre Cruz del Norte Ltda.	55	99
Almacenes y Depósitos Ltda.	57	90
Sales de Magnesio Ltda.	48	132
Sociedad de Servicios de Salud S.A.	24	39
Agrorama S.A.	(11)	-
Doktor Tarsa	(1,964)	-
Nutrisi Holding	(42)	-
SQM Vitas Fzco	(159)	-
Ajay Europe	(176)	-
Misr Specialty Ferti	(39)	-
SQM Eastmed Turkey	(40)	-
Charlee SQM (Thailand) Co. Lta.	(52)	-
Coromandel SQM India	(31)	-
<b>Total</b>	<b>(1,251)</b>	<b>1,530</b>

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 US dollar.



- 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 24 - The environment

### 24.1 Disclosures of disbursements related to the environment

The Company is continuously 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 particle emissions occur. Currently this operation is conducted only at the Pedro de Valdivia worksite and no ore crushing process is conducted in the Maria Elena sector.

Many of the Company's products are shipped in bulk at the Port of Tocopilla. In 2007 the city of Tocopilla was declared a zone Saturated with MP 10 Particles mainly due to the emissions from the 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 follow-up and monitoring plans based on specialized scientific studies, and it also provides an annual training program in environmental matters to both its direct employees and its contractors' employees. 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 (Atacama Saltpeter Deposit) 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.

Furthermore, within the framework of the environmental studies which 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 especially performed in the areas surrounding Maria Elena and the 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.

### 24.2 Detail of information on disbursements related to the environment

The accumulated disbursements in which the Company incurred as of December 31, 2011 for the concept of investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities, including prior year disbursements related to these projects amounted to ThUS\$ 19,912 and are detailed as follows:

**Accumulated expenses as of December 31, 2011**

Identification of the Parent Company 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.	Environmental Management (Expense as of December 2011)	Not Classified	Expense	Not Classified	1,868	31-12-2011
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	Not Classified	59	31-01-2014
SQM Industrial S.A.	IMNA - Infrastructure consulting for the storage of dangerous chemicals.	Sustainability: Risk prevention and Environment	Asset	Development	46	30-06-2011
SQM Industrial S.A.	FNWR - EID Discard field in Pampa Blanca	Sustainability: Risk prevention and Environment	Expense	Development	30	31-12-2011
SQM Industrial S.A.	FP55 - FPXA - Zone Mine EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	Development	945	31-12-2012
SQM Industrial S.A.	JNTU - Assessment of waters at San Isidro	Sustainability: Risk prevention and Environment	Asset	Not Classified	556	31-12-2011
SQM Industrial S.A.	JPX9 - Enhanced Ground Granulated DAY-Prilado Coya Sur (Project: Pilot Plant TD and Pilot Testing of Resin)	Sustainability: Investigación y Development	Asset	Investigación	11	30-06-2011
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Risk prevention and Environment	Asset	Not Classified	29	01-12-2011
SQM Industrial S.A.	MP17 - Standardization Water Chlorination ME / CS / PV	Sustainability	Asset	Not Classified	7	30-06-2011
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	Not Classified	613	31-12-2011
SQM Industrial S.A.	MPIS - Stabilization of streets and sidewalks dust suppression	Sustainability	Asset	Development	736	30-06-2011
SQM Industrial S.A.	MPL5 - Repair sanitary and electrical services	Sustainability	Asset	Development	184	30-06-2011
SQM Industrial S.A.	MPLS - Automation and Alarm Monitoring Station Hospital information	Not Classified	Asset	Not Classified	10	30-06-2011
SQM Industrial S.A.	MQ51 - Terms of Reference Project ME economic measures	Sustainability: Environment and Risk prevention	Expense	Not Classified	2	31-12-2011
SQM Industrial S.A.	PPNK - Management of Ammonia PV plant in Custody	Sustainability: Environment and Risk prevention	Asset	Not Classified	22	31-12-2011
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	Not Classified	785	01-12-2011
SQM Industrial S.A.	JQ8K - DIA Line 4 Floor Drying , Coya Sur (Project: Drying Line 4)	Capacity Expansion	Asset	Development	17	01-09-2012
SQM Industrial S.A.	IQ8G - Improving exchange, offices and facilities	Sustainability	Asset	Not Classified	45	31-12-2011
SQM Industrial S.A.	MQ7P - ME Village sewer lids change	Sustainability	Expense	Not Classified	19	31-12-2011
SQM Industrial S.A.	JQB6 - DAY Ground NPT4, Coya Sur (Project: NPTIV)	Capacity Expansion	Asset	Development	5	30-04-2012
SQM Industrial S.A.	TQ78 - motorized sweepers	Sustainability: Replacement of equipment	Asset	Development	206	31-12-2011
Minera Nueva Victoria S.A.	IPMN - Capacity Expansion Sanitary Iris	Capacity Expansion	Asset	Development	85	30-06-2011
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development	199	31-12-2011
SQM Industrial S.A.	PPC1 - Eliminate PCBs in sub park switches 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset - Expense	Not Classified	68	31-12-2012
SQM Industrial S.A.	MQ8M - Reconditioning monitoring station ME	Sustainability: Spare	Asset	Not Classified	7	31-12-2011
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not Classified	Asset	Not Classified	3	31-12-2011
Minera Nueva Victoria S.A.	IPNW - Improvements Halls C / D / B Iris	Sustainability	Asset	Not Classified	44	31-08-2011
Minera Nueva Victoria S.A.	IQ4C - Development Camp (Osmosis and Others)	Capacity Expansion	Asset	Not Classified	1,630	31-12-2012
SIT S.A.	TPLR - Implementation sewage pumping system to sewer	Sustainability: Environment and Risk prevention	Asset	Not Classified	68	30-06-2011

continues

Identification of the Parent Company 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
SIT S.A.	TPM7 - Leggings environmental field 3 and 4	Not Classified	Asset - Expense	Not Classified	524	30-06-2011
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	Not Classified	64	31-12-2011
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	31-12-2011
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	Development	3	01-12-2011
SIT S.A.	TQAP - Paving Court No. 3 and No. 4	Capacity Expansion	Expense	Not Classified	4	30-10-2012
SQM Nitratos S.A	IP6W - Treatment Plant Riles	Sustainability: Environment and Risk prevention	Asset	Not Classified	39	30-06-2011
SQM Nitratos S.A	PP0V - Environmental Medium Maintenance Projects ME-PV-NV-PB	Sustainability: Environment and Risk prevention	Asset - Expense	Development	82	30-06-2011
SQM S.A.	AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa	Sustainability: Natural Resources	Asset	Development	534	31-12-2011
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	Not Classified	127	31-12-2011
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt	Sustainability: Environment and Risk prevention	Expense	Not Classified	465	31-12-2012
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Environment and Risk prevention	Expense	Not Classified	230	31-12-2012
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	Development	1,740	31-12-2011
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not Classified	65	31-12-2011
SQM S.A.	IQ1K - Construction of 3 observation wells in Old South	Sustainability: Natural Resources	Asset	Development	195	31-12-2011
SQM S.A.	IQ1M - PSA Re-injection of water to Puguios Llamara	Not Classified	Asset	Not Classified	962	31-12-2011
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention	Asset	Not Classified	100	31-12-2012
SQM S.A.	IQ52 - New Victoria Environment Office	Not Classified	Asset	Not Classified	29	31-12-2011
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	Not Classified	9	31-12-2011
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	Not Classified	188	31-12-2012
SQM S.A.	SCI6 - Environmental Studies - Project Region I	Not Classified	Asset	Not Classified	2,376	31-12-2011
SQM S.A.	IQ6M - EID Victoria New South Mine Expansion	Sustainability: Natural Resources	Asset	Not Classified	262	31-01-2012
SQM S.A.	IQ9V - Project Quillagua	Not Classified	Asset	Not Classified	323	31-12-2014
SQM Salar S.A	CPTP - Installing emergency showers drinking water	Sustainability	Asset	Not Classified	26	31-12-2011
SQM Salar S.A	CPZH - Management of Descartes Filter Presses Hydroxide	Sustainability: Environment and Risk prevention	Expense	Not Classified	39	31-12-2011
SQM Salar S.A	LP5J - Water Recharge Study Salar de Atacama	Sustainability: Environment and Risk prevention	Expense	Research	105	31-12-2011
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Cities of Salt	Sustainability	Expense	Development	761	31-12-2014
SQM Salar S.A	LPTF - Study and Environmental Survey 2010	Sustainability	Expense	Not Classified	370	31-12-2011
SQM Salar S.A	LPTJ - Improvements Sanitary Works	Sustainability	Asset	Not Classified	206	31-12-2011
SQM Salar S.A	LQ38 - Field Drying Sludge	Sustainability: Environment and Risk prevention	Asset - Expense	Not Classified	26	31-12-2011
SQM Salar S.A	CQ8U - New Changing Room CL - HL	Capacity Expansion	Asset	Not Classified	238	31-12-2011
SQM Salar S.A	LQAK - Boards of MOP and SOP waste	Sustainability	Expense	Not Classified	25	31-12-2011
<b>Total</b>					<b>19,912</b>	

<b>Future expenses</b>						
<b>Identification of the Parent Company or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense item</b>	<b>Amount of disbursement for the Period ThUS\$</b>	<b>Certain or estimated date on which disbursements were or will be made</b>
SQM Industrial S.A.	Environment Management (Ppto 2011 - Expense to December 2011)	Not Classified	Expense	Not Classified	2,243	31-12-2011
SQM Industrial S.A.	SQ7X - Reach 2011-2013	Sustainability	Expense	Not Classified	551	31-01-2014
SQM Industrial S.A.	FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	Development	800	31-12-2012
SQM Industrial S.A.	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Environment and Risk prevention	Asset	Not Classified	107	01-12-2011
SQM Industrial S.A.	MP5W - TK's Fuel Standards	Sustainability	Asset	Not Classified	487	31-12-2011
SQM Industrial S.A.	MPQU - Construction of Hazardous Chemical Supplies warehouse	Sustainability: Environment and Risk prevention	Asset	Development	264	31-12-2011
SQM Industrial S.A.	PPC1 - Eliminate PCBs in sub park switches 3 and 1/12 Pedro de Valdivia	Sustainability: Replacement of equipment	Asset - Expense	Not Classified	122	31-12-2012
SQM Industrial S.A.	PPNK - Management of Ammonia PV plant in Custody	Sustainability: Environment and Risk prevention	Asset	Not Classified	178	31-12-2011
SQM Industrial S.A.	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Environment and Risk prevention	Asset - Expense	Not Classified	2,715	01-12-2011
SQM Industrial S.A.	JQ8K - EID 4 Floor Drying Line, Coya Sur (Project: Drying Line 4)	Capacity Expansion	Asset	Development	13	01-09-2012
SQM Industrial S.A.	IQ8G - Improving exchange, offices and facilities	Sustainability	Asset	Not Classified	30	31-12-2011
SQM Industrial S.A.	IQB6 - EID Ground NPT4, Coya Sur (Project: NPTIV)	Capacity Expansion	Asset	Development	50	30-04-2012
SQM Industrial S.A.	TQA2 - Drainage Improvement Villa Prat	Not Classified	Asset	Not Classified	170	30-12-2011
SQM Industrial S.A.	MQAJ - Improvements to Camp Water and Sewage (P Contesse commitment to DDSS)	Not Classified	Asset	Not Classified	297	31-12-2011
SQM Industrial S.A.	MQA8 - Standardization peripheral casinos gas networks (stage 1: Projects)	Not Classified	Asset	Not Classified	150	30-12-2011
SQM Industrial S.A.	MQBM - Archaeological Survey Deploying Maria Elena - Toco	Sustainability: Environment and Risk prevention	Expense	Not Classified	56	31-12-2011
Minera Nueva Victoria S.A.	IQ4C - Development Camp (Osmosis and Others)	Capacity Expansion	Asset	Not Classified	1,370	31-12-2012
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Environment and Risk prevention	Asset - Expense	Not Classified	86	31-12-2011
SIT S.A.	TPYX - Enabling the dust collector of the crib and court seal 3 Tocopilla	Sustainability: Environment and Risk prevention	Asset	Development	204	31-12-2011

continues



Identification of the Parent Company 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
SIT S.A.	MQ6Y - Maintenance and repair and exchange office Tocopilla ME	Sustainability: Environment and Risk prevention	Asset	Not Classified	20	30-12-2011
SIT S.A.	TQAV - Paving paths IV	Sustainability: Environment and Risk prevention	Expense	Development	297	01-12-2011
SQM Nitratos S.A	IQDN - Storage RISES (folder + sill)	Sustainability: Environment and Risk prevention	Asset	Not Classified	40	30-07-2012
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Environment and Risk prevention	Expense	Not Classified	96	31-12-2011
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt	Sustainability: Environment and Risk prevention	Expense	Not Classified	1,276	31-12-2012
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Environment and Risk prevention	Expense	Not Classified	1,836	31-12-2012
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	Development	27	31-12-2011
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Environment and Risk prevention	Expense	Not Classified	11	31-12-2011
SQM S.A.	IQ1K - Construction of 3 observation wells in Old South	Sustainability: Natural Resources	Asset	Development	2	31-12-2011
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not Classified	Asset	Not Classified	783	31-12-2011
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Environment and Risk prevention	Asset	Not Classified	300	31-12-2012
SQM S.A.	IQ52 - New Victoria Office Environment	Not Classified	Asset	Not Classified	1	31-12-2011
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Environment and Risk prevention	Asset	Not Classified	15	31-12-2011
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Environment and Risk prevention	Asset	Not Classified	764	31-12-2012
SQM S.A.	IQ9V - Project Quillagua	Not Classified	Asset - Expense	Not Classified	849	31-12-2014
SQM S.A.	PQB9 - Change of exhaust gas SO2	Sustainability	Asset	Not Classified	178	01-12-2011
SQM Salar S.A	CQ4M - Adjustment Facility Contractors	Sustainability: Environment and Risk prevention	Asset	Not Classified	26	31-12-2012
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Cities of Salt	Sustainability	Expense	Development	822	31-12-2014
SQM Salar S.A	CQ8U - New Changing Room CL - HL	Capacity Expansion	Asset	Not Classified	102	31-12-2011
<b>Total</b>					<b>17,338</b>	

<b>Accumulated expenses as of December 31, 2010</b>						
<b>Identification of the Parent Company or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense Item</b>	<b>Amount of disbursement for the Period ThUS\$</b>	<b>Certain or estimated date on which disbursements were or will be made</b>
SQM Industrial S.A	Environment Management (2010 Expense)	Not classified	Expense	Not classified	1,270	01-12-2011
SQM Industrial S.A	EPRH – REACH 2010	Support	Expense	Not classified	1,010	31-12-2010
SQM Industrial S.A	MCLX - Cleaning of the saving yards	Cost reduction	Expense	Development	604	01-10-2010
SQM Industrial S.A	ANMI - Infrastructure consulting for the storage of dangerous chemical substances	Support: Risk prevention and the environment	Asset	Development	46	01-12-2010
SQM Industrial S.A	MNH8 - Lightning upgrades	Support	Expense	Development	228	01-12-2010
SQM Industrial S.A	SCCY - Disposal of dangerous residue	Support	Asset - Expense	Development	165	01-12-2010
SQM Industrial S.A	JNTU - San Isidro water evaluation	Support: Risk prevention and the environment	Asset	Not classified	556	31-12-2010
SQM Industrial S.A	JNNX - Nitrate environment various	Support: Risk prevention and the environment	Asset	Not classified	51	01-12-2010
SQM Industrial S.A	MNTE - Industrial hygiene equipment	Support: Risk prevention and the environment	Asset	Development	19	01-12-2010
SQM Industrial S.A	INST - Acquisition of used lubricant rapid disposal bank, NV-ME-PB	Support: Risk prevention and the environment	Expense	Development	46	01-07-2010
SQM Industrial S.A	MP17 - Normalization of consumable water ME/CS/PV	Support	Asset	Not classified	7	01-12-2010
SQM Industrial S.A	MP5W - Normalization TK's fuel	Support	Asset	Not classified	397	01-12-2010
SQM Industrial S.A	FNWR EID Discard field Pampa Blanca	Support: Risk prevention and the environment	Expense	Development	30	01-12-2010
SQM Industrial S.A	MNYS Actions for the dissemination of cultural heritage, technology change Maria Elena	Support: Risk prevention and the environment	Asset	Not classified	21	31-12-2010
SQM Industrial S.A	FP55-FPXA	Support	Asset	Development	1,106	31-12-2010
SQM Industrial S.A	MP8Z Automation of water volume inlet pipe ME, CS and Vergara	Support	Asset	Development	523	01-12-2010
SQM Industrial S.A	MPL5Repair of sanitary and electric facilities	Support	Asset	Development	184	01-10-2010
SQM Industrial S.A	MPIS - Stabilization of streets and suppression of dust at sidewalks	Support	Asset	Development	736	01-10-2010
SQM Industrial S.A	PPNK Handling of PV ammonia in Detention of plant	Support: Risk prevention and the environment	Asset	Not classified	22	01-12-2010
SQM Industrial S.A	MPGF Improvement of sealing and pressurization room 031	Support	Asset - Expense	Not classified	48	01-12-2010
SQM Industrial S.A	TPO4 Indigenous camp	Support	Asset	Not classified	88	11-06-2010
SQM Industrial S.A	MPLS Automated alarms and information of monitoring station Hospital	Not classified	Asset	Not classified	10	01-12-2010
Minera Nueva Victoria S.A.	IPNW Extension in sanitary capacity for Iris	Support	Asset	Not classified	44	01-12-2010
Minera Nueva Victoria S.A.	IPMN Extension in sanitary capacity for Iris	Capacity upgrade	Asset	Development	85	01-12-2010
SQM Nitratos S.A	PNH2 Maintenance of Environmental projects ME-PV-NV-PB	Support: Risk prevention and the environment	Asset - Expense	Development	48	29-06-2010
SQM Nitratos S.A	PPOV - Maintenance of environmental projects ME-PV-NV-PB	Support: Risk prevention and the environment	Asset - Expense	Development	82	01-12-2010

continues

Identification of the Parent Company 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 Nitratos S.A	IP6W Treatment plants of "riles"	Support: Risk prevention and the environment	Asset	Not classified	95	01-12-2010
SQM Nitratos S.A	PPAT - Risk prevention projects Sem II 2008	Support: Risk prevention and the environment	Expense	Development	157	01-12-2010
SQM Salar S.A	LP5K Environmental evaluation (mop)	Support: Risk prevention and the environment	Asset	Not classified	4	01-12-2010
SQM Salar S.A	LP5J - Water study Water Recharge Atacama Saltpeter deposit	Support: Risk prevention and the environment	Expense	Research	83	01-12-2010
SQM Salar S.A	LNNT Environmental projects Salar Chaxa	Support: Risk prevention and the environment	Expense	Not classified	98	31-12-2010
SQM Salar S.A	LPIL Upgrade SOP plant	Capacity upgrade	Asset	Development	17	01-12-2010
SQM Salar S.A	LPIK Potassium Plant	Capacity upgrade	Asset	Development	19	01-12-2010
SQM Salar S.A	LP82 - Project to foster the agricultural activity in Locations of Salar	Support	Expense	Development	331	31-12-2012
SQM Salar S.A	LPGA Improvement in facilities Toconao	Capacity upgrade	Asset	Not classified	109	30-09-2010
SQM Salar S.A	LPK2 Cash exchange house	Not classified	Asset	Not classified	102	01-12-2010
SQM Salar S.A	LPN3 New plant MOP	Support	Asset	Investigation	19	31-12-2011
SQM Salar S.A	CPTP - Installation of drinking water emergency showers	Support	Asset	Not classified	14	01-04-2011
SQM Salar S.A	LPTF Environment projects	Support	Expense	Not classified	169	31-12-2010
SQM Salar S.A	LPTJ Sanitary upgrades	Support	Asset	Not classified	95	01-05-2011
SQM Salar S.A	LPPJ - EID SOP upgrade	Capacity upgrade	Asset	Not classified	14	31-12-2011
SIT S.A.	TNLA - Road paving	Support: Risk prevention and the environment	Asset	Development	82	01-12-2010
SIT S.A.	PNOT - Lightning upgrade (train area)	Support	Asset - Expense	Development	369	01-12-2010
SIT S.A.	TPR8 - Elimination of waste water generation through vacuum	Support: Risk prevention and the environment	Asset - Expense	Not classified	54	01-12-2010
SIT S.A.	TPLR - Waste disposal system	Support: Risk prevention and the environment	Asset	Not classified	68	01-12-2010
SIT S.A.	TPM7 - Environment projects	Not classified	Asset - Expense	Not classified	524	30-06-2011
SQM S.A.	SCI6 - Environment studies	Not classified	Expense	Not classified	2,376	01-10-2010
SQM S.A.	AQ0A Llamara & Tamarugal Meadows	Support Natural resources	Asset	Development	5	30-03-2011
SQM S.A.	IPFT - I Region of Chile Cultural heritage	Support: Risk prevention and the environment	Expense	Not classified	111	31-12-2011
SQM S.A.	IPXE - Environmental follow-up plan at Tamarugal Meadows	Support: Risk prevention and the environment	Expense	Not classified	4	31-12-2012
<b>Total</b>					<b>12,345</b>	

**Future expenses from December 31, 2010**

<b>Identification of the Parent Company or subsidiary</b>	<b>Name of the project with which the disbursement is associated</b>	<b>Concept for which the disbursement was made or will be made</b>	<b>Asset / Expense</b>	<b>Description of the asset or expense item</b>	<b>Amount of disbursement for the Period ThUS\$</b>	<b>Certain or estimated date on which disbursements were or will be made</b>
SQM Industrial S.A	Management Environment (Ppto 2011)	Not Classified	Expense	Not Classified	1,771	01-12-2011
SQM SQM Industrial S.A S.A	ACI9 - Enhanced Ground Granulated DAY-Prilado Coya Sur (Project: Study PCI II)	Sustainability: Research and Development	Expense	Research	23	31-12-2011
SQM Industrial S.A	IMNA - Consulting Infrastructure for Alm. of Sust Quim. conditions).	Sustainability: Prev and Environment Risk	Asset	Development	4	30-06-2011
SQM Industrial S.A	MNH8 - Improvements in lighting	Sustainability	Expense	Development	2	30-06-2011
SQM Industrial S.A	MP5W - TK's Fuel Standards	Sustainability	Asset	Not Classified	703	31-12-2011
SQM Industrial S.A	MNYS - Measures of Technological Change Cultural Heritage Dissemination Maria Elena	Sustainability: Prev and Environment Risk	Asset	Not Classified	85	31-12-2011
SQM Industrial S.A	FP55 - FPXA - Mine Area EIS PB - PB Expansion EIS (Projects: Pampa Blanca Saltwater - Saltwater Stage I)	Sustainability	Asset	Development	204	31-12-2011
SQM Industrial S.A	MP8Z - Automation Control Flow intakes ME, CS and Vergara	Sustainability	Asset	Development	261	31-12-2011
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	171	31-12-2011
SQM Industrial S.A	MPIS - Stabilization of streets and sidewalks dust suppression	Sustainability	Asset	Development	1	30-06-2011
SQM Industrial S.A	PPNK - Management of Ammonia PV plant in Custody	Sustainability: Prev and Environment Risk	Asset	Not Classified	177	31-12-2011
SQM Industrial S.A	PPZU - Standardize and certify Plant Fuel Tanks	Sustainability: Prev and Environment Risk	Asset - Expense	Not Classified	3,000	01-07-2011
SQM Industrial S.A	IQ5B - Preparation of slab to transfer pumps	Capacity Expansion	Asset expenditure	Not Classified	110	10-10-2011
SQM Industrial S.A	MQ51 - Terms of Reference Project ME economic measures	Sustainability	Expense	Not Classified	10	30-06-2011
SQM Industrial S.A	FQ39 - Close plain white	Sustainability: Prev and Environment Risk	Asset	Development	500	01-12-2011
Minera Nueva Victoria S.A.	IQ4C - Development Camp (TAS and Osmosis)	Sustainability	Asset - Expense	Not Classified	3,000	31-12-2012
SQM Nitratos S.A	PP0V - Environmental Medium Maintenance Projects ME-PV-NV-PB	Sustainability: Prev and Environment Risk	Asset - Expense	Development	4	30-06-2011
SQM Nitratos S.A	PPAT - Risk Prevention Projects Sem II 2008	Sustainability: Prev and Environment Risk	Expense	Development	1	30-06-2011
SQM Salar S.A	LP5J - Water Recharge Study Salar de Atacama	Sustainability: Prev and Environment Risk	0	Research	29	30-06-2011
SQM Salar S.A	LQ38 - Field Drying Sludge	Sustainability: Prev and Environment Risk	Asset - Expense	Not Classified	154	30-09-2011
SQM Salar S.A	LP82 - Project for the Promotion of Agricultural Activity in Cities of Salt	Sustainability	Expense	Development	528	31-12-2012

continues

Identification of the Parent Company 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	LPK2 - money exchange enablement	Not Classified	Asset	Not Classified	102	31-12-2011
SQM Salar S.A	CPTP - Installing emergency showers drinking water	Sustainability	Asset	Not Classified	12	01-04-2011
SQM Salar S.A	LPTF - Study and Environmental Survey 2010	Sustainability	Expense	Not Classified	226	31-12-2011
SQM Salar S.A	LPTJ - Improvements Sanitary Works	Sustainability	Asset	Not Classified	104	01-05-2011
SQM Salar S.A	LQ33 - Adjustments Salar	Not Classified	Asset - Expense	Not Classified	300	31-12-2011
SIT S.A.	PNOT - Improved lighting FFCC area	Sustainability	Asset expenditure	Development	65	30-06-2011
SIT S.A.	TPR8 - Disposal of liquid waste generation by aspiration	Sustainability: Prev and Environment Risk	Asset - Expense	Not Classified	96	31-12-2011
SIT S.A.	TPLR - Implementation sewage pumping system to sewer	Sustainability: Prev and Environment Risk	Asset	Not Classified	10	30-06-2011
SIT S.A.	TPM7 - environmental mail for fields 3 and 4	Not Classified	Asset - Expense	Not Classified	15	30-06-2011
SQM	SCI6 - Environmental Studies - Project Region I	Not Classified	Expense	Not Classified	1	30-06-2011
SQM S.A.	AQ0A - Well Drilling 4 Uptake Change Point Tamarugal Pampa	Sustainability: Natural Resources	Asset	Development	595	30-03-2011
SQM S.A.	IPFT - Cultural Heritage Region I	Sustainability: Prev and Environment Risk	Expense	Not Classified	47	31-12-2011
SQM S.A.	IQ0C - Mine Area Enhancement NV	Sustainability: Prev and Environment Risk	Expense	Not Classified	139	31-12-2011
SQM S.A.	IPXE - Environmental Monitoring Plan Llamara Salt	Sustainability: Prev and Environment Risk	Expense	Not Classified	530	31-12-2012
SQM S.A.	IPXF - Environmental Monitoring Plan Tamarugal Pampa	Sustainability: Prev and Environment Risk	Expense	Not Classified	543	31-12-2012
SQM S.A.	IQ08 - PSA Llamara & Pampa Tamarugal	Sustainability: Natural Resources	Expense	Development	424	28-02-2011
SQM S.A.	IQ1M - PSA Re-injection of water to Puquios Llamara	Not Classified	Asset	Not Classified	1,649	31-07-2011
SQM S.A.	IQ1K - Construction of 3 observation wells in Old South	Sustainability: Natural Resources	Asset	Development	200	31-03-2011
SQM S.A.	IQ3S - Hazardous Materials Management Standardization	Sustainability: Prev and Environment Risk	Asset	Not Classified	400	30-12-2012
SQM S.A.	IQ52 - NV Office Environment	Sustainability: Prev and Environment Risk	Asset	Not Classified	30	30-06-2011
SQM S.A.	IQ54 - Cultural heritage Pampa Hermosa	Sustainability: Prev and Environment Risk	Asset	Not Classified	340	31-12-2011
SQM S.A.	IQ53 - Cultural heritage route Soronal adduction (Pampa Hermosa)	Sustainability: Prev and Environment Risk	Asset	Not Classified	20	31-12-2011
<b>Total</b>					<b>16,586</b>	



### 24.3 Description of each project, indicating whether they are being implemented or completed

#### SQM Industrial S.A.

**SQ7X:** The purpose of this project is obtaining and recording information on compliments on final products of SQM in the ECHA database to comply with the requirements set forth by the REACH regulation of the European Union. The project is in execution.

**ANMI:** Compliance silver penny call and legal matters, and specific standards that are required with regards to warehouseing, signs, safety and the main factors related to materials, product and supplies that are handled in the works. In addition, improvement of the warehouse infrastructure will be implemented for the storage of dangerous chemical substances. The project is completed.

**FNWR:** Preparation and filing of the DIA of the project of discarding field Pampa Blanca. The project is in its closing stage.

**FP55 – FPXA:** These 2 projects about, final objective which consists in the installation of us see what her sucking system of 87 km from the Mejillones area to the SQM facilities 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 execution stage.

**JNTU:** To perform the environmental assessment of the waters of San Isidro. The project is in its closing stage.

**JPX9:** This parade because of the final purpose to perform pilot tests of 2 processes to eliminate the perchlorate of a specific product, but the predicted expenses correspond only to the filing of the EID of the improvements to the plant of granulation–prilation Coya Sur. The project is in execution.

**MNYS:** Preparation and execution of a project of geoglyphs conservation; editing and publishing a book and implementing a diffusion center. Construction of a collections warehouse. All these are compensation measures of the project Technological Change Maria Elena. The project is in execution stage.

**MP17:** A study and analysis of the current chlorination of water system in María Elena, Coya Sur and Pedro de Valdivia would be performed, in order to subsequently implement and start the operation of a water chlorination system according to the current legislation. The project is finished.

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

**MPIS:** Improve the urban condition of María Elena by placing a stabilization tarmac in the streets applying an anti-dust treatment on the sidewalks. The project is finished.

**MP15:** Improvement of part of the water and sewage infrastructure María Elena. The project is complete.

**MPLS:** Implement e-mail alerts of the concentration of particulate material in the information change in text files about that the base for the implementation of. The project is complete.

**MQ51:** The purpose of the project is to generate the reference terms for the implementation of the of the resolution set forth in RCA N°0076/2000 that grants the environmental approval of the EID of project María Elena. The project is in its closing stage.

**PPNK:** Project to ensure the control of the ammonia gas in the crystal plant stoppage. The project is being executed.

**PPZU:** The necessary actions to normalize and certify certified fuel tanks in the plants in María Elena, Coya Sur and Pedro de Valdivia we be performed. The project is being executed.

**JQ8K:** This project has the purpose of building a new drying plant in Coya Sur. The projected expenses correspond only to the environmental filing. The project is being executed.

**IQ8G:** This project contemplates the improvement of restrooms and the expansion of their capacity. In addition to water storage sector would be improved. The project is being executed.

**MQ7P:** This project will renew the sewerage caps in the town of María Elena, which currently are very old. The project is being executed.

**JQ6B:** Preparation and filing of the EID of project NPT4 of Coya Sur, which increases the salt production capacity. The project is being executed.

**TQ78:** This project contemplates the purchase of sweeping trucks with a vacuum system in order to reduce the emissions of particulate material in the port of Tocopilla. The project is being executed.

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

**PPC1:** Comply with environmental regulations and production continuity.

**MQM8:** Perform maintenance to structures and closing monitoring stations in María Elena.

**MQAJ:** Improve the water and sewerage network in María Elena for better operations.

#### **Minera Nueva Victoria S.A.**

**IPMN:** This project contemplates the expression of the sanitary capacity of the Iris camp. The project is being executed.

**IPNW:** This consists in the rear position of deteriorated sanitary artifacts to improve hygienic conditions. The project is finished.

**IQ4C:** Supply, construction and assembly of the osmosis and septic pits plant required to enable that Iris camp plant and other. The project is in its closing stage.

#### **SIT S.A.**

**TPLR:** The purpose of the project is to enable the disposal of wastewater into public sewerage system. The project is finished.

**TPM7:** This project involves purchasing mail that will be installed in fields number 3 and 4 to control dust emissions during dust-combing operations and to protect from definitions by the electric power plant. The project is being closed.

**TPR8:** This project pretends to increase the generation of industrial waste through the use of vacuum and no-washing technologies, through the implementation of a vacuum system that avoids the use of water and therefore the generation of liquid industrial waste. The project is being executed.

**TPYX:** To comply with the commitment of decreasing their mission of particulate material made to the city of Tocopilla. The project is being executed.

**TQAV:** Paving and maintenance of internal roads of the port of Tocopilla, to decrease pollution and to comply with the Supreme Decree related to the saturated zone. The project is being executed.

#### **SQM Nitratos S.A.**

**IP6W:** To design and build mud, water, oil decanting pits and one tank equipped with a pump to reuse water, and metallic tanks for the removal of mud. The project is in its closing stage.

**PPOV:** Installation of a container to hold dangerous residues in maintenance and elimination of Likud the industrial water filters in the maintenance workshop María Elena, Pedro de Valdivia, Nueva Victoria and Pampa Blanca mines. The project is finished.

#### **SQM S.A.**

**AQ0A:** To enable the use of water rights that have been granted in several pits of the Conaf reservation Pampa del Tamarugal and to take them outside of the tamarugo forest and of the reservation, reducing the environmental impact of its exploitation. The project is being executed.

**IPFT:** The project contemplates the implementation of measures committed in projects in the area of the Nueva Victoria mine, update of operations in Nueva Victoria, evaporation ducts and pits in Iris. The project is being executed.

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

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

**IQ08:** The project considers the following works for the water reservoirs in Pampa del Tamarugal and Salar de Llamara: construction and enabling observation and monitoring pits, pumping tests, construction of roads over hard sand terrain and Salar crust. The project is being executed.

**IQ0C:** This project consists in implementing a program of adding value and area adjacent to route 5, which will enable the development of a self-guided tour of the area called Cantón de Lagunas in the context of the saltpeter history. The project is being executed.

**IQ1K:** Construction of the observation pits 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 near said pits. The project is being executed.

**IQ1M:** To implement environmental commitments included in the EIS of project "Pampa Hermosa" to safeguard the [puquío] zone that is in the Salar de Llamara water reservoir. The project is being executed.

**IQ3S:** Improvements in the storage installations of dangerous raw materials in Nueva Victoria. The project is being executed.

**IQ52:** This project includes the enabling and expansion of the environment offices in Nueva Victoria. The project is being executed.

**IQ53:** To perform equity assay to the new location of the Soronal abduction trace Project Pampa Hermosa approved through N° 890/2010. The project is being executed.

**IQ54:** This corresponds to the implementation of environmental commitments acquired through the environment assessment of the project Pampa Hermosa (RCA N°890/2010). The project is being executed.

**SC16:** This project has the purpose of obtaining environmental permits for the project of development in the region of Arica and Parinacota, included all the works related to environmental obligations that enable Operations to execute the construction and operation of the project. The environmental assessment to obtain the corresponding permit would be made to an EIS, that considers the preparation and filing of the document, and that also include activities of specific environmental studies (study of tamarugos in Llamara and Pampa Tamarugal, archeological mitigation measures, environment study of the Loa, hydrogeology studies). The project is in its closing stage.

**IQ6M:** Preparation and filing of the EID of the Project "Expansion of Mine Nueva Victoria". The projected expenses only include the environment document filing. The project is being executed.

**IQ9V:** To support the development of agriculture and tourist industry in the location of Quillagua, in order to enhance the activity through productive measures, technical assistance and marketing. The project is being executed.

#### **SQM Salar S.A.**

**CPTP:** The project considers the change of the current industrial water network, for a drinking water network in order to comply with the current regulation set forth in DS 72. The project is finished.

**CPZH:** The purpose of the project is to recuperate in a quick and safe manner the cake of LiOH and the waste without dropping it on the floor and avoiding the spelling of nearby sectors, that would generate danger for the operators in the area. The project is being executed.

**LP5J:** To perform analysis to define the hydrologic units of the Creek, quantified the recharge of the reservoir using environmental isotopic techniques. The project is being executed.

**LP82:** To support the development of demonstration lots, provide technical assistance for the improvement of agriculture practices such as watering. The project is being executed.

**LPTF:** To perform semi-annual reports, given that it is necessary to present improvements and optimizations at environmental control points, and the knowledge on geologic and hydrogeologic variables must be improved near Salar de Atacama. The project is being executed.

**LPTJ:** The plan considers the acquisition of stand equipment to ensure the operating continuity of the TAS and OR plants, the change in the current control system of TK's regarding the accumulation of drinking water, wastewater, and wastewater elevation chambers. The project is finished.

**LQ38:** This project has the purpose to comply with the current regulations and with observations raised by the SEREMI of Health. The project is being executed.

**CQ8U:** To improve the condition and capacity of the exchange rooms in Salar del Carmen. The project is being executed.

**LQAK:** The project considers the construction of the waste rooms in the MOP and SOP lunchrooms. This, in order to increase the capacity of waste storage. The project is being executed.

## > Note 25 - Other current and non-current non-financial assets

As of December 31, 2011, and December 31, 2010, the composition of other current and non-current assets is detailed as follows:

Other non-financial assets, current	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Domestic Value Added Tax	46,243	30,795
Foreign Value Added Tax	5,879	4,167
Prepaid mining licenses	1,228	1,281
Prepaid insurance	6,979	4,575
Prepaid leases	33	30
Marine concessions	40	48
Other prepaid expenses	236	86
Other assets	3,154	3,460
<b>Total</b>	<b>63,792</b>	<b>44,442</b>

Other non-financial assets, non-current	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Stain development expenses and prospecting expenses (1)	21,395	21,350
Income taxes recoverable	286	651
Guarantee deposits	428	514
Other assets	2,542	1,642
<b>Total</b>	<b>24,651</b>	<b>24,157</b>

(1) Assets for the exploration or evaluation of mineral resources are amortized to the extent that the explored or evaluated area has been exploited. For this purpose, a variable rate is applied to extracted tons, which is determined based on the measured initial reserve and evaluation cost. The Company presents expenses associated with Exploration and Evaluation of Mineral Resources. Of these expenses, those that are under exploitation are included under Inventory and are amortized according to the estimated ore reserves contained, and expenses associated with future reserves are presented under Other non-current assets. Those expenses incurred on properties with low ore grade that are not economically exploitable are directly charged to income. As of December 31, 2011 balances associated with the exploration and assessment of mineral resources is presented under Inventory for ThUS\$ 3,699 (ThUS\$ 1,723 as of December 31, 2010).

## Reconciliation of changes in assets for exploration and mineral resource evaluation, by type

Movements in assets for the exploration and evaluation of mineral resources as of December 31, 2011 and December 31, 2010:

Reconciliation	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Assets for the exploration and evaluation of mineral resources, net, beginning balance</b>	<b>21,350</b>	<b>26,832</b>
<b>Changes in assets for exploration and assessment of mineral resources:</b>		
Additions	3,777	-
Depreciation and amortization	(1,883)	(2,044)
Decrease due to transfers and other charges	(1,849)	(3,438)
<b>Assets for exploration and assessment of mineral resources, net, final balance</b>	<b>21,395</b>	<b>21,350</b>

As of the presentation date, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

## > Note 26 - Operating segments

### 26.1 Operating segments

The balance of each item presented in each operating segment is equal to that reported to the maximum authority who makes decisions regarding the operation, in order to decide on the allocation of resources to the defined segments and to assess its performance. The reported information in each segment is obtained from the consolidated financial statements of the company and, therefore, no consolidation is required between the abovementioned data and that reported in the corresponding operating segments, according to what is set forth in paragraph 28 of IFRS N° 8, "Operating Segments".

Operating segments relate to the following groups of products that generate revenue and for which the Company incurs expenses and the result of which is regularly reviewed by the Company's maximum authority in the decision-making process:

1. - Specialty plant nutrients
2. - Iodine and its derivatives
3. - Lithium and its derivatives
4. - Industrial chemicals
5. - Potassium
6. - Other products and services

Information relative to assets, liabilities and profit and expenses that cannot be assigned to the segments indicated above, due to the nature of production processes, is included under the "Corporate Unit" category of disclosures.

The indicator used by management to performance measurement and resource allocation to each segment, is related to the margin of each segment.

Sales between segments are made in the same conditions as those made to third parties, and are consistently measures as presented in the income statement.







**26.3 Revenues from ordinary activities from transactions with other Operating Segments of the company at December 31, 2011 are detailed as follows:**

Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Corporate unit ThUS\$	Total segments and Corporate unit ThUS\$
268,628	620,516	136,894	265,298	568,393	365,225	-	2,224,954

**26.3 Revenues from ordinary activities from transactions with other Operating Segments of the company at December 31, 2010 are detailed as follows:**

Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Corporate unit ThUS\$	Total segments and Corporate unit ThUS\$
233,064	416,758	91,675	227,567	468,169	225,402	-	1,662,635

**26.4 Disbursements of non-monetary assets of the segment as of December 31, 2011:**

Identification of disbursements of non-monetary assets	Chile ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS	Asia and others ThUS\$	Balances according to the Statement of Financial Position ThUS\$
<b>Investments in joint ventures</b>	-	-	-	-	4,909	4,909
Coromandel SQM India	-	-	-	-	409	409
SQM Migao Sichuan	-	-	-	-	4,500	4,500
<b>Amounts in addition of non-current assets</b>	<b>501,118</b>	-	-	-	-	<b>501,118</b>
- Property, plant and equipment	500,895	-	-	-	-	500,895
- Intangible assets	223	-	-	-	-	223
<b>Total segments</b>	<b>501,118</b>	-	-	-	<b>4,909</b>	<b>506,027</b>

**26.4 Disbursements of non-monetary assets of the segment as of December 31, 2010:**

Identification of disbursements of non-monetary assets	Chile ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS	Asia and others ThUS\$	Balances according to the Statement of Financial Position ThUS\$
<b>Investments in joint ventures</b>	-	-	-	-	3,500	3,500
Coromandel SQM India	-	-	-	-	1,000	1,000
SQM Migao Sichuan	-	-	-	-	2,500	2,500
<b>Amounts in addition of non-current assets</b>	<b>335,997</b>	-	-	-	-	<b>335,997</b>
- Property, plant and equipment	335,632	-	-	-	-	335,632
- Intangible assets	365	-	-	-	-	365
<b>Total segments</b>	<b>335,997</b>	-	-	-	<b>3,500</b>	<b>339,497</b>

## 26.5 Information on products and services of external customers

Revenues from operating activities with external customers by group of product and service as of December 31, 2011 are detailed as follows:

Items in the statement of income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	721,696	454,468	183,403	139,508	555,742	90,469	<b>2,145,286</b>

Revenues from operating activities from external customers by group of product and service as of December 31, 2010 are detailed as follows:

Items in the statement of income	Specialty plant nutrients ThUS\$	Iodine and its derivatives ThUS\$	Lithium and its derivatives ThUS\$	Industrial chemicals ThUS\$	Potassium ThUS\$	Other products and services ThUS\$	Total segments and Corporate unit ThUS\$
Revenue	603,678	316,253	150,810	149,706	528,151	81,815	<b>1,830,413</b>

## 26.6 Information on geographical areas

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its revenue from operating activities with external customers and from non-current assets that are not financial instruments, deferred income tax assets, assets related to post-employment benefits or rights derived from insurance contracts.

### 26.7 Revenues from operating activities from external customers classified by geographical areas as of December 31, 2011:

Identification of revenue from external customers	Chile ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS	Asia and others ThUS\$	Balances according to the Statement of income ThUS\$
Ingresos ordinarios	247,510	284,605	837,126	445,048	330,997	<b>2,145,286</b>

### 26.7 Revenue from external customers, classified by geographical areas as of December 31, 2010:

Identification of revenue from external customers	Chile ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS	Asia and others ThUS\$	Balances according to the Statement of income ThUS\$
Ingresos ordinarios	216,028	162,967	799,457	363,676	288,285	<b>1,830,413</b>

**26.8 Non-current assets classified by geographical area as of December 31, 2011:**

<b>Non-current asset items</b>	<b>Chile ThUS\$</b>	<b>Latin America and the Ca- ribbean ThUS\$</b>	<b>Europe ThUS\$</b>	<b>North America ThUS</b>	<b>Asia and others ThUS\$</b>	<b>Balances according to the Statement of financial position ThUS\$</b>
Investments in associates accounted for using the equity method	1,444	-	16,919	14,867	27,464	<b>60,694</b>
Intangible assets other than goodwill	3,877	-	-	439	-	<b>4,316</b>
Goodwill	27,146	86	11,373	-	-	<b>38,605</b>
Property, plant and equipment, net	1,752,991	1,433	389	29	200	<b>1,755,042</b>
Investment property	-	-	-	-	-	-
Other non-current assets	24,413	238	-	-	-	<b>24,651</b>
<b>Total assets</b>	<b>1,809,871</b>	<b>1,757</b>	<b>28,681</b>	<b>15,335</b>	<b>27,664</b>	<b>1,883,308</b>

**26.8 Non-current assets classified by geographical area as of December 31, 2010:**

<b>Non-current asset items</b>	<b>Chile ThUS\$</b>	<b>Latin America and the Ca- ribbean ThUS\$</b>	<b>Europe ThUS\$</b>	<b>North America ThUS</b>	<b>Asia and others ThUS\$</b>	<b>Balances according to the Statement of financial position ThUS\$</b>
Investments in associates accounted for using the equity method	1,352	-	19,615	7,251	34,053	<b>62,271</b>
Intangible assets other than goodwill	2,765	-	4	501	-	<b>3,270</b>
Goodwill	24,147	86	11,373	724	2,058	<b>38,388</b>
Property, plant and equipment, net	1,451,576	1,858	331	40	168	<b>1,453,973</b>
Investment property	1,373	-	-	-	-	<b>1,373</b>
Other non-current assets	112,820	227	-	3,293	373	<b>116,713</b>
<b>Total assets</b>	<b>1,594,033</b>	<b>2,171</b>	<b>31,323</b>	<b>11,809</b>	<b>36,652</b>	<b>1,675,988</b>

**26.9 Information on main customers**

With respect to the degree of dependency of the Company on its customers, in accordance with paragraph N° 34 of IFRS N° 8, the Company has no external customers who individually represent 10% or more of its income from operating activities. Credit risk concentrations with respect to trade and other accounts receivable are limited due to the significant number of entities in the Company's portfolio and its worldwide distribution. The Company's policy requires guarantees (such as letters of credit, guarantee clauses and others) and/or to maintain insurance policies for certain accounts as deemed necessary by the Company's Management.



**26.10 Property, plant and equipment classified by geographical area as of December 31, 2010:**

Property, plant and equipment	Chile ThUS\$	Latin America and the Caribbean ThUS\$	Europe ThUS\$	North America ThUS	Asia and others ThUS\$	Total ThUS\$
<b>12/31/2011</b>						
<b>Production and Port facilities:</b>						
Coya Sur	279,416	-	-	-	-	279,416
María Elena	150,046	-	-	-	-	150,046
Nueva Victoria	242,758	-	-	-	-	242,758
Pampa Blanca	17,998	-	-	-	-	17,998
Pedro de Valdivia	104,662	-	-	-	-	104,662
Salar de Atacama	648,303	-	-	-	-	648,303
Salar del Carmen	210,955	-	-	-	-	210,955
Tocopilla (port premises)	74,629	-	-	-	-	74,629
<b>Sub total Production and Port facilities</b>	<b>1,728,767</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,728,767</b>
<b>Corporate facilities:</b>						
Santiago	16,752	-	-	-	-	16,752
Antofagasta	5,907	-	-	-	-	5,907
<b>Subtotal corporate facilities</b>	<b>22,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,659</b>
<b>Subtotal business offices</b>	<b>1,565</b>	<b>1,433</b>	<b>389</b>	<b>29</b>	<b>200</b>	<b>3,616</b>
<b>Total segments</b>	<b>1,752,991</b>	<b>1,433</b>	<b>389</b>	<b>29</b>	<b>200</b>	<b>1,755,042</b>

**26.10 Property, plant and equipment classified by geographical area as of December 31, 2010:**

<b>Property, plant and equipment</b>	<b>Chile ThUS\$</b>	<b>Latin America and the Caribbean ThUS\$</b>	<b>Europe ThUS\$</b>	<b>North America ThUS</b>	<b>Asia and others ThUS\$</b>	<b>Total ThUS\$</b>
<b>12/31/2010</b>						
<b>Production and Port facilities:</b>						
Coya Sur	256,570	-	-	-	-	256,570
María Elena	144,233	-	-	-	-	144,233
Nueva Victoria	202,134	-	-	-	-	202,134
Pampa Blanca	20,381	-	-	-	-	20,381
Pedro de Valdivia	84,992	-	-	-	-	84,992
Salar de Atacama	442,281	-	-	-	-	442,281
Salar del Carmen	213,488	-	-	-	-	213,488
Tocopilla (port premises)	63,521	-	-	-	-	63,521
<b>Sub total Production and Port facilities</b>	<b>1,427,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,427,600</b>
<b>Corporate facilities:</b>						
Santiago	14,506	-	-	-	-	14,506
Antofagasta	6,831	-	-	-	-	6,831
<b>Subtotal corporate facilities</b>	<b>21,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,337</b>
<b>Subtotal business offices</b>	<b>2,639</b>	<b>1,858</b>	<b>331</b>	<b>40</b>	<b>168</b>	<b>5,036</b>
<b>Total segments</b>	<b>1,451,576</b>	<b>1,858</b>	<b>331</b>	<b>40</b>	<b>168</b>	<b>1,453,973</b>

The company's main productive facilities are located near their mines and extraction facilities in northern Chile. The following table presents the main production facilities as of December 31, 2011 and December 31, 2010:

<b>Location:</b>	<b>Products:</b>
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 and lithium hydroxide, production of boron.
Tocopilla	Port facilities

> Note 27 - Income statement information by function of expenses presented according to the expenses nature

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>27.1. Revenue from ordinary activities</b>		
Products	2,138,264	1,823,843
Services	7,022	6,570
<b>Total</b>	<b>2,145,286</b>	<b>1,830,413</b>
<b>27.2. Cost of sales</b>		
Payroll and employee benefits	162,207	148,333
Raw material and supplies	572,652	528,362
Fuel and power	160,174	114,283
Lease of machinery, equipment and other goods	84,312	57,514
Contractors	59,989	41,940
Maintenance services	33,012	23,575
Freight	46,510	34,408
Depreciation	163,438	138,263
Other	8,200	117,732
<b>Total</b>	<b>1,290,494</b>	<b>1,204,410</b>
<b>27.3. Other income</b>		
Discounts obtained from suppliers	777	922
Compensation received	876	272
Penalties charged to suppliers	453	109
Taxes recovered	12	26
Insurance recovered	395	201
Excess in the provision of liabilities with 3rd parties	630	424
Excess in bad-debt provision	179	83
Sale of fixed assets	2,213	448
Sale of materials, spare parts and supplies	959	668
Sale of mining concessions	613	872
Sale of scrap metal	141	68
Compensation Minera Esperanza	192	764
Excess inventory provision	559	-
Venta sale of concession of Minera Sierra Gorda	37,679	-
Sundry services	84	534
Other operating results	1,919	1,154
<b>Total</b>	<b>47,681</b>	<b>6,545</b>

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>27.4. Management expenses</b>		
Payroll and employee benefits	46,493	38,386
Other	45,267	40,433
<b>Total</b>	<b>91,760</b>	<b>78,819</b>
	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>27.5. Other expenses, by function</b>		
Impairment Of Doubtful Accounts	3,364	1,246
VAT And Other Unrecoverable Tax	685	543
Fines	204	374
Investment Plan Expenses	11,462	13,279
Donations Rejected As Expense	2,557	2,095
Adjustment To Fixed Asset Realization Value	-	1,000
Loss In Bids	2,000	500
Indemnification Paid	72	-
Legal Expenses	2,422	2,087
Depreciation Of Stopped Assets	32,459	5,677
Trial In Brasil	3,500	2,000
Assays Provision	-	4,000
Indemnification Of Yara Sudafrica	3,495	-
Other Operating Expense	827	3,411
<b>Total</b>	<b>63,047</b>	<b>36,212</b>
	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>27.6. Other gains (losses)</b>		
Retirement plan	880	(100)
Adjustment of Equity Method, prior year	422	23
El Toco shut-down provision	3,016	(6,900)
Sale of investment in associates	1,467	-
Other	2	(2)
<b>Total</b>	<b>5,787</b>	<b>(6,979)</b>

## > Note 28 - Income Taxes

As of December 31, 2011 and December 31, 2010, current income taxes recoverable are detailed as follows:

### 28.1 Current tax accounts receivable

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Net monthly tax provisional payments, Chilean companies actual year	1,758	19,614
Net monthly tax provisional payments, Chilean companies prior year	-	2,158
Monthly tax provisional payments, foreign companies	857	562
Corporate tax credits <sup>(1)</sup>	394	1,111
Corporate tax absorbed by tax losses <sup>(2)</sup>	1,756	9,328
<b>Total</b>	<b>4,765</b>	<b>32,773</b>

(1): These credits are available to companies and relate to the corporate tax payment 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 the donations the Group has made during 2011 and 2010.

(2): This concept corresponds to the absorption of non-operating losses (NOL's) determined by the company at year end, 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 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.

### 28.2 Current tax accounts payable

Taxes payable	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Corporate tax and royalty	72,343	5,984
Foreign company income tax	3,068	1,105
Article 21 unique tax	7	24
<b>Total</b>	<b>75,418</b>	<b>7,113</b>

The income tax is determined on the basis of the determination of income tax that applies the tax rate currently in force in Chile 20%.

The provision of royalty is determined by applying the tax rate was determined for the Operational Net income (INO).

The royalty provision is determined by applying the tax rate that was determined to the Operational Net Income (ONI).

In conclusion, both concepts represent the estimated amount the company will have to pay on account of income tax and specific tax on mining.

### 28.3 Taxable earnings

As of December 31, 2011 and December 31, 2010, the Company and its subsidiaries have recorded the following consolidated balances for retained taxable earnings registry, income not constituting revenue subject to income tax, accumulated tax losses and credit for shareholders:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Taxable profits with credit rights <sup>(1)</sup>	1,053,651	602,536
Taxable profits without credit rights <sup>(1)</sup>	150,234	86,920
Taxable losses	15,069	21,630
Credit for shareholders	242,143	123,322

(1) The Retained Taxable Profits Registry (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 taxable 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, called in Chile Global Aggregate Tax (that levies persons resident or domiciled in Chile), or Withholding Tax (that levies persons "Not" resident or domiciled in Chile).



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 within the period.

Profits without credit rights represent the 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 use the FUT Registry to maintain control over the profits they generate that have not been distributed to the owners and the relevant credits associated with such profits.

#### **28.4 Income and deferred taxes**

Assets and liabilities recognized in the consolidated classified 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:
  - (i) the same entity or tax subject; or
  - (ii) 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 fiscal 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.

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

d.1 Income tax assets and liabilities as of December 31, 2011 are detailed as follows:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	-	-	-	114,151
Doubtful accounts impairment	16	-	4,045	-
Vacation accrual	9	-	2,633	-
Production expenses	-	-	-	54,747
Unrealized gains (losses) 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 deferred income taxes	-	-	-	10,035
Other	194	-	5,773	-
<b>Balance at year-end</b>	<b>304</b>	<b>-</b>	<b>123,925</b>	<b>222,519</b>
<b>Net balance</b>	<b>304</b>	<b>-</b>	<b>-</b>	<b>98,594</b>

d.2 Activos y pasivos por impuestos diferidos al 31 de diciembre de 2010:

Description of deferred income tax assets and liabilities	Net position, assets		Net position, liabilities	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Depreciation	-	-	-	88,785
Doubtful accounts impairment	139	-	3,452	-
Vacation accrual	9	-	2,382	-
Production expenses	-	-	-	47,442
Unrealized gains (losses) from sales of products	-	-	49,181	-
Bonds fair value	-	-	1,886	-
Employee termination benefits	-	-	-	2,984
Hedging	-	-	-	20,739
Inventory of products, spare parts and supplies	-	1,050	8,950	-
Research and development expenses	-	-	-	4,215
Tax losses	796	-	2,748	-
Capitalized interest	-	-	-	14,784
Expenses in assumption of bank loans	-	-	-	2,278
Unaccrued interest	-	-	261	-
Fair value of property, plant and equipment	-	-	9,634	-
Employee benefits	-	-	6,052	-
Royalty deferred income taxes	-	-	-	7,462
Other	471	-	3,362	-
<b>Balance at year-end</b>	<b>1,415</b>	<b>1,050</b>	<b>87,908</b>	<b>188,689</b>
<b>Net balance</b>	<b>365</b>	<b>-</b>	<b>-</b>	<b>100,781</b>

#### d.3 Deferred income 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.

As of December 31, 2011 and December 31, 2010, tax loss carryforwards (NOL carryforwards) are detailed as follows:

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Chile	1,046	2,748
Other countries	-	796
<b>Balance at year-end</b>	<b>1,046</b>	<b>3,544</b>

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

#### d.4 Unrecognized deferred income tax assets and liabilities

As of December 31, 2011 and December 31, 2010, unrecognized assets and liabilities are detailed as follows:

	12/31/2011 ThUS\$ Activos (pasivos)	12/31/2010 ThUS\$ Activos (pasivos)
Tax losses (NOL's)	139	251
Doubtful accounts impairment	81	98
Inventory impairment	1,020	704
Pensions plan	(536)	266
Vacation accrual	29	29
Depreciation	(57)	(67)
Other	(19)	(17)
<b>Balance at year-end</b>	<b>657</b>	<b>1,264</b>

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

#### d.5 Movements in deferred tax liabilities

Movements in deferred tax liabilities as of December 31, 2011 and December 31, 2010 are detailed as follows:

	12/31/2011 ThUS\$ Liabilities (assets)	12/31/2010 ThUS\$ Liabilities (assets)
Beginning balance of deferred income tax liabilities	100,416	52,932
Increase (decrease) in deferred income taxes in statement of income	(3,664)	47,735
Tax Recovery of first category credit absorbed by tax losses	1,756	-
Increase (decrease) in deferred income taxes in equity	(218)	(251)
<b>Balance at year-end</b>	<b>98,290</b>	<b>100,416</b>

#### Disclosures on income tax expense (income)

The Company recognizes current and deferred income taxes as income or expenses, and they are included in income, 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

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

	12/31/2011 ThUS\$ Benefit (expenses)	12/31/2010 ThUS\$ Benefit (expenses)
<b>Current gains tax expense</b>		
Current tax expense	(181,424)	(60,863)
Adjustments to current taxes of the previous year	(1,950)	2,569
<b>Current tax expenses, net, total</b>	<b>(183,374)</b>	<b>(58,294)</b>
<b>Deferred tax expenses</b>		
Deferred tax expense (revenue) relating to the creation and reversal of temporary differences	3,664	(47,735)
<b>Deferred tax expenses, net, total</b>	<b>3,664</b>	<b>(47,735)</b>
<b>Income tax expense</b>	<b>(179,710)</b>	<b>(106,029)</b>

Expenses (income) for income taxes for foreign and domestic parties are detailed as follows:

	12/31/2011 ThUS\$ Benefit (expenses)	12/31/2010 ThUS\$ Benefit (expenses)
<b>Current income tax expense by domestic and foreign parties, net</b>		
Current income tax expense, foreign parties, net	(5,231)	(2,208)
Current income tax expense, domestic, net	(178,143)	(56,086)
<b>Total current income tax expense, net</b>	<b>(183,374)</b>	<b>(58,294)</b>
<b>Deferred income taxes by foreign and domestic parties, net</b>		
Deferred income tax expense, foreign parties, net	(651)	(646)
Deferred income tax expense, domestic, net	4,315	(47,089)
<b>Deferred income tax expense, net</b>	<b>3,664</b>	<b>(47,735)</b>
<b>Income tax expense</b>	<b>(179,710)</b>	<b>(106,029)</b>

d.7 Equity interest in taxation attributable to investments recognized according to the equity method:

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

(a) the parent company, 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 subsidiaries, branches and 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.

d.8 Information on the tax effects of other comprehensive income components:

		12/31/2011 ThUS\$	
<b>Income tax related to components of other income and expense with a charge or credit to net equity</b>	<b>Amount before taxes</b>	<b>Expense (income) for income taxes</b>	<b>Amount after taxes</b>
Cash flow hedges	(1,091)	218	(873)
<b>Total</b>	<b>(1,091)</b>	<b>218</b>	<b>(873)</b>

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

d.9 Explanation of the relationship between expense (income) for tax purposes and accounting income

In accordance with paragraph No. 81, letter c) of IAS 12, 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 Parent Company and its subsidiaries incorporated in Chile generate almost the total amount of tax expense (income) and the fact that amounts of subsidiaries incorporated in foreign countries have no relevant significance within the context of the total 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.**

	12/31/2011 ThUS\$ Income (loss)	12/31/2010 ThUS\$ Income (loss)
Consolidated income before taxes	733,829	493,300
Income tax rate in force in Chile	20%	17%
<b>Tax expense using the legal rate</b>	<b>(146,766)</b>	<b>(83,861)</b>
Effect of royalty tax expense	(24,487)	(11,115)
Effect of non-taxable income	6,865	2,783
Tax effect of rates in other jurisdictions	(2,548)	(1,360)
Tax effect of tax rates supported abroad	(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)	(9,601)	2,905
<b>Tax expense using the effective rate</b>	<b>(179,710)</b>	<b>(106,029)</b>



d.10 Tax periods potentially subject to verification:

The Company is potentially subject to income tax audits by tax authorities in each country. These audits are limited to a number of annual tax periods, which, in general, when they elapse, give rise to the expiration of these inspections.

Tax audits, due to their nature, are often complex and may require several years. Below, we provide a summary of tax periods that are potentially subject to verification, in accordance with tax regulations in force in the country of origin:

a) Chile

According to article 200 of Decree Law No. 830, the tax authority shall review for any deficiencies in its settlement and taxes turn giving rise, 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 been 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.

## 28.5 Amendments to the income tax law and specific tax on mining in Chile

a) Amendment to Corporate Tax

Law No. 20,455 was published in the Official Gazette of July 31, 2010. Article 1 of this law temporarily increases the Corporate Tax rate set forth in article 20 of the Income Tax Law (ITL), which levies incomes received or accrued within calendar years 2011 and 2012.

In accordance with that temporary increase, the referred-to rate of 17% increases to 20% for income received or accrued within calendar year 2011 (fiscal year 2012); and to 18,5% for income received or accrued within calendar year 2012 (fiscal year 2013).

b) Amendment to the specific tax on mining

Law No. 20,469 was published in the Official Gazette of October 21, 2010, dealing with the following matters:

- a. Article 64 bis of the Income Tax Law, which establishes a specific tax on the operating income derived from mining activities earned by a foreign mine operator, was replaced;
- b. It included a new article 64 ter, relating to the method to be used to determine the operating taxable income derived from mining activities that, prior to this amendment, were addressed in the replaced article 64 bis;
- c. It amended article 11 ter of Decree Law 600/ 1974; and
- d. It established transitory and optional regulations applicable to investments or companies subject to articles 7, 11 bis and 11 ter of DL 600/ 1974; transitory article 5 of Law 20,026, and companies included in the provisions set forth in transitory article 4, even when they are not the recipients of foreign investments.

SQM Salar S.A. on August 26, 2011 undersigned a contract with the Ministry of Economy, Development and Tourism that grants the fixed regime that is set forth in Article 4-Transitory of Law 20469 of 2010.

SQM Nitratos S.A. on December 22, 2011 undersigned a contract with the Ministry of Economy, Development and Tourism that grants the fixed regime that is set forth in Article 4-Transitory of Law 20469 of 2010.

This contract grants the benefit of fixed regime to SQM Salar S.A. and SQM Nitratos S.A. as of 2013 and for 5 years, to a fixed 5% rate as its Specific Mining Tax.

## > Note 29 - Disclosures on accounts held in foreign currency

Assets held in foreign currency are detailed as follows:

Class of asset	Currency	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Current assets:</b>			
Cash and cash equivalent	BRL	22	22
Cash and cash equivalent	CLP	125,118	332,624
Cash and cash equivalent	CNY	300	104
Cash and cash equivalent	EUR	3,070	6,709
Cash and cash equivalent	GBP	14	5
Cash and cash equivalent	IDR	5	16
Cash and cash equivalent	INR	45	-
Cash and cash equivalent	MXN	29	102
Cash and cash equivalent	PEN	16	13
Cash and cash equivalent	YEN	2,292	1,193
Cash and cash equivalent	ZAR	5,450	1,523
<b>Subtotal Cash and cash equivalent</b>		<b>136,361</b>	<b>342,311</b>
Other financial assets, current	CLP	129,069	69,818
<b>Subtotal other financial assets, current</b>		<b>129,069</b>	<b>69,818</b>
Other non-financial assets, current	ARS	35	42
Other non-financial assets, current	AUD	91	-
Other non-financial assets, current	BRL	4	2
Other non-financial assets, current	CLF	22	21
Other non-financial assets, current	CLP	46,366	30,966
Other non-financial assets, current	CNY	16	23
Other non-financial assets, current	EUR	4,504	4,303
Other non-financial assets, current	INR	17	-
Other non-financial assets, current	MXN	606	552
Other non-financial assets, current	PEN	37	331
Other non-financial assets, current	ZAR	1,443	167
<b>Subtotal other non-financial assets, current</b>		<b>53,141</b>	<b>36,407</b>
Trade debtors and other accounts receivable	ARS	-	5
Trade debtors and other accounts receivable	BRL	41	64
Trade debtors and other accounts receivable	CLF	1,172	1,015
Trade debtors and other accounts receivable	CLP	107,973	114,108
Trade debtors and other accounts receivable	CNY	1,811	48
Trade debtors and other accounts receivable	EUR	60,382	97,193
Trade debtors and other accounts receivable	GBP	488	409
Trade debtors and other accounts receivable	MXN	141	58
Trade debtors and other accounts receivable	PEN	211	2
Trade debtors and other accounts receivable	YEN	-	2
Trade debtors and other accounts receivable	ZAR	16,004	7,292
<b>Subtotal Trade debtors and other accounts receivable</b>		<b>188,223</b>	<b>220,196</b>
Accounts receivable from related entities	AED	379	-
Accounts receivable from related entities	CLP	999	111

continues

Class of asset	Moneda	12/31/2011 ThUS\$	12/31/2010 ThUS\$
Accounts receivable from related entities	EUR	150	2,651
Accounts receivable from related entities	YEN	93	-
<b>Subtotal accounts receivable from related entities</b>		<b>1,621</b>	<b>2,762</b>
Tax asset, current	CLP	590	9,098
Tax asset, current	CNY	-	20
Tax asset, current	EUR	70	140
Tax asset, current	MXN	6	39
Tax asset, current	PEN	239	61
Tax asset, current	YEN	34	16
Tax asset, current	ZAR	-	123
<b>Subtotal Tax asset, current</b>		<b>939</b>	<b>9,497</b>
<b>Total current assets</b>		<b>509,354</b>	<b>680,991</b>
<b>Non-current assets:</b>			
Other financial assets, non-current	BRL	30	34
Other financial assets, non-current	CLP	20	20
Other financial assets, non-current	EUR	3	3
Other financial assets, non-current	YEN	61	58
<b>Subtotal other financial assets, non-current</b>		<b>114</b>	<b>115</b>
Other non-financial assets, non-current	BRL	238	227
Other non-financial assets, non-current	CLP	477	599
Other non-financial assets, non-current	YEN	-	373
<b>Subtotal other non-financial assets, non-current</b>		<b>715</b>	<b>1,199</b>
Rights receivable, non-current	CLF	362	633
Rights receivable, non-current	CLP	709	469
<b>Subtotal Rights receivable, non-current</b>		<b>1,071</b>	<b>1,102</b>
Investments accounted for using the equity method	AED	24,958	24,168
Investments accounted for using the equity method	CLP	1,444	1,352
Investments accounted for using the equity method	EGP	1,270	1,435
Investments accounted for using the equity method	EUR	8,866	9,560
Investments accounted for using the equity method	INR	785	432
Investments accounted for using the equity method	THB	1,561	1,543
Investments accounted for using the equity method	TRY	12,256	11,988
<b>Subtotal Investments accounted for using the equity method</b>		<b>51,140</b>	<b>50,478</b>
Intangible assets other than goodwill	CLP	42	-
<b>Subtotal Intangible assets other than goodwill</b>		<b>42</b>	<b>-</b>
Property, plant and equipment	CLP	3,264	1,762
<b>Subtotal Property, plant and equipment</b>		<b>3,264</b>	<b>1,762</b>
<b>Total Non-current assets</b>		<b>56,346</b>	<b>54,656</b>
<b>Total assets</b>		<b>565,700</b>	<b>735,647</b>

Liabilities maintained in foreign currency are detailed as follows:

Class Of Liability	Currency	12/31/2011			12/31/2010		
		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\$
<b>Current Liabilities</b>							
Other Current Financial Liabilities	CLF	3,769	6,987	10,756	3,577	7,749	11,326
Other Current Financial Liabilities	CLP	1,354	451	1,805	814	1,508	2,322
<b>Subtotal Other Current Financial Liabilities</b>		<b>5,123</b>	<b>7,438</b>	<b>12,561</b>	<b>4,391</b>	<b>9,257</b>	<b>13,648</b>
Trade Accounts Payable And Other Accounts Payable	ARS	3	-	3	1	-	1
Trade Accounts Payable And Other Accounts Payable	BRL	320	-	320	341	-	341
Trade Accounts Payable And Other Accounts Payable	CHF	221	-	221	-	-	-
Trade Accounts Payable And Other Accounts Payable	CLP	115,694	236	115,930	85,403	-	85,403
Trade Accounts Payable And Other Accounts Payable	CNY	1,821	-	1,821	57	-	57
Trade Accounts Payable And Other Accounts Payable	EUR	12,265	181	12,446	22,356	1,535	23,891
Trade Accounts Payable And Other Accounts Payable	GBP	24	-	24	40	-	40
Trade Accounts Payable And Other Accounts Payable	INR	1	-	1	1	-	1
Trade Accounts Payable And Other Accounts Payable	MXN	426	-	426	1,020	140	1,160
Trade Accounts Payable And Other Accounts Payable	PEN	31	-	31	43	-	43
Trade Accounts Payable And Other Accounts Payable	YEN	124	-	124	-	-	-
Trade Accounts Payable And Other Accounts Payable	ZAR	2,831	108	2,939	1,280	1,062	2,342
<b>Subtotal Trade Accounts Payable And Other Accounts Payable</b>		<b>133,761</b>	<b>525</b>	<b>134,286</b>	<b>110,542</b>	<b>2,737</b>	<b>113,279</b>
Accounts Payable To Related Entities	EUR	-	-	-	-	997	997
<b>Subtotal Accounts Payable To Related Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>997</b>	<b>997</b>
Other Short-Term Provisions	ARS	62	-	62	-	-	-
Other Short-Term Provisions	BRL	-	1,459	1,459	-	1,634	1,634
Other Short-Term Provisions	CLP	29	-	29	20	-	20
Other Short-Term Provisions	EUR	140	-	140	323	-	323
Other Short-Term Provisions	MXN	-	250	250	-	-	-
<b>Subtotal Other Short-Term Provisions</b>		<b>231</b>	<b>1,709</b>	<b>1,940</b>	<b>343</b>	<b>1,634</b>	<b>1,977</b>
Current Tax Liabilities	CLP	-	2,129	2,129	-	-	-
Current Tax Liabilities	CNY	49	-	49	-	-	-
Current Tax Liabilities	EUR	-	2,011	2,011	-	335	335
Current Tax Liabilities	MXN	140	-	140	-	-	-
Current Tax Liabilities	YEN	-	386	386	-	-	-
Current Tax Liabilities	ZAR	-	109	109	-	-	-
<b>Subtotal Current Tax Liabilities</b>		<b>189</b>	<b>4,635</b>	<b>4,824</b>	<b>-</b>	<b>335</b>	<b>335</b>
Current Provisions Related To Employee Benefits	CLP	6,915	22,807	29,722	34,211	9,455	43,666
Current Provisions Related To Employee Benefits	MXN	-	334	334	-	292	292
<b>Subtotal Current Provisions Related To Employee Benefits</b>		<b>6,915</b>	<b>23,141</b>	<b>30,056</b>	<b>34,211</b>	<b>9,747</b>	<b>43,958</b>
Other Non-Financial Current Liabilities	AUD	-	-	-	-	4	4
Other Non-Financial Current Liabilities	BRL	12	44	56	12	-	12
Other Non-Financial Current Liabilities	CLP	7,464	36,006	43,470	6,299	12,557	18,856
Other Non-Financial Current Liabilities	CNY	12	-	12	18	-	18
Other Non-Financial Current Liabilities	EUR	631	-	631	29	84	113
Other Non-Financial Current Liabilities	MXN	1,331	53	1,384	710	54	764
Other Non-Financial Current Liabilities	PEN	118	-	118	79	-	79
<b>Subtotal Other Non-Financial Current Liabilities</b>		<b>9,568</b>	<b>36,103</b>	<b>45,671</b>	<b>7,147</b>	<b>12,699</b>	<b>19,846</b>
<b>Total Current Liabilities</b>		<b>155,787</b>	<b>73,551</b>	<b>229,338</b>	<b>156,634</b>	<b>37,406</b>	<b>194,040</b>

Class Of Liability	Currency	12/31/2011				12/31/2010			
		over one year up to 3 years Thus\$	over 3 years up to 5 years Thus\$	over 5 years Thus\$	Total Thus\$	over one year up to 3 years Thus\$	over 3 years up to 5 years Thus\$	over 5 years Thus\$	Total Thus\$
<b>Liabilities, Non-Current</b>									
Other Financial Liabilities, Non-Current	CLF	76,853	12,881	232,131	321,865	-	66,081	284,056	350,137
Other Financial Liabilities, Non-Current	CLP	139,770	-	-	139,770	-	154,485	-	154,485
<b>Subtotal Other Financial Liabilities, Non-Current</b>		<b>216,623</b>	<b>12,881</b>	<b>232,131</b>	<b>461,635</b>	<b>-</b>	<b>220,566</b>	<b>284,056</b>	<b>504,622</b>
Deferred Tax Liability	CLP	57	-	56	113	56	-	36	92
Deferred Tax Liability	MXN	590	-	-	590	-	-	-	-
<b>Subtotal Deferred Tax Liability</b>		<b>647</b>	<b>-</b>	<b>56</b>	<b>703</b>	<b>56</b>	<b>-</b>	<b>36</b>	<b>92</b>
Noncurrent Provisions Related To Employee Benefits	CLP	-	-	27,573	27,573	-	-	26,578	26,578
Noncurrent Provisions Related To Employee Benefits	MXN	-	-	520	520	-	-	195	195
Noncurrent Provisions Related To Employee Benefits	YEN	-	-	94	94	-	-	436	436
<b>Subtotal Noncurrent Provisions Related To Employee Benefits</b>		<b>-</b>	<b>-</b>	<b>28,187</b>	<b>28,187</b>	<b>-</b>	<b>-</b>	<b>27,209</b>	<b>27,209</b>
<b>Total Liabilities, Non-Current</b>		<b>217,270</b>	<b>12,881</b>	<b>260,374</b>	<b>490,525</b>	<b>56</b>	<b>220,566</b>	<b>311,301</b>	<b>531,923</b>

## > Note 30 - Events after the reporting period

### 30.1 Authorization of the financial statements

The consolidated financial statements of Sociedad Química y Minera S.A. and subsidiaries prepared in accordance with International Financial Reporting Standards for the period ended December 31, 2011 were approved and authorized for issuance by the Board of Directors at their meeting held on March 6, 2012.

The consolidated financial statements of Sociedad Química y Minera S.A. and subsidiaries have been translated into English and adapted in order to comply with US SEC requirements. These consolidated financial statements were approved and authorized for issuance by the Board of Directors whose meeting was held on March 6, 2012.

### 30.2 Disclosures of subsequent events

Management is not aware of any other significant events that occurred between December 31, 2011 and the date of issuance of these consolidated financial statements that may significantly affect them.

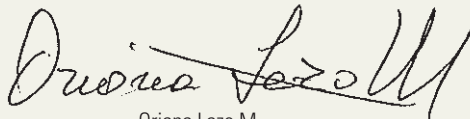
### 30.3 Detail of dividends declared after the reporting date

As of the closing date of these financial statements, there are no dividends declared after the reporting date.

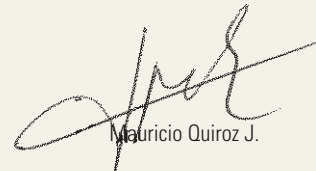


## > Report of Accounting Inspector

We have examined the Financial Statements of Sociedad Química y Minera de Chile S.A. corresponding to the business year ended December 31, 2011. Our exam and revision as Accounting Inspector spanned the comparison of the outstanding balances of the General Ledger with the Balance Sheet and the corresponding Income Statements as of December 31, 2011. We found these accounts to be in accordance with their balances..



Oriana Lazo M.



Mauricio Quiroz J.

## › Condensed Financial Statements







## > Summarized Financial Information of Subsidiaries

### Financial Statements: SQM Industrial S.A and subsidiaries

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current Assets	1,519,005	1,224,430
Non-current Assets	637,276	604,250
<b>Total assets</b>	<b>2,156,281</b>	<b>1,828,980</b>
<b>Liabilities</b>		
Current liabilities	1,216,094	966,246
Non-current liabilities	68,619	52,182
Equity	871,568	810,252
<b>Total liabilities</b>	<b>2,156,281</b>	<b>1,828,680</b>
<b>Results</b>		
Ordinary income	1,943,892	1,739,815
Sales Costs	(1,714,675)	(1,512,927)
<b>Gross earnings</b>	<b>229,217</b>	<b>226,888</b>
Administration Expenses	(53,063)	(48,877)
Other Gains (Losses)	(57,590)	(11,670)
Income tax expenditures	(29,784)	(28,636)
<b>Gains (Losses)</b>	<b>88,780</b>	<b>137,705</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	50,171	186,810
Cash flows from (used in) financing activities	38,218	(14,500)
Net cash flows from (used in) investment activities	(112,000)	(137,641)
Effects of variation in exchange rate on cash and cash equivalents	(2,970)	(300)
Cash and cash equivalents at the beginning of the period	89,344	54,975
<b>Cash and cash equivalents at the end of the period</b>	<b>62,763</b>	<b>89,344</b>

**Financial Statement: Ajay SQM Chile S.A.**

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current Assets	25,393	15,298
Non-current Assets	1,584	2,378
<b>Total assets</b>	<b>26,977</b>	<b>17,676</b>
<b>Liabilities</b>		
Current liabilities	9,058	6,832
Non-current liabilities	797	747
Equity	17,122	10,097
<b>Total liabilities</b>	<b>26,977</b>	<b>17,676</b>
<b>Results</b>		
Ordinary income	76,536	54,948
Sales Costs	(62,456)	(49,629)
<b>Gross earnings</b>	<b>14,080</b>	<b>5,319</b>
Administration Expenses	(918)	(789)
Other Gains (Losses)	(591)	(2,024)
Income tax expenditures	(2,505)	(457)
<b>Gains (Losses)</b>	<b>10,066</b>	<b>2,049</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	4,640	(123)
Cash flows from (used in) financing activities	(3,041)	(712)
Net cash flows from (used in) investment activities	(152)	(134)
Effects of variation in exchange rate on cash and cash equivalents	-	34
Cash and cash equivalents at the beginning of the period	988	1,923
<b>Cash and cash equivalents at the end of the period</b>	<b>2,435</b>	<b>988</b>



**Financial Statements: SQM Potasio S.A. and Subsidiaries**

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current assets	822,694	578,382
Non-current assets	890,536	678,824
<b>Total assets</b>	<b>1,713,230</b>	<b>1,257,206</b>
<b>Liabilities</b>		
Current liabilities	512,783	414,712
Non-current liabilities	398,757	233,015
Equity	801,690	609,479
<b>Total liabilities</b>	<b>1,713,230</b>	<b>1,257,206</b>
<b>Results</b>		
Ordinary income	901,165	751,021
Sales Costs	(490,137)	(482,169)
<b>Gross earnings</b>	<b>411,028</b>	<b>268,852</b>
Administration Expenses	(5,103)	(6,239)
Other Gains (Losses)	(6,561)	(34,443)
Income tax expenditures	(100,831)	(54,800)
<b>Gains (Losses)</b>	<b>298,533</b>	<b>173,370</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	196,960	351,823
Cash flows from (used in) financing activities	148,846	(285,000)
Net cash flows from (used in) investment activities	(276,523)	(200,302)
Effects of variation in exchange rate on cash and cash equivalents	508	(79)
Cash and cash equivalents at the beginning of the period	47,764	181,322
<b>Cash and cash equivalents at the end of the period</b>	<b>117,555</b>	<b>47,764</b>

**Financial Statement: SQM Nitratos S.A.**

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current Assets	722,375	652,776
Non-current Assets	97,049	61,542
<b>Total assets</b>	<b>819,424</b>	<b>714,318</b>
<b>Liabilities</b>		
Current liabilities	650,781	610,283
Non-current liabilities	14,734	11,599
Equity	153,909	92,436
<b>Total liabilities</b>	<b>819,424</b>	<b>714,318</b>
<b>Results</b>		
Ordinary income	271,765	134,841
Sales Costs	(133,861)	(93,600)
<b>Gross earnings</b>	<b>137,904</b>	<b>41,241</b>
Administration Expenses	(6)	(43)
Other Gains (Losses)	7,164	(3,814)
Income tax expenditures	(38,589)	(7,762)
<b>Gains (Losses)</b>	<b>106,473</b>	<b>29,622</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	54,131	7,273
Cash flows from (used in) financing activities	-	-
Net cash flows from (used in) investment activities	(53,643)	(7,314)
Effects of variation in exchange rate on cash and cash equivalents	(242)	(9)
Cash and cash equivalents at the beginning of the period	40	90
<b>Cash and cash equivalents at the end of the period</b>	<b>286</b>	<b>40</b>

**Financial Statement: Minera Nueva Victoria S.A. and Subsidiaries**

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current assets	50,179	70,197
Non-current assets	26,828	21,204
<b>Total assets</b>	<b>77,007</b>	<b>91,401</b>
<b>Liabilities</b>		
Current liabilities	1,526	468
Non-current liabilities	892	414
Equity	74,589	90,519
<b>Total liabilities</b>	<b>77,007</b>	<b>91,401</b>
<b>Results</b>		
Ordinary income	3,676	1,578
Sales Costs	(2,205)	(2,307)
<b>Gross earnings</b>	<b>1,471</b>	<b>(729)</b>
Administration Expenses	-	-
Other Gains (Losses)	4,557	6,092
Income tax expenditures	(1,959)	(994)
<b>Gains (Losses)</b>	<b>4,069</b>	<b>4,369</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	6,352	450
Cash flows from (used in) financing activities	-	-
Net cash flows from (used in) investment activities	(6,352)	(450)
Cash and cash equivalents at the beginning of the period	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>-</b>	<b>-</b>

**Financial Situation Statement: RS Agro Chemical Trading Corp. A.V.V.**

<b>Assets</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Current assets	5,223	5,227
Non-current assets	-	-
<b>Total assets</b>	<b>5,223</b>	<b>5,227</b>
<b>Liabilities</b>		
Current liabilities	-	-
Non-current liabilities	-	-
Equity	5,223	5,227
<b>Total liabilities</b>	<b>5,223</b>	<b>5,227</b>
<b>Results</b>		
Ordinary income	-	-
Sales Costs	-	-
<b>Gross earnings</b>	<b>-</b>	<b>-</b>
Administration Expenses	-	-
Other Gains (Losses)	(4)	(5)
Income tax expenditures	-	-
<b>Gains (Losses)</b>	<b>(4)</b>	<b>(5)</b>

<b>Cash flow statements</b>	<b>2011 ThUS\$</b>	<b>2010 ThUS\$</b>
Net cash flows from (used in) operating activities	(4)	(5)
Cash flows from (used in) financing activities	-	-
Net cash flows from (used in) investment activities	-	-
Cash and cash equivalents at the beginning of the period	28	33
<b>Efectivo y equivalentes al efectivo al final del periodo</b>	<b>24</b>	<b>28</b>

## > Additional Information







## > Significant Events of Sociedad Química y Minera de Chile S.A.

1. On March 15, 2011, the company reported to the Superintendency of Securities and Insurance (SVS) that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM), in an Ordinary Session held that day, had unanimously agreed to recommend at the next SQM Ordinary Annual General Shareholders' Meeting that the company distribute and pay a final dividend of US\$0.72592 per share, as a result of the net income obtained during fiscal year 2010. However, the amount of US\$0.41794 per share was to be deducted from that final dividend because it had been previously paid as an interim dividend and the balance was therefore US\$0.30798 per share, to be paid and distributed to SQM shareholders registered in the respective registry as of the fifth business day prior to payment of this dividend. This recommendation implies maintaining the current "SQM Fiscal Year 2010 Dividend Policy," which was communicated to the SQM Ordinary Annual General Shareholders' Meeting held on April 29, 2010 and therefore what will be paid out as the final dividend is 50% of net income obtained by SQM during fiscal 2010.

This quantity, if appropriate, will be paid in its Chilean peso equivalent at the Observed Dollar or US Dollar rate published in the Official Gazette on April 28, 2011.

2. On May 24, 2011, the company reported to the SVS that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM), meeting in an Ordinary Session on May 24, 2011, had unanimously agreed to approve the "General Policy on Customary-Ordinary Transactions."

The following transactions are considered customary for SQM S.A.:

- (i) purchase and sale or supply transactions for any reason involving raw materials, by-products and products that it engages in with its subsidiaries or affiliates
- (ii) transactions to contract or provide services of any kind carried out with its subsidiaries and affiliates
- (iii) lease transactions or any other involving transfer of control over real estate, mining concessions and water rights it engages in with its subsidiaries and affiliates
- (iv) transactions it carries out with banks and institutions that are "related parties" to the Company
- (v) purchase of airline tickets and payment of hotel reservations that it carries out through companies that are "related parties" to the Company
- (vi) maritime freight transactions it carries out in the spot market with companies that are "related parties" to the Company and
- (vii) financial transactions it carries out with subsidiaries and affiliates and that, under any name, or even if unspecified, are designed to manage its assets, liabilities and financial resources.

3. On November 22, 2011, the company reported to the SVS that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM), meeting in an Ordinary Session on that day, unanimously agreed to pay and distribute an interim dividend referred to in the "SQM Fiscal Year 2011 Dividend Policy," which was reported to the SQM Ordinary Annual General Shareholders' Meeting on April 28, 2011. This was done for the essential purpose of being able to pay and distribute an interim dividend of US\$0.73329 per share starting on December 19, 2011. This is approximately equivalent to a total of US\$193 million, which is 49.9% of cumulative net income for fiscal year 2011 as of September 30 of that year. The aforementioned dividend was also charged to profits for that fiscal period, paid to the shareholders who were registered in the SQM Shareholders' Registry as of the fifth business day prior to December 19 (indicated above) in its Chilean peso equivalent at the Observed Dollar or US Dollar value published in the Official Gazette on December 13, 2011.

4. On December 14, 2011, the company reported to the SVS that the Board of Directors of Sociedad Química y Minera de Chile S.A. (SQM), meeting in an Ordinary Session on December 13, 2011, unanimously agreed to authorize the company to issue and register two lines of bonds with the SVS. The First Line will be for an amount up to two point five million UF (unidades de fomento) with a term of up to 10 years. The Second Line will also be for an amount up to two point five million UF (unidades de fomento) with a term of up to 30 years. Nevertheless, SQM may only place and charge to the series issued in the first "Supplemental Deed" of each line the maximum and joint amount of up to two point five million UF.

The amounts obtained from the two bond lines will be used to (i) pay and/or prepay SQM's short-term and/or long-term liabilities and/or those of its subsidiaries and regardless of whether they are held in Chilean or foreign currency and/or (ii) finance investments of SQM and/or its subsidiaries and/or (iii) meet the corporate objectives of SQM or its subsidiaries.

5. On December 16, 2011, the company reported to the SVS that Sociedad Química y Minera de Chile S.A. (SQM) and Sierra Gorda SCM (SG) signed on that day a Purchase-Sale Contract for Mining Concessions, Royalties, Constitution of Prohibitions and Others through which, in essence, SQM has sold to SG certain mining assets located in the Second Region that SG will use in developing its "Sierra Gorda Mining Project" for copper, molybdenum and gold. The total value of that Contract comprises the payment of US\$37,764,400—already received by SQM—and the payment by SG of a minimum royalty of US\$2,000,000 annually to SQM starting in 2022. Lastly, this will generate a net effect of approximately US\$30,000,000 in SQM's results for the fourth quarter of 2011.

## > Significant Events for Soquimich Comercial S.A. and Subsidiaries

1. On March 14, 2011, the subsidiary Soquimich Comercial reported a material event with respect to the company that the Board of Directors of Soquimich Comercial S.A., in its session on March 14, 2011 unanimously agreed to postpone payment of a final dividend of US\$ 0.01857 per share in Chilean pesos, at the observed dollar exchange rate on the day it is approved by the General Shareholders of the Company, to those Company shareholders registered with the respective registry as of the fifth business day prior to that on which the dividend is to be paid. This proposal, once approved at the next Ordinary General Shareholders' Meeting of the Company to be held on April 27, 2011, will permit the Company to effectively distribute an annual dividend equivalent to 50% of net income obtained during fiscal year 2010.

The pertinent amount will be paid to the corresponding shareholders personally or through duly authorized representatives starting at 9:00 a.m. on May 4, 2011.

2. On March 14, 2011, the subsidiary Soquimich Comercial reported to the SVS as a material event with respect to the Company's business that the Board of Directors of Soquimich Comercial S.A. (SQMC) in its session on March 14, 2011 unanimously agreed to establish a subsidiary in which SQMC would own a 99.999% share, and in which the company Productora de Insumos Agrícolas Limitada Agrícola S.A.—a subsidiary of SQMC—will participate with a share of 0.001%.

This new company, to be called "AGRORAMA S.A." and whose business name will be "AGRORAMA", will have paid-in capital of \$100 million, and its main purpose will be the sale and distribution of fertilizers, pesticides and agricultural products or inputs. The duration of this new subsidiary of SQMC will be indefinite, as of the date of its articles of incorporation.

Subsequently, on March 15, 2011, the following information was provided to complement the aforementioned material event:

- a) Type of financing used: The new subsidiary Agrorama S.A will initially be financed with its own capital equivalent to working capital contributed by Soquimich Comercial S.A. If additional financing is later needed, this would be obtained through supplier credit.
- b) Other relevant aspects: The main purpose of this subsidiary is the sale and distribution of fertilizers, pesticides and other agricultural products or inputs. With this act, SQMC essentially seeks to reorganize its current retail distribution businesses.

3. On May 20, 2011, the subsidiary Soquimich Comercial reported to the SVS as a material event that the Board of Directors of Soquimich Comercial S.A. (SQMC) meeting in an ordinary session on May 20, 2011, unanimously agreed to ratify the General Policy on Customary Transactions that allows the Company to carry out transactions with related parties without fulfilling the requirements and procedures established in numbers 1 through 7 of Article. 147 of Law 18,046, which had been approved temporarily by the Board of Directors of SQMC in its extraordinary session held on December 30, 2009, and which was in effect until the ordinary shareholders' meeting in which a new board of directors was named.

The General Policy on Customary Transactions ratified by the Board of Directors is as follows:

- Financial transactions carried out with related parties, including mercantile current accounts and/or financial loans for the purpose of optimizing the cash flow management of the companies are considered customary.
- Transactions of a financial nature or of financial brokerage with related parties, such as fixed- or variable-income investments, purchase and sale of currencies, financial derivatives, swaps, term deposits, overdraft lines, loans with promissory notes, letters of credit, bank guarantees, standby letters of credit, forward contracts, rate, operations and future hedges, transactions related to the Company's current accounts or other financial transactions that the finance department customarily engages in.
- Transactions with related parties for IT services, infrastructure services, data centers, microcomputing, hardware and data management in general are considered customary.
- Transactions with related parties in reference to financial management, management services and other similar services, including, among others, accounting, financial reporting, fixed assets, registry of sales and purchases, treasury and banks, tax advising, insurance, procurement, financial control and internal auditing are considered customary. Transactions with related parties regarding rental of office space, parking spaces and others are considered customary.
- Transactions with related parties in reference to telephone and network services are considered customary.
- Transactions with related parties in reference to marketing services are considered customary.
- Transactions with related parties referring to storage, stockpiling of products, sales on behalf of third parties and others related to the sale of products on behalf of third parties are considered customary.

- Transactions related to the purchase and sale, supply and advisory services for fertilizer and industrial products, as part of long-term contracts, are considered customary.

On November 21, 2011, the subsidiary Soquimich Comercial reported to the SVS as an essential fact that the Board of Directors of Soquimich Comercial S.A. (SQMC) meeting in a session on November 21, 2011, unanimously agreed to, starting on that same date, the voluntary resignation of Mr. Juan Carlos Barrerra Pacheco as Director of the Company. The Board of Directors unanimously agreed to designate Mr. Julio Ponce Pinochet as Director of the Company to replace him, starting on the same date and until the following Ordinary General Shareholders' Meeting of the Company.

On December 21, the subsidiary Comercial Agrorama Callegari Ltda. changed its business name to "Comercial Agrorama Limitada", and may also use the trade name "Agrorama Ltda." with banks and for all purposes. Likewise, it changed its corporate purpose to the following: "The Company's purpose shall be: a) purchase and sale, marketing and distribution or consignment, import, export, and brokerage in general, either wholesale or retail and on its own behalf or on behalf of third parties and production of all kinds, classes and natures of fertilizers, pesticides and agricultural products or inputs used in agriculture; nitrates and similar salts, iodine and chemical compounds of these products and machinery and parts, equipment and capital goods used in agricultural activities and in research and development of its markets; b) rental of agricultural machinery and equipment; c) rental of furnished real estate or with equipment and machinery; d) wholesale and retail sales of construction materials, hardware items and related items; e) highway transport of freight; and f) freight handling. The Company may likewise, in order to better fulfill its company purpose, establish, acquire or integrate, directly or through third parties, companies, institutions, foundations, corporations or associations of any class or nature, both in Chile and abroad. Also, it may make capital investments in any type of intangible goods such as stocks, bonds, debentures, shares, or rights in companies or any kind of marketable security and the management of these investments. In addition, the Company may engage in all other activities directly or indirectly related to the aforementioned activities, as agreed on by its partners."



## > Financial Information

### a) Financial Indicators <sup>1</sup>

		12/31/2011	12/31/2010
<b>Liquidity</b>			
Current Ratio	Times	3.11	3.56
Acid test Ratio <sup>2</sup>	Times	1.55	1.96
<b>Indebtedness</b>			
Indebtedness Ratio	%	110.72	104.88
Short-term Debt / Total Debt	%	31.35	28.02
Long-term Debt / Total Debt	%	68.65	71.98
<b>Assets and Turnover</b>			
Total Assets	ThUS\$	3,871,583	3,372,836
Inventory Turnover <sup>3</sup>	Times	1.91	1.95
Inventory Turnover	Days	94	185

### b) Results

As of December 31, 2011	Chile ThUS\$	Latin America and The Caribbean ThUS\$	Europe ThUS\$	United States ThUS\$	Asia and others ThUS\$	Total ThUS\$
Sales	247,510	284,605	837,126	445,048	330,997	2,145,286
Costs of sales	(211,145)	(182,398)	(503,662)	(241,799)	(151,490)	(1,290,494)

As of December 31, 2010	Chile ThUS\$	Latin America and The Caribbean ThUS\$	Europe ThUS\$	United States ThUS\$	Asia and others ThUS\$	Total ThUS\$
Sales	216,028	162,967	799,457	363,676	288,285	1,830,413
Costs of sales	(192,271)	(116,477)	(515,239)	(213,315)	(167,108)	(1,204,410)

### c) Other Results (in ThUS\$)

	12/31/2011	12/31/2010
Operating Income	854,792	626,003
Financial Expenses	39,335	35,042
EBITDA	937,490	654,203
Net Income after taxes	554,119	387,271

<sup>1</sup> Calculation and description on page 141 (Note 17.1).

<sup>2</sup> (Cash and cash equivalent + Trade and other accounts receivables + accounts receivable due from related parties) / Total current liabilities.

<sup>3</sup> Cost of sales / Average inventory 2011 and 2010.



**d) Returns**

	12/31/2011	12/31/2010
Return on Equity (ROE)	29.7%	23.2%
Return on Assets (ROA)	24.1%	20.9%
Return on Operating Assets (1)	25.24%	21.62%
Earnings per Share (US\$)	2,07	1,45
Dividend Yield - series A (2)	1,92	1,25
Dividend Yield - series B	1,86	1,23

	12/31/2011 ThUS\$	12/31/2010 ThUS\$
<b>Total Assets</b>	<b>3,871,583</b>	<b>3,372,836</b>
<b>Less:</b>		
Other current accounts receivable	24,555	25,225
Other current financial assets	2,948	3,460
Current taxes	4,765	32,773
Referred tax assets	304	365
Other non-current financial assets	117	118
Coverage assets	70,563	98,916
Investments accounted for using the equity method	60,694	62,271
Goodwill	38,605	38,388
Non-current rights receivable	1,070	1,102
Other non-financial assets, non-current	3,256	2,807
<b>Total non-operating assets</b>	<b>206,777</b>	<b>265,425</b>
<b>Total operating assets</b>	<b>3,664,806</b>	<b>3,107,411</b>

(1) Calculation of operating-assets

(2) The dividend yield (per share) is calculated by dividing dividends per share by the closing share price for the year. Dividends paid for Series A and Series B shares are the same; there are no economic differences between the two series of shares

## > Cash Flow Analysis

The composition of the main components of the cash flow and equivalents as of December 31, 2011 and 2010 is the following:

<b>Cash flow statement</b>	<b>12/31/2011</b> <b>ThUS\$</b>	<b>12/31/2010</b> <b>ThUS\$</b>
Net cash flows provided by (used in) operating activities	571,345	618,522
Net cash flows provided by (used in) investing activities	(516,228)	(236,809)
Net cash flows provided by (used in) financing activities	(105,196)	(254,235)
Effects of variation in exchange rate on cash and cash equivalents	(29,581)	21,535
Cash and cash equivalents at beginning of the period	524,652	375,639
Cash and cash equivalents at end of year	<b>444,992</b>	<b>524,652</b>

## > Management and Director's Compensation

### a) Summary of Director's Compensation january - december (in Ch\$)

<b>Directors</b>	<b>SQM S.A.</b>		<b>SQMC S.A.</b>		<b>Total</b>
	<b>Board</b>	<b>Committee</b>	<b>Board</b>	<b>Committee</b>	
Julio Ponce Lerou	697,148,706		78,762,122		775,910,828
Wayne R. Brownlee	83,799,816				83,799,816
Hernán Büchi Buc	83,799,811	27,431,877			111,231,688
José María Eyzaguirre Baeza	83,799,816				83,799,816
Eduardo Novoa Castellón	83,799,814	27,431,878			111,231,692
Wolf Von Appen	83,799,816				83,799,816
Kendrick T. Wallace	83,799,816				83,799,816
Daniel Yarur Elsaca	83,799,812	24,435,685			108,235,497
	<b>1,283,747,407</b>	<b>79,299,440</b>	<b>78,762,122</b>	<b>0</b>	<b>1,441,808,969</b>

### b) During 2011, The Board of Directors incurred the following expenses:

<b>Expense</b>	<b>Total US\$</b>
Travel, rental, services, general expenses	94,090
<b>Total</b>	<b>94,090</b>

### c) Management Compensation

During 2011 and 2010, total management compensation follows:

<b>Year</b>	<b>Executives</b>	<b>Total Ch\$</b>
2010	108	10,205,606,784
2011	114	11,686,777,185

**d) Human Resources**

As of december 31, 2011, SQM and its subsidiaries had 4,902 employees distributed other subsidiaries as follows:

<b>Employee Type</b>	<b>Holding</b>	<b>Other Subsidiaries</b>	<b>Total</b>
Executives	28	85	113
Professionals	112	964	1,076
Technicians and operators	322	3,209	3,531
Foreigners		182	182
<b>Total</b>	<b>462</b>	<b>4,440</b>	<b>4,902</b>

**e) Incentive Plan for Directors and Executives**

The objective of every organization is to create value for its stakeholders. In line with this objective, SQM has developed an incentive program that recognizes the commitment that its people have made to the organization and its results.

a) Directors: The only compensation received by the Company's directors is that indicated in the item "Director Compensation." The Company has not implemented any incentive plans for its directors.

b) Senior executives: The Company has defined two bonus plans for its executives, payable every year and every two years, based on targets and the contribution each individual makes to the Company's results. These incentives are based on the following variables:

- Short-term (every year): the Company's operating results.
- Long-term (every two years): the Company's return on equity after taxes.

In addition, SQM has a compensation plan to retain its executives that gives bonuses linked to SQM's share price. For more details, see Note 16 (Executive Compensation Plan) in SQM's financial statements.

## > Directors' Committee, Activities and Advisory Expenses.

As of December 31, 2011, the Company had a Directors' Committee comprised of the directors Hernán Büchi B., Eduardo Novoa C. and Wolf von Appen B. This committee fulfilled the functions established in article 50 bis of Law No. 18,046, including:

- a) Analyzing unaudited reports and financial statements.
- b) Analyzing audited reports and financial statements.
- c) Analyzing reports and proposals from external auditors, account inspectors and risk rating agencies and making recommendations to the Board of Directors regarding external auditors and risk rating agencies that could be appointed by shareholders.
- d) Analyzing tax and other non-audit services provided by the Company's external auditors for SQM and its subsidiaries in Chile and abroad.
- e) Analyzing the functions, objectives and work programs of the Company's internal auditing department.
- f) Analyzing the remuneration and compensation plans for the Company's key executives.
- g) Analyzing the operating information contained in Title XVI of the Corporations Law.
- h) Analyzing matters related to the U.S. Sarbanes-Oxley Act, particularly section 404.
- i) Analyzing matters related to IFRS and U.S. PCAOB standards.
- j) Analyzing the internal control report.

With respect to the transactions referred to in Title XVI of Law 18,046, on March 1, 2011, the Directors' Committee of SQM S.A. analyzed the possible signing of a supply contract for flexi-bags between the SQM Group and the Ultramar Group (linked to Wolf von Appen, Director of SQM S.A.) and subsequently recommended signing the contract.

The Directors' Committee of SQM S.A. was informed in a timely fashion of the "General Policy on Customary-Ordinary Transactions", which was reported to authorities and the market in general as a Material Event.

On April 8, 2011, at an Ordinary General Shareholders' Meeting, shareholders of SQM S.A. agreed to pay each director that serves on the Directors' Committee monthly compensation of UF17 and annual compensation equivalent to 0.013% of the Company's net income obtained during commercial year 2011. This compensation is regardless of the number of meetings held by the committee during the respective period and any compensation the members may obtain as members of the Company's Board of Directors. In that meeting, the shareholders approved an operating budget for the Directors' Committee equivalent to the compensation indicated above. During 2011, the Directors' Committee did not incur in any expenses for advisory services.

In accordance with the provisions applicable as of December 31, 2011, Mr. Eduardo Novoa C. is considered an independent director and is the chairman of the Company's Directors' Committee.

The Directors' Committee issued its annual activity report referred to in Law 18,046.

## > Dividends

### a) Dividend Policy

SQM's dividend policy for 2011, approved by shareholders on April 28, 2011, calls for distributing 50% of the Company's distributable income for the commercial year to its shareholders.

### b) Distributable Income

The Company's distributable income for the year ended December 31, 2011 was calculated as follows:

	<b>ThUS\$</b>
Net Income (loss)	545,758
<b>Distributable Income</b>	<b>545,758</b>

### c) Dividends

Each series A and Series B share is entitled to participate equally in any dividends declared on the outstanding capital stock of SQM.

During the last three years, the company has distributed the following dividends:

<b>Distribution year</b>	<b>US\$/share</b>
2009	0.85835
2009 (Interim)	0.37994
2010	0.24137
2010 (Interim)	0.41794
2011	0.30798
2011 (Interim)	0.73329



## > Share Transactions

### a) Related party share transactions

During 2011, the Company's key executives, including the Chief Executive Officer, and parties related to these individuals, did not engage in any share transactions. However, companies related to the Company's directors did engage in transactions during the year that gave an annual variation of:

Rut	Name	Number of Shares 12/31/2010	Number of Shares 12/31/2011	Change in Number of Shares
96.511.530-7	SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A.	64,341,751	57,000,629	(7,341,122)
96.863.960-9	INV GLOBAL MINING CHILE LTDA.	13,798,539	8,798,539	(5,000,000)
76.165.311-3	POTASIOS DE CHILE S.A.	-	18,335,927	18,335,927
96.529.340-k	NORTE GRANDE S.A.	232,178	-	(232,178)
77.633.940-7	INVERSIONES EL BOLDO LTDA.	62,322,872	62,322,872	-
79.744.950-4	INVERSIONES RAC CHILE LTDA.	21,900,015	21,900,015	-

### Major changes in ownership

During 2011, the most important changes in SQM's ownership structure were:

Rut	Name	Number of Shares 12/31/2010	Number of Shares 12/31/2011	Change in Number of Shares
96.511.530-7	SOCIEDAD DE INVERSIONES PAMPA CALICHERA S.A.	64,341,751	57,000,629	(7,341,122)
96.863.960-9	INV GLOBAL MINING CHILE LTDA.	13,798,539	8,798,539	(5,000,000)
59.030.820-k	THE BANK OF NEW YORK MELLON, ADRs	45,345,530	42,036,912	(3,308,618)
80.537.000-9	LARRAIN VIAL S.A. CORREDORA DE BOLSA	4,918,958	1,875,559	(3,043,399)
96.665.450-3	CORPBANCA CORREDORES DE BOLSA S.A.	280,138	4,275,439	3,995,301
76.165.311-3	POTASIOS DE CHILE S.A.	-	18,335,927	18,335,927

## b) SQM share information in Santiago Stock Exchange and the New York Stock Exchange

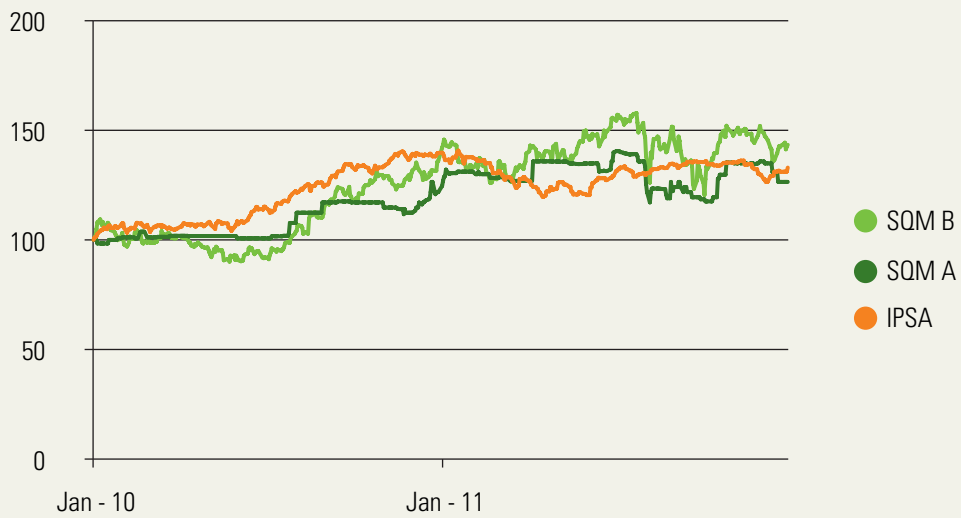
Santiago Stock Exchange*						
	Average Price (Ch\$/Share)		Number of Shares Traded		Amounted Traded (MCh\$)	
	SQM A	SQM B	SQM A	SQM B	SQM A	SQM B
<b>2009</b>						
Q1	18,127.0	16,634.7	53,427	39,206,493	968	652,189
Q2	20,494.7	19,079.3	155,530	45,759,647	3,188	873,062
Q3	21,629.0	19,777.9	62,074	35,486,403	1,343	701,846
Q4	21,254.5	19,840.9	92,017	48,182,071	1,956	955,975
<b>2010</b>						
Q1	21,531.8	19,899.1	35,230	35,392,915	759	704,286
Q2	21,658.0	18,590.2	17,310	32,537,887	375	604,887
Q3	23,597.8	20,963.4	13,043	35,623,411	308	746,787
Q4	24,868.2	24,858.2	5,124,249	28,302,900	127,431	703,559
<b>2011</b>						
Q1	27,568.1	26,237.0	15,016,367	28,441,048	413,973	746,207
Q2	28,652.9	27,840.3	66,741	15,717,583	1,912	437,582
Q3	27,389.4	28,226.1	95,167	24,782,375	2,607	699,509
Q4	27,775.7	28,067.1	10,022,605	23,372,890	278,384	656,010

NYSE			
	Average Price (USD/ADR)	Number of Shares	Amounted Traded (MU\$)
	SQM B	SQM B	SQM B
<b>2009</b>			
Q1	27.50	63,465,240	1,745
Q2	33.72	63,362,906	2,136
Q3	36.37	59,121,732	2,150
Q4	38.33	52,601,005	2,016
<b>2010</b>			
Q1	38.31	52,957,487	2,029
Q2	34.94	43,392,229	1,516
Q3	41.37	34,188,178	1,414
Q4	51.81	29,969,094	1,553
<b>2011</b>			
Q1	54.43	37,232,337	2,027
Q2	59.39	33,916,583	2,014
Q3	59.84	46,050,972	2,756
Q4	54.88	39,913,164	2,191

\*Source: Bloomberg, Composite Exchange

**c) Share's performance compared to IPSA and Dow Jones Industrial**

2010-2011 SQM's share price variation (SQM-B and SQM-A) vs. IPSA



2010-2011 SQM's ADR price variation (SQM-B) vs. Dow Jones Industrial (DJI)



## > Other Additional Information

### Investment Policy

At the Ordinary General Shareholders' Meeting on April 28, 2011, the shareholders voted to approve investments by SQM S.A. in anything related to its line of business, its activities and the purposes described in its respective by-laws and at the time, in the amount and to the extent necessary to preserve or further its operations and interests. Accordingly, SQM S.A. may invest specifically in projects and works that allow it to maintain, improve or increase its production, sales and marketing capacities, or to open or diversify products or markets, and may also invest in property, plant and equipment or other assets such as shares and rights in companies that are related to its business objective and allow it to increase the net income, operating capacity or returns of SQM S.A.

The maximum investment limit is determined by the ability to finance the respective investments. The necessary resources for such investments may come from internal (dividend policy) and external (financing policy) sources. As a result, the maximum investment limit will be determined by the capacity of SQM S.A. to obtain the necessary funds to make such investments in conformity with the policies mentioned above. The Company is not subject to special regulations that restrict its investments. This is regardless of the authority of SQM's management to work to ensure the greatest return from its investments.

### Financing Policy

At the Ordinary General Shareholders' Meeting held April 28, 2011, the shareholders defined the maximum consolidated indebtedness level of SQM S.A. as a debt/equity ratio of 1.5. This limit may only be exceeded to the extent that management has received prior authorization from shareholders at an Extraordinary General Shareholders' Meeting.

### Infrastructure

The Company, directly or through its subsidiaries, is currently the exclusive owner or concessionaire of real estate property that is essential or necessary for the management, extraction, production, processing, and transport of minerals and other products that it produces.

### Insurance

Our facilities located in Chile and abroad are insured against loss, damage or other risks with insurance policies that are standard for the industry and that are reasonably expected to be considered sufficient based on conservative criteria and the experience of similar businesses.

### Customers and Suppliers

SQM is governed by well-defined principles that reflect the Company's high ethical standards, its fair treatment of shareholders, employees, customers and suppliers, its strong sense of social responsibility and its commitment to the environment.

It has a wide and diverse customer base; selling in different industries from commodity fertilizers to specialty plant nutrients to products for highly-specific industrialized uses. SQM's guiding vision and values are always reflected in all of these markets.

During 2011, SQM reached customers in 100 countries diversified as follows: Chile 13%, Central America and South America (excluding Chile) 14%, North America 21%, Europe 27%, Asia and Oceania 17%, Africa and the Middle East 8%. No customer represents more than 2.5% of sales and the 10 most important customers represent approximately 15% of the Company's consolidated sales<sup>1</sup>.

Regarding procurement, the main raw material required by the Company to produce nitrates and iodine is caliche ore, which is obtained from superficial deposits in northern Chile. The main input needed to produce potassium chloride, potassium sulfate and lithium derivatives are the brines extracted from the Salar de Atacama. Other key inputs for production include: sodium carbonate (soda ash for producing lithium carbonate and to neutralize iodized solutions), sulfur, sulfuric acid, kerosene, chemical agents like anti-caking and anti-dust agents, ammonium nitrate, and sacks and maxi sacks for packaging our products. Without a doubt, another important input for the Company is energy—both electricity, mostly acquired from generators and distributors in northern Chile, and fuel, primarily liquefied natural gas, fuel oil and diesel. Collectively, the Company's energy and input expenses represent approximately 17% of its total costs for 2011.

The supply of its main inputs is obtained from a series of suppliers, mainly from Chile and the United States, under short and long-term contracts and general agreements, some of which include clauses and formulas to revise prices, volumes or delivery dates. During 2011, no supplier represented more than 10% of the Company's costs. SQM estimates that all supplier contracts and agreements for key inputs contain commercial and legal terms and conditions that are standard for the industry.

(1) Without considering related parties or the commercial distribution agreement with Yara International ASA.

## Trademarks and Patents

The Company owns the trademarks it uses in its products (SQM/Ultrason/ Elemt Q/ Qrop) in most of the countries where it does business and it plans to register its trademarks in all of these countries in the next few years. It has also registered its exclusive and proprietary production processes. The Company does not have any brand, process or other use agreements except for some minor contracts with Yara containing distribution agreements (see “contracts”). We also use the brands of AkzoNobel N.V. for sales of some microelements.

## Contracts

The following table details the terms and conditions of the Company's main supply contracts:

Contract Description	Expiration Date	Company
50 y 60 HZ Electrical Energy Supply	March 16, 2013. SQM retains the right to renew once more for a period of 3 years	Electroandina S.A.
Electricity supply	March 20, 2017.	Norgener S.A.
50 HZ Electrical Energy Supply	January 31, 2013.	Norgener S.A.
Natural Gas Supply	July 31, 2012.	Solgas S.A.
50 HZ Nueva Victoria Energy Supply	December 31, 2013.	Electroandina S.A.
Distribution and Supply of Fuel	April 30, 2012 Extended to April 30, 2017 .	Copec S.A.

SQM also has contracts with customers throughout its diverse business areas. These contracts can be extremely varied in nature depending on the conditions of the industry, the customer, the amounts involved and the market conditions prevailing when the contract is signed. We have a distribution agreement with Yara International ASA through which the Company uses Yara's distribution network to sell specialty plant nutrients and, in turn, Yara uses SQM's distribution network to sell its products.

In addition, during its normal course of operations, SQM has entered into different contracts involving its production, commercial and legal operations. All of these contracts are standard for this type of industry and none is expected to have a material effect on the Company's operating results.

## Property, Plant and Equipment

Currently, the Company's main production facilities are located in Pedro de Valdivia, María Elena, Pampa Blanca, Nueva Victoria, Coya Sur, Salar de Atacama and Salar del Carmen.

### Pedro de Valdivia

The mine and facilities operated in Pedro de Valdivia are located 170 km northeast of Antofagasta and are accessible by highway. These facilities have been in operation for approximately 78 years and were previously managed by Anglo Lautaro. The areas that are currently mined are located approximately 17 km southeast and 20 km west of the Pedro de Valdivia production facilities. The assets at our mining operations in Pedro de Valdivia have an average age of around 11 years. The main sources of energy for this facility, which produces primarily nitrates and iodine, are electricity and diesel.

### María Elena

We have operated the mining facilities in María Elena since March 2010. Mining activities using heap leaching were resumed in November 2010. The María Elena mine and its facilities, known as El Toco, are located 220 km northeast of Antofagasta and are accessible by highway. The main sources of energy for this site, which produces primarily nitrates and iodine, are electricity and diesel. The average age of the assets at this facility is approximately 8 years.

### Pampa Blanca

We operated the mining facilities in Pampa Blanca, which is 100 km northeast of Antofagasta, until they were suspended in March 2010. The mineral was transported by truck to the leaching heaps where it was used to produce iodine and nitrates. The average age of the assets at this facility for mining caliche ore is approximately 12 years. Its main source of energy is electricity.

### Nueva Victoria

Currently, the Company conducts caliche ore mining in Nueva Victoria, located 180 km north of María Elena. Since 2007, the Nueva Victoria mine includes the properties Soronal, Mapocho and Iris; the latter was acquired from DSM Minera S.A. in 2006. The mineral from Nueva Victoria is transported by truck to the leaching heaps where it is used to produce iodine and then nitrate salts.



### **Coya Sur**

The Coya Sur site is located approximately 15 km south of María Elena and its production activities are primarily related to the production of potassium nitrate and finished products. SQM's new potassium nitrate plant with capacity of 300,000 tons/year is located in this town.

### **Salar de Atacama**

In the Salar de Atacama, SQM has facilities for producing potassium chloride, potassium sulfate, boric acid, magnesium chloride salts and lithium solutions that are then sent to the lithium carbonate plant in the Salar del Carmen. SQM began producing potassium chloride in the Salar de Atacama in 1995. Today the average age of the assets at this facility is approximately 7 years.

### **Salar del Carmen**

Close to the city of Antofagasta, SQM has facilities dedicated to the production of lithium carbonate and lithium hydroxide. SQM began producing lithium carbonate at this site in 1997. Today the plant has a production capacity of 48,000 tons/year.

### **Transportation, Storage and Other Facilities**

We own and operate railway lines, mobile equipment, port and storage facilities for transporting and handling finished products and inputs. The main production and storage center for raw materials is the axis between the facilities at Coya Sur-Pedro de Valdivia and the Salar de Atacama. Other facilities include Nueva Victoria and the lithium carbonate and lithium hydroxide plants. The Tocopilla Port, owned by the Company, is the main facility used to store and ship our products.

The facilities at the Tocopilla Port are located approximately 186 km north of Antofagasta and approximately 124 km west of Pedro de Valdivia, 84 km west of María Elena and Coya Sur and 372 km west of the Salar de Atacama. Our subsidiary Servicios Integrales de Tránsitos y Transferencias S.A. (SIT) operates the facilities through maritime concessions in accordance with Chilean law. The port also complies with the International Ship and Port Facility Security Code.

The process of bulk loading ships at the Port of Tocopilla is contracted primarily to ship products to our distribution centers around the world.

In addition, the Company has an international presence in countries like Belgium, the United States, Mexico, China and South Africa, among others. It also has mixing plants and joint ventures in Egypt, Thailand, Dubai, Brazil, Turkey, Spain and many other countries.

### **Financial Assets**

The Company's financial assets consist primarily of indexed time deposits in first-class banks and highly liquid international money market funds. The Company also has financial derivatives to hedge variations in interest and exchange rates.

### **Risk Factors**

Our operations are subject to certain risk factors that may affect SQM's financial condition or results of operations. In addition to other information contained in this Annual Report on Form 20-F, you should carefully consider the risks described below. These risks are not the only ones we face. Additional risks not currently known to us or that are known but we currently believe are not significant may also affect our business operations. Our business, financial condition or results of operations could be materially affected by any of these risks.

### **Risks Relating to our Business**

*Our sales to emerging markets expose us to risks related to economic conditions and trends in those countries.*

We sell our products in more than 100 countries around the world. In 2011, approximately 49% of our sales were made in emerging market countries: 14% in Central and South America (excluding Chile); 8% to Africa and the Middle East; 13% in Chile; and 14% in Asia & Oceania (excluding Japan). We expect to expand our sales in these and other emerging markets in the future. The results of and prospects of our operations in these regions and in other countries in which we establish operations will depend, in part, on the general level of political stability and economic activity and policies in those countries. Future developments in the political systems or economies of these countries or the implementation of future governmental policies in those countries, including the imposition of withholding and other taxes, restrictions on the payment of dividends or repatriation of capital, the imposition of import duties or other restrictions, the imposition of new environmental regulations or price controls or changes in relevant laws or regulations, could have a material adverse effect on our sales or operations in those countries.

*Volatility of world fertilizer and chemical prices and changes in production capacities could affect our business, financial condition and results of operations.*

The prices of our products, specifically potassium chloride, are determined principally by world prices, which, in some cases, have been subject to substantial volatility in recent years. World fertilizer and chemical prices vary depending upon the relationship between supply and demand at

any given time. Supply and demand dynamics for our products are tied to a certain extent to global economic cycles, and have been impacted by current global economic conditions. Furthermore, the supply of certain fertilizers or chemical products, including certain products that we provide, varies principally depending on the production of the major producers, including SQM, and their respective business strategies.

During 2008, world prices of potassium-based fertilizers (including some of our specialty plant nutrients and potassium chloride) increased significantly during the first nine months of the year. Towards the end of 2008, fertilizer prices generally fell as a result of the global economic and financial slowdown. During 2009, volatility in prices continued to affect commodity markets around the world. During 2010, prices of potassium-based fertilizers stabilized after the conclusion of important contract negotiations between major producers and buyers at the end of 2009. During the first half of 2011, we observed consolidation in the industry on the part of producers and the settlement of important supply contracts between China and major potash producers at higher prices. Fertilizer markets for these products were stronger during 2011, with prices stabilizing in the fourth quarter. We cannot assure you that prices and sales volumes will not decline in the future.

Iodine prices have followed an upward trend since late 2003, reaching an average price of approximately US\$38 per kilogram in 2011, almost 40% higher than average prices in 2010. Sales volumes of iodine and its derivatives may be affected by general decreases in the use of applications that are sensitive to economic growth. During 2011, iodine demand reached historical highs, surpassing the demand of previous years. We cannot assure you that prices or sales volumes will not decline in the future.

We started production of lithium carbonate from the brines extracted from Salar de Atacama in October 1996 and started selling lithium carbonate commercially in January 1997. Our entry into the market created an oversupply of lithium carbonate, resulting in a drop in prices from over US\$3,000 per ton before our entry to less than US\$2,000 per ton. At the end of 2008, prices were approximately US\$6,000 per ton and remained at this level until the fourth quarter of 2009 when prices declined to approximately US\$5,000 per ton. As a result of events in global markets during 2009, demand for lithium carbonate declined and, lithium prices and sales volumes for 2009 were lower compared to the previous year. In September 2009, we announced a 20% price cut for lithium carbonate and lithium hydroxide as a measure to stimulate demand. In 2010, we observed demand recovery in the lithium market, which continued in 2011, driven mostly by demand related to battery use. We cannot assure you that this positive trend will continue in the future. We cannot assure you that prices and sales volumes will not decline in the future.

We expect that prices for the products we manufacture will continue to be influenced, among other things, by worldwide supply and demand and the business strategies of major producers. Some of the major producers (including SQM) have increased or have the ability to increase production. As a result, the prices of our products may be subject to substantial volatility. High volatility or a substantial decline in the prices, or in volume demand, of one or more of our products could have a material adverse effect on our business, financial condition and results of operations.

*Our inventory levels may increase because of the global economic situation.*

In general, the global economic slowdown experienced during 2008 and 2009 had an impact on our inventories. Demand decreased during 2009 and, as a result, inventories increased significantly. Higher inventories carry a financial risk due to increased need for cash to fund working capital. Higher inventory levels could also imply increased risk of loss of product. We cannot assure you that these changes in inventory levels will not occur in the future. These factors could have a material adverse effect on our business, financial condition and results of operations.

*Our level of and exposure to unrecoverable accounts receivable may significantly increase.*

The potentially negative effects of the global economic crisis of 2008 and 2009 on the financial condition of our customers may include the extension of the payment terms of our accounts receivable and may increase our exposure to bad debt. While we are taking measures, such as using credit insurance, letters of credits and prepayment for a portion of sales, to minimize this risk, the increase in our accounts receivable coupled with the financial condition of customers may result in losses that could have a material adverse effect on our business, financial condition and results of operations.

*New production of iodine or lithium carbonate from current or new competitors.*

Potential new production of iodine and lithium carbonate from current or new competitors in the markets in which we operate could adversely affect prices. There is limited information on the status of new iodine or lithium carbonate production capacity expansion projects being developed by current and potential competitors and, as such, we cannot make accurate projections regarding the capacities of possible new entrants into the market and the dates on which they could become operational. If these potential projects are completed in the short term, they could

adversely affect market prices and our market share which in turn could materially affect our business, financial position and results of operations.

*We have an ambitious capital expenditure program that is subject to significant risks and uncertainties.*

Our business is capital intensive. Specifically, the exploration and exploitation of reserves, mining and processing costs, the maintenance of machinery and equipment and compliance with applicable laws and regulations require substantial capital expenditures. We must continue to invest capital to maintain or to increase our exploitation levels and the amount of finished products we produce. We require environmental permits for our new projects. Obtaining permits in certain cases may cause significant delays in the execution and implementation of new projects and, consequently, may require us to reassess the related risks and economic incentives. We cannot assure you that we will be able to maintain our production levels or generate sufficient cash flow, or that we will have access to sufficient investments, loans or other financing alternatives, to continue our activities at or above present levels, or that we will be able to implement our projects or receive the necessary permits required for them in time. Any or all of these factors may have a material adverse impact on our business, financial condition and results of operations.

*Currency fluctuations may have a negative effect on our financial performance.*

We transact a significant portion of our business in U.S. dollars, and the U.S. dollar is the currency of the primary economic environment in which we operate. In addition, the U.S. dollar is our functional currency for financial statement reporting purposes. A significant portion of our costs, however, is related to the Chilean peso. Therefore, an increase or decrease in the exchange rate between the Chilean peso and the U.S. dollar would affect our costs of production. The Chilean peso has been subject to large devaluations and revaluations in the past and may be subject to significant fluctuations in the future. As of December 31, 2011, the Chilean peso to U.S. dollar exchange rate was Ch\$519.20 per U.S. dollar, while as of December 31, 2010, the Chilean peso to U.S. dollar exchange rate was Ch\$468.01 per U.S. dollar.

As an international company operating in several other countries, we also transact business and have assets and liabilities in other non-U.S. dollar currencies, such as, among others, the euro, the South African rand, the Mexican peso, the Chinese Yuan and the Brazilian real. As a result, fluctuations in the exchange rates of such foreign currencies to the U.S.

dollar may materially affect our business, financial condition and results of operations.

*Interest rate fluctuations may have a material impact on our financial performance.*

We have outstanding short and long-term debt that bears interest based on the London Interbank Offered Rate, or "LIBOR," plus a spread. Since we are currently hedging only a portion of these liabilities into fixed rates, we are exposed to interest rate risk relating to LIBOR fluctuations. As of December 31, 2011, approximately 28% our financial debt had LIBOR-based pricing that was not hedged into fixed rates. A significant increase in the rate could materially impact our financial condition and results of operations.

*High raw materials and energy prices could increase our production costs and cost of goods sold.*

We rely on certain raw materials and various sources of energy (diesel, electricity, natural gas, including LNG, fuel oil and others) to manufacture our products. Purchases of raw materials that we do not produce and energy constitute an important part of our cost of sales, approximately 17% in 2011. To the extent we are unable to pass on increases in raw materials and energy prices to our customers, our business, financial condition and results of operations could be materially adversely affected.

*Our reserves estimates could be subject to significant changes.*

Our mining reserves estimates are prepared by our own geologists, and were validated in March 2012, by Mrs. Marta Aguilera, a geologist with over 20 years of experience in the field. She is currently employed by SQM as Manager of Non-metallic Geology. Mrs. Aguilera is a Competent Person ("Persona Competente"), as that term is defined under Chilean Law Number 20,235. Estimation methods involve numerous uncertainties as to the quantity and quality of the reserves, and reserve estimates could change upwards or downwards. In addition, our reserve estimates are not subject to review by external geologists or an external auditing firm. A downward change in the quantity and/or quality of our reserves could affect future volumes and costs of production and therefore have a material adverse effect on our business, financial condition and results of operations.

*Quality standards in markets in which we sell our products could become stricter over time.*

In the markets in which we do business, customers may impose quality standards on our products and/or governments may enact or be enacting stricter regulations for the distribution and/or use of our products. As a

result, we may not be able to sell our products if we cannot meet such new standards. In addition, our cost of production may increase in order to meet any such newly promulgated standards. Failure to sell our products in one or more markets or to important customers could materially adversely affect our business, financial condition and results of operations.

*Chemical and physical properties of our products could adversely affect its commercialization.*

Since our products are derived from natural resources, they contain inorganic impurities that may not meet certain client and government standards. As a result, we may not be able to sell our products if we cannot meet such requirements. In addition, our cost of production may increase in order to meet such standards. Failure to meet such standards could materially adversely affect our business, financial condition and results of operations.

*Our business is subject to many operating and other risks for which we may not be fully covered under our insurance policies.*

Our facilities and business operations in Chile and abroad are insured against losses, damages or other risks by insurance policies that are standard for the industry and that would reasonably be expected to be sufficient by prudent and experienced persons engaged in businesses similar to ours.

We may be subject to certain events that may not be covered under our insurance policies, and that could have a material adverse effect on our business, financial condition and results of operations. Additionally, as a result of the major earthquake in Chile in February 2010 and other natural disasters worldwide, conditions in the insurance market may change, and as a result we may face higher premiums and reduced coverage.

*Changes in technology or other developments could result in preferences for substitute products.*

Our products, particularly iodine, lithium and their derivatives, are preferred raw materials for certain industrial applications, such as rechargeable batteries and LCD screens. Changes in technology, the development of substitute raw materials or other developments could adversely affect demand for these and other products which we produce.

*We are exposed to labor strikes and labor liabilities that could impact our production levels and costs.*

Approximately 72% of our permanent employees in Chile are represented by 24 labor unions, as of March 31, 2012. As a result, we are exposed to labor strikes that could impact our production levels. If a strike occurs

and continues for a sustained period of time, we could be faced with increased costs and even disruption in our product flow that could have a material adverse effect on our business, financial condition and results of operations.

Chilean Law No. 20,123, known as the Ley de Subcontratación ("Law on Subcontracting"), further provides when a serious accident in the workplace occurs, a company must halt work at the site where the accident took place until authorities from the National Geology and Mining Service inspect the site and prescribe the measures such company must take to prevent future risks. Work may not be resumed until such company has taken the prescribed measures, and the period of time before work may be resumed may last for a number of hours, days, or longer. The effects of this law could have a material adverse effect on our business, financial condition and results of operations.

*Lawsuits and arbitrations could adversely impact us.*

We are party to a range of lawsuits and arbitrations involving different matters as described in Note 19 of our consolidated financial statements. Although we intend to defend our positions vigorously, our defense of these actions may not be successful. Judgments or settlements in these lawsuits may have a material adverse effect on our business, financial condition and results of operations. In addition, our strategy of being a world leader includes entering into commercial and production alliances, joint ventures and acquisitions to improve our global competitive position. As these operations increase in complexity and are carried out in different jurisdictions, we might be subject to legal proceedings that, if settled against us, could have a material adverse effect on our business, financial condition and results of operations.

The Chilean labor code has recently established new procedures for labor matters which include oral trials conducted by specialized judges. The majority of these oral trials have found in favor of the employee. These new procedures could increase the probability of adverse judgments which could have a material adverse effect on our business, financial condition and results of operations.

*We have operations in multiple jurisdictions with differing regulatory, tax and other regimes.*

We operate in multiple jurisdictions with complex regulatory environments subject to different interpretations by companies and respective governmental authorities. These jurisdictions may each have their own tax codes, environmental regulations, labor codes and legal framework, which could complicate efforts to comply with these regulations, which could have a material adverse effect on our business, financial condition and results of operations.

## Risks Relating to Chile

*As we are a company based in Chile, we are exposed to Chilean political risks.*

Our business, results of operations, financial condition and prospects could be affected by changes in policies of the Chilean government, other political developments in or affecting Chile, and regulatory and legal changes or administrative practices of Chilean authorities, over which we have no control.

*Changes in regulations regarding, or any revocation or suspension of our concessions could negatively affect our business.*

Any adverse changes to our concession rights, or a revocation or suspension of our concessions, could have a material adverse effect on our business, financial condition and results of operations.

*Changes in mining or port concessions could affect our operating costs.*

We conduct our mining (including brine extraction) operations under exploitation and exploration concessions granted in accordance with provisions of the Chilean constitution and related laws and statutes. Our exploitation concessions essentially grant a perpetual right to conduct mining operations in the areas covered by the concessions, provided that we pay annual concession fees (with the exception of the Salar de Atacama rights, for which we have a lease until 2030). Furthermore, under the regulations of the Comisión Chilena de Energía y Nuclear (C Chen), SQM is limited to 180,100 tons of total lithium extraction. Our exploration concessions permit us to explore for mineral resources on the land covered thereby for a specified period of time and to subsequently request a corresponding exploitation concession.

We also operate port facilities at Tocopilla, Chile for the shipment of our products and the delivery of certain raw materials, pursuant to concessions granted by Chilean regulatory authorities. These concessions are renewable provided that we use such facilities as authorized and pay annual concession fees.

Any significant changes to any of these concessions could have a material adverse effect on our business, financial condition and results of operations.

*Changes in water rights laws could affect our operating costs.*

We hold water rights that are key to our operations. These rights were obtained from the Chilean water authority for supply of water from rivers and wells near our production facilities, which we believe are sufficient to meet current operating requirements. However, the Chilean water

rights code (the "Water Code") is subject to changes, which could have a material adverse impact on our business, financial condition and results of operations. For example, an amendment published on June 16, 2005 modified the Water Code, allowing under certain conditions, the granting of permanent water rights of up to two liters per second for each well built prior to June 30, 2004, in the locations where we conduct our mining operations, without considering the availability of water, or how the new rights may affect holders of existing rights. Therefore, the amount of water we can effectively extract based on our existing rights could be reduced if these additional rights are exercised. In addition, we must pay annual concession fees to maintain water rights we are not exercising. These and potential future changes to the Water Code could have a material adverse effect on our business, financial condition and results of operations.

*Our water supply could be affected by geological changes.*

Our access to water may be impacted by changes in geology or other natural factors, such as wells drying up, that we cannot control, and which may have a material adverse effect on our business, financial condition and results of operations.

*The Chilean government could levy additional taxes on corporations operating in Chile.*

In 2005, the Chilean Congress approved Law No. 20,026 (also known as the "Royalty Law"), establishing a royalty tax to be applied to mining activities developed in Chile.

After the earthquake in February 2010 in the south of Chile, the government approved changes to both the Royalty Law and the corporate tax rate that raised tax rates in order to partially fund the recovery effort.

We cannot assure you that the manner in which the Royalty Law is interpreted and applied will not change in the future. In addition, the Chilean government may decide to levy additional taxes on mining companies or other corporations in Chile. Such changes could have a material adverse effect on our business, financial condition and results of operations.

Environmental laws and regulations could expose us to higher costs, liabilities, claims and failure to meet current and future production targets. Our operations in Chile are subject to national and local regulations relating to environmental protection. We are required to conduct environmental impact studies of any future projects or activities (or significant modifications thereto) that may affect the environment. The Environmental Assessment Service currently evaluates environmental impact studies submitted for its approval, and private citizens, public agencies or local authorities may challenge projects that may adversely affect the environ-



ment, either before these projects are executed or once they are already operating, if they fail to comply with applicable regulations. Enforcement remedies available include fines and temporary or permanent closure of facilities.

Chilean environmental regulations have become increasingly stringent in recent years, both with respect to the approval of new projects and in connection with the implementation and development of projects already approved. This trend is likely to continue. Given public interest in environmental enforcement matters, these regulations or their application may also be subject to political considerations that are beyond our control.

We continuously monitor the impact of our operations on the environment and have, from time to time, made modifications to our facilities to minimize any adverse impacts. We believe we are currently in compliance in all material respects with applicable environmental regulations in Chile. Future developments in the creation or implementation of environmental requirements, or in their interpretation, could result in increased capital, operation or compliance costs or otherwise adversely affect our business, financial condition and results of operations. In connection with our current investments at the Salar de Atacama and Nueva Victoria, the success of these investments is dependent on the behavior of the eco-system variables being monitored over time. If the behavior of these variables in future years does not meet environmental requirements, our operation may be subject to important restrictions by the authorities on the maximum allowable amounts of brine and water extraction.

Our future development depends on our ability to sustain future production levels, which requires additional investments and the submission of the corresponding environmental impact assessment studies. If we fail to obtain approval, our ability to maintain production at specified levels will be seriously impaired, thus having a material adverse effect on our business, financial condition and results of operations.

In addition, our worldwide operations are subject to international environmental regulations. Since laws and regulations in the different jurisdictions in which we operate may change, we cannot guarantee that future laws, or changes to existing laws, will not materially adversely impact our business, financial condition and results of operations.

*Ratification of the International Labor Organization's Convention 169 concerning indigenous and tribal peoples might affect our development plans.*

In 2008, Chile, a member of the International Labor Organization ("ILO"), ratified the ILO's Convention 169 (the "Indigenous Rights Convention") concerning indigenous and tribal peoples. The Indigenous Rights Convention established several rights for indigenous individuals and communities. Among other rights, the Indigenous Rights Convention outlines that

(i) indigenous groups be notified of and consulted prior to the development of any project on land deemed indigenous (right to veto was not included); and (ii) indigenous groups have, to the extent possible, a stake in benefits resulting from the exploitation of natural resources in alleged indigenous land. The extent of these benefits has not been defined by the government. The new rights outlined in the Indigenous Rights Convention could affect the development of our investment projects in alleged indigenous lands which could have a material adverse effect on our business, financial condition and results of operations.

*Chile is located in a seismically active region.*

Chile is prone to earthquakes because it is located along major fault lines. A major earthquake could have significant negative consequences for our operations and for the general infrastructure, such as roads, rail, and access to goods, in Chile. Even though we maintain insurance policies standard for this industry with earthquake coverage, we cannot assure you that a future seismic event will not have a material adverse effect on our business, financial condition and results of operations.

## Legal Formation

The Company was formed by public deed granted June 17, 1968 before Santiago Notary Mr. Sergio Rodríguez Garcés. A summary of this deed was recorded on page 4533 number 1991 on June 29, 1968 in the Commerce Registry of the Santiago Real Estate Registrar.

Its existence was approved by Supreme Decree No. 1164 from the Finance Ministry dated June 22, 1968, which was registered on June 29 of the same year in the Commerce Registry of the Santiago Real Estate Registrar on page 4537 number 1992 and noted in the margin of the corporate registration.

A summary of the articles of incorporation approved by the Superintendency of Insurance Companies, Corporations and Stock Exchanges and the Supreme Decree that authorized the Company's existence was published in Official Gazette No. 27080 on June 29, 1968.

## Share Ownership

SQM has been informed that Mr. Julio Ponce L., Chairman of the Board of SQM, and related persons beneficially own through Sociedad de Inversiones Pampa Calichera S.A. ("Pampa Calichera"), Potasios de Chile S.A. ("Potasios") and Inversiones Global Mining (Chile) Ltda. ("Global Mining") a total of 84,135,095 shares, constituting 31.97% of the total shares of SQM. SQM has been advised that this beneficial ownership is based on the following: Mr. Ponce and related persons control 100% of the total shares of Inversiones SQYA S.A. ("SQYA"); SQYA controls 67.16% of the total shares of Norte Grande S.A. ("Norte Grande"); Norte Grande controls 75.72% of the total shares of Sociedad de Inversiones Oro Blanco S.A. ("Oro Blanco"); Oro Blanco controls 88.52% of the total shares of Pampa Calichera and Potasios controls 10.07% of Pampa Calichera; Pampa Calichera and the related companies Global Mining and Potasios ultimately control 31.97% of the total shares of SQM. (See item 7 below).

Pampa Calichera and Kowa Company Ltd. – the latter being owner, directly and indirectly, of 2.08% of the total shares of SQM as of December 31, 2011 – subscribed on December 21, 2006, a Joint Performance Agreement that allows them to currently control 34.05% of the total shares of SQM. As a result of this Agreement, the group lead by Mr. Julio Ponce L. indirectly controls 34.05% of the total shares of SQM and is, therefore, the Controller Group of SQM.

## > Corporate Estructure





## > Subsidiaries and Affiliates

## > Local Subsidiaries and Affiliates

### **SQM NITRATOS S.A.:**

Capital:	US\$30,349,981
Ownership:	99.9999782% SQM S.A. 0.0000218% SQM Potasio S.A.
Corporate Purpose:	Production and sale of fertilizers
Directors:	Jaime San Martín L. Patricio Contesse G.* Patricio de Solminihac T. Ricardo Ramos R. Daniel Jiménez Sch.
CEO:	Patricio Contesse G.*
Relationship to HQ:	Wholly owned. Maintains market current account and rental of industrial facilities through headquarters.
Address:	El Trovador 4285
Telephone:	(2) 425 2000
Fax:	(2) 425 2268

### **SERVICIOS INTEGRALES DE TRANSITOS Y TRANSFERENCIAS S.A.:**

Capital:	US\$9,873,573
Ownership:	99.99966% SQM Industrial S.A. 0.00034% SQM S.A.
Corporate Purpose:	Transportation and storage of merchandise.
Directors:	Eugenio Ponce L. Ricardo Ramos R. Patricio de Solminihac T. Jaime San Martín L. Daniel Jiménez Sch.
CEO:	Patricio Contesse G.*
Relationship to HQ:	Basically wholly-owned .
Address:	Arturo Prat N° 1060, Tocopilla.
Telephone:	(55) 414452
Fax:	(55) 414488

### **SOQUIMICH COMERCIAL S.A.:**

Capital:	US\$61,745,898
Ownership:	60.6383212% SQM Industrial S.A. 0.0000004% SQM S.A. 39.3616784% Other non-related parties
Corporate Purpose:	Sale and distribution of fertilizers
Directors:	Julio Ponce L* Eugenio Ponce L. Andrés Rojas S. Patricio de Solminihac Patricio Contesse * Juan Carlos Barrera Ricardo Ramos R.

CEO:	Claudio Morales
Relationship to HQ:	Basically wholly-owned
Address:	El Trovador 4285
Telephone:	(2) 425 2525
Fax:	(2) 425 2268

### **AJAY-SQM CHILE S.A.:**

Capital:	US \$5,313,794
Ownership:	51% SQM S.A. 49% Other non-related parties
Corporate Purpose:	Iodine processing.
Directorio:	Eugenio Ponce L. Daniel Jiménez Alan Shipp Charles Pittard
CEO:	Patricio Covarrubias G.
Relationship to HQ:	Basically wholly-owned
Address:	Avda Pdte. Eduardo Frei N° 4900, Santiago.
Telephone:	(2) 443 7110
Fax:	(2) 443 7114

### **SQM SALAR S.A.:**

Capital:	US\$38,000,000
Ownership:	81.82% SQM Potasio S.A. 18.18% SQM S.A.
Corporate Purpose:	Exploitation and commercialization of potasium, lithium, and other products
Directors:	Patricio De Solminihac T. Daniel Jiménez Sch. Ricardo Ramos R. Jaime San Martín L. Patricio Contesse G.*
CEO:	Patricio Contesse G.*
Relationship to HQ:	Basically wholly-owned
Address:	El Trovador 4285
Telephone:	(2) 425 2000
Fax:	(2) 425 2268

(\*) Director or CEO of SQM S.A.



**INSTITUCION DE SALUD PREVISIONAL NORTE GRANDE LTDA.:**

Capital:	US \$416,320
Ownership:	99% SQM Industrial S.A. 1% SQM S.A.
Corporate Purpose:	Management of health matters for SQM S.A. and its subsidiaries
CEO:	Bárbara Blümel
Relationship to HQ:	Basically wholly-owned.
Address:	Aníbal Pinto N° 3228, Antofagasta.
Telephone:	(55) 412621
Fax:	(55) 412632

**ALMACENES Y DEPOSITOS LTDA.:**

Capital:	US\$1,496,222
Ownership:	99% SQM Potasio S.A. 1% SQM S.A.
Corporate Purpose:	General Deposits.
CEO:	Patricio Contesse G.*
Relationship to HQ:	Basically wholly-owned.
Address:	El Trovador 4285
Telephone:	(2) 425 2000
Fax:	(2) 425 2268

**SQM POTASIO S.A.:**

Capital:	US\$39.020.000
Ownership:	99.997386% SQM S.A. 0.002614% Other non-related parties
Corporate Purpose:	Extraction of mineral for the manufacturing of fertilizers and chemical products
Directors:	Patricio de Solminihac T. Ricardo Ramos R. Jaime San Martín L. Patricio Contesse G.* Daniel Jiménez Sch.
CEO:	Patricio Contesse G.*
Relationship to HQ:	Basically wholly-owned.
Address:	El Trovador 4285
Telephone:	(2) 425 2000
Fax:	(2) 425 2268

**PROINSA LTDA.:**

Capital:	US\$79,075
Ownership:	99.9% SQMC S.A. 0.1% Other non-related parties
Corporate Purpose:	Production and sale of fertilizers
CEO:	Claudio Morales
Relationship to HQ:	Basically wholly-owned

Address:	El Trovador 4285
Telephone:	(2) 425 2525
Fax:	(2) 425 2268

**SQMC INTERNACIONAL LTDA.:**

Capital:	US\$1,117,203
Ownership:	99.7423% SQMC S.A. 0.2577% Proinsa Ltda.
Corporate Purpose:	Sale, import and export of fertilizers
CEO:	Claudio Morales
Relationship to HQ:	Basically wholly-owned.
Address:	El Trovador 4285
Telephone:	(2) 425 2525
Fax:	(2) 425 2268

**COMERCIAL HYDRO S.A.:**

Capital:	US\$4,818,186
Ownership:	99.9999% SQMC S.A. 0.0001% SQMC Internacional Ltda.
Corporate Purpose:	Import and sale of fertilizers
CEO:	Claudio Morales
Relationship to HQ:	Basically wholly-owned.
Address:	El Trovador 4285
Telephone:	(2) 425 2525
Fax:	(2) 425 2268

**SQM INDUSTRIAL S.A.:**

Capital:	US\$715,066,287
Ownership:	99.047043% SQM S.A. 0.952957% SQM Potasio S.A.
Corporate Purpose:	Operation of extraction plants and transfer of mineral substances and raw materials
CEO:	Patricio Contesse *
Directors:	Patricio de Solminihac Ricardo Ramos Jaime San Martín
Relationship to HQ:	Basically wholly-owned.
Address:	El Trovador 4285
Telephone:	(2) 425 2525
Fax:	(2) 425 2268

**SALES DE MAGNESIO LTDA.:**

Capital:	US\$219,564
Ownership:	50% SQM Salar S.A. 50% Other non-related parties.
Corporate Purpose:	Sale of magnesium plants
CEO:	José Tomás Ovalle

(\*) Director or CEO of SQM S.A.

Relationship to HQ: Basically wholly-owned.  
 Address: Sector La Negra Lotes 1 y 2 Antofagasta  
 Commercial Address: El Trovador 4285  
 Telephone: (2) 425 2428  
 Fax: (2) 425 2434

#### **MINERA NUEVA VICTORIA S.A.:**

Capital: US\$93,679,169  
 Ownership: 99% SQM S.A.  
 1% SQM Potasio S.A.  
 Corporate Purpose: Production and commercialization of non-metallic minerals.  
 CEO: Patricio Contesse G.\*  
 Directors: Patricio de Solminihac T.  
 Ricardo Ramos R.  
 Patricio Contesse G.\*  
 Relationship to HQ: Basically wholly-owned.  
 Address: Ex oficina Salitrera Iris s/n, Pozo Al Monte, Iquique  
 Telephone: (2) 425 2000

#### **EXPLORACIONES MINERAS S.A.:**

Capital: US\$30,100,000  
 Ownership: 0.269103% SQM S.A.  
 99.730897% Minera Nueva Victoria S.A.  
 Corporate Purpose: Exploitation of other mines and quarries  
 Directors: Patricio de Solminihac T.  
 Ricardo Ramos R.  
 Patricio Contesse G.\*  
 CEO: Patricio Contesse G.\*  
 Relationship to HQ: Basically wholly-owned.  
 Address: Los Militares 4290 Las Condes, Santiago  
 Telephone: (2) 425 2000

#### **SOCIEDAD PRESTADORA DE SERVICIOS DE SALUD CRUZ DEL NORTE S.A.:**

Capital: US\$111,361  
 Ownership: 99% SQM Industrial S.A.  
 1% SQM Potasio S.A.  
 Relationship to HQ: Basically wholly-owned.  
 Address: El Trovador 4285  
 Telephone: (2) 425 2000  
 Fax: (2) 425 2068

#### **COMERCIAL AGROGRAMA LTDA**

Capital: US\$1,540,800  
 Ownership: 70% SQMC S.A.  
 30% Other non-related parties.

Representative: Alvaro Baeza  
 CEO: Victor López  
 Relationship to HQ: Basically wholly-owned.  
 Address: El Trovador 4285  
 Telephone: (2) 425 2000  
 Fax: (2) 425 2068

#### **AGROGRAMA S.A.:**

Capital: US\$192,600  
 Ownership: 99.999% SQMC S.A.  
 0.001% Other non-related parties.  
 CEO: Christian Izarnotegui  
 Relationship to HQ: Basically wholly-owned.  
 Address: El Trovador 4285  
 Telephone: (2) 425 2000  
 Fax: (2) 425 2068

### > Foreign subsidiaries and affiliates

#### **SQM INVESTMENT CORPORATION N.V.:**

Capital: US\$50,000  
 Ownership: 99.00% SQM Potasio S.A.  
 1.00% SQM S.A.  
 Corporate purpose: Investment and sale of real estate and other property  
 CEO: N.V. Interpark  
 Relationship to HQ: Basically wholly-owned  
 Address: Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.  
 Telephone: (59) (99) 4612544  
 Fax: (59) (99) 4612647

#### **SQM CORPORATION N.V.:**

Capital: US\$12,939,718  
 Ownership: 99.9794% SQM Industrial S.A.  
 0.0204% SQI Corporation N.V.  
 0.0002% SQM S.A.  
 Corporate purpose: Investment and sale of real estate and other property  
 CEO: N.V. Interpark  
 Relationship to HQ: Basically wholly-owned.  
 Address: Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.  
 Telephone: (59) (99) 4612544  
 Fax: (59) (99) 4612647

**SQI CORPORATION N.V.:**

Capital:	US\$6,300
Ownership:	99.98413% SQM Potasio S.A. 0.01587% SQM S.A.
Corporate purpose:	Investment and sale of real estate and other property
CEO:	N.V. Interpark
Relationship to HQ:	Basically wholly-owned
Address:	Pietermaai 123, P.O. Box 897, Willemstad, Curacao, Antillas Holandesas.
Telephone:	(59) (99) 4612544
Fax:	(59) (99) 4612647

**RS AGRO CHEMICAL TRADING A.V.V.:**

Capital:	US\$6,000
Ownership:	98.3333% SQM S.A. 1.6667% SQM Potasio S.A.
Corporate purpose:	Investment and sale of real estate and other property
CEO:	CMS Corporate Management Services N.V.
Relationship to HQ:	Basically wholly-owned
Address:	Caya Ernesto O.Petronia 17, Oranjestad, Aruba.
Fax:	297-8-26548

**ROYAL SEED TRADING A.V.V.:**

Capital:	US\$6,000
Ownership:	1.67% SQM S.A. 98.33% SQM Potasio S.A.
Corporate purpose:	Investment and sale of real estate and other property
CEO:	CMS Corporate Management Services N.V.
Relationship to HQ:	Basically wholly-owned
Address:	Caya Ernesto O.Petronia 17, Oranjestad, Aruba.
Fax:	297-8-26548

**SQM COMERCIAL DE MEXICO S.A. DE C.V.:**

Capital:	US\$22,044,533
Ownership:	99.873865% SQM Industrial S.A. 0.124874% SQM Potasio S.A. 0.001261% SQM S.A.
Corporate purpose:	Import, export, and sale of fertilizers
CEO:	Bernard Descazeaux Aribit
Relationship to HQ:	Basically wholly-owned
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomulco de Zúñiga, Jalisco, México.
Telephone:	(52 33) 35401100
Fax:	(52 33) 35401100

**SQM NITRATOS DE MEXICO S.A. DE C.V.:**

Capital:	US\$5,636
Participación:	51% SQM Industrial S.A. 49% Other non-related parties
Corporate purpose:	Provision of services.
CEO:	Bernard Descazeaux Aribit
Relationship to HQ:	Basically wholly-owned
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomulco de Zúñiga, Jalisco, México.
Telephone:	(52 33) 35401100
Fax:	(52 33) 35401100

**ADMINISTRACION Y SERVICIOS DE SANTIAGO S.A. DE C.V.:**

Capital:	US\$6,612
Ownership:	99.998% SQM Industrial S.A. 0.002% SQM North America Corporation
Corporate Purpose:	Provision of services
CEO:	Bernard Descazeaux Aribit
Relationship to HQ:	Basically wholly-owned
Address:	Calle Industria Eléctrica s/n, Lote 30, Manzana A Parque Industrial Bugambilias CP 45645, Trajomulco de Zúñiga, Jalisco, México.
Telephone:	(52 33) 35401100
Fax:	(52 33) 35401100

**SQM EUROPE N.V.:**

Capital:	US\$9,945,066
Ownership:	99,14% Soquimich European Holdings B.V. 0,86% SQM S.A.
Corporate Purpose:	Distribution and sale of specialty plant nutrients and industrial products in Europe, North Africa and the Middle and Far East.
CEO:	Frank Biot
Directors:	Julio Ponce L.* Eugenio Ponce L. Patricio de Solminihac T. Daniel Jiménez S.
Address:	Sint Pietersvliet 7 bus 8, 2000. Antwerp, Bélgica
Telephone:	(32 3) 2039700
Fax:	(32 3) 2312782

(\*) Director or CEO of SQM S.A.

**NITRATO NATURAIS DO CHILE COMERCIO DE PRODUTOS E SERVIÇOS AGRICOLAS E INDUSTRIAIS LTDA.:**

Capital:	US\$202,567
Ownership:	99.9999% SQM Industrial S.A. 0.0001% SQM Brasil Ltda.
Corporate Purpose:	Sale of agricultural and industrial inputs, provision of advisory services. Representation of other domestic or foreign companies.
Representative:	Rene Gonzalo Bafalluy Lizana
Relationship to HQ:	Básicamente de propiedad
Address:	Al. Tocantins 75, 6º Andar, Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brasil.
Telephone:	(55 11) 4133 7208
Fax:	(55 11) 4133 7205

**SQM AFRICA (PYT) LTDA.:**

Capital:	US\$70,699
Ownership:	100% Soquimich European Holdings B.V.
Corporate Purpose:	Sale of specialty plant nutrients and industrial products in the sub-sahara region
Directors:	Frank Biot Peter van Collie
Address:	Tramore House, 3 Waterford Office Park, Waterford Drive, 2191 Fourways, Johannesburg, Sudáfrica
Telephone:	(27 11) 6588640
Fax:	(27 11) 6581101

**SOQUIMICH EUROPEAN HOLDING B.V.:**

Capital:	US\$15,815,547
Ownership:	100% SQM Corporation N.V.
Corporate purpose:	Holding Company
Directors:	Frank Biot Patrick Vanbeneden Paul van Duuren Dennis Beets
Address:	Loacalellikade 1 Parnassustoren 1076 AZ Amsterdam, Holanda
Telephone:	31 20) 5408955
Fax:	31 20) 5408909

**SQM JAPAN CO. LTDA.:**

Capital:	US\$87,413
Ownership:	99% SQM Potasio S.A. 1% SQM S.A.
Corporate purpose:	Sales and marketing of products in Asia and Oceania
CEO:	Mayo Shibazaki
Directors:	Patricio Contesse* Eugenio Ponce Daniel Jimenez Mayo Shibazaki
Address:	From 1st Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokio, Japón 107-0062
Telephone:	(81 3) 5778 3311
Fax:	(81 3) 5778 3312

**SQM OCEANIA PYT:**

Capital:	US\$1
Ownership:	100% SQM Soquimich European Holdings B.V.
Corporate purpose:	Import, export and distribution of fertilizers and industrial products
Address:	Level 9, 50 Park Street, Sydney NSW 2000, Sydney, Australia
Telephone:	(61 412) 558911
Fax:	(61 293) 479221

**SQM VITAS FZCO:**

Capital:	US\$5,434,783
Ownership:	49.5% SQM Industrial S.A. 0.5% SQM S.A. 50% Other non-related companies
Corporate purpose:	Production, sale and distribution of specialty plant nutrients
Directors:	Patrick Vanbeneden Karina Kuzmak-Bourdet Vincent Bignon
Address:	Jebel Ali Free Zone, PO Box 18222, Dubai, Emiratos Arabes Unidos
Telephone:	(971 4) 8838506
Fax:	(971 4) 8838507

**ABU DHABI FERTILIZER INDUSTRIES CO. W.L.L.:**

Capital:	US\$1,440,217
Ownership:	50% SQM Corporation N.V. 50% Other non-related companies
Corporate purpose:	Sale and distribution of specialty plant nutrients
Director:	Yousef Al Tawil Patrick Vanbeneden Frank Biot
Address:	PO Box 71871, Abu Dhabi, Emiratos Arabes Unidos.
Telephone:	(971) 25511700
Fax:	(971) 25511702

**AJAY EUROPE SARL:**

Capital:	US\$4,693,081
Ownership:	50% Soquimich European Holdings B.V. 50% Other non-related parties
Corporate Purpose:	Production and distribution of iodine and iodine derivatives
CEO:	Alan Shipp
Directors:	Eugenio Ponce Alan Shipp Felipe Smith Alec Poitevint
Address:	Z.I. du Grand Verger BP 22753602, Evron Cedex, Francia
Telephone:	(33 24) 3013535
Fax:	33 24) 3017618

**DOKTOR TARSA TARIM SANAYI A.S.:**

Capital:	US\$12,081,107
Ownership:	50% Soquimich European Holdings B.V. 50% Other non-related parties
Corporate Purpose:	Distribución y comercialización de nutrientes vegetales de especialidad en Turquía.
CEO:	Ali B. Ozman
Directors:	Frank Biot Ali B. Ozman Fahri Harmansah
Address:	Organize Sanayi Bolgesi, İkinci Kisim, 22 cadde TR07100 Antalya, Turquía.
Telephone:	90 2) 422494646
Fax:	(90 2) 422494600

**SQM ECUADOR S.A.:**

Capital:	US\$416,900
Ownership:	99.996% SQM Industrial S.A. 0.004% SQM S.A.
Corporate Purpose:	Wholesale fertilizer sales
Relationship to HQ:	Basically wholly-owned
Address:	Av. José Orrantia y Av. Juan Tanca Marengo Edificio Executive Center Piso 2 Oficina 211
Telephone:	(593 4) 2158639
Fax:	(593 4) 2158639 ext 11

**MISR SPECIALTY FERTILIZERS S.A.E.:**

Capital:	£35,000,000
Ownership:	47.4857% Soquimich European Holdings B.V. 52.5143% Other non-related parties
Corporate Purpose:	Production of solid and liquid specialty fertilizers for Egypt
CEO:	Assem Doss
Directors:	Patrick Vanbeneden Peter Van Coillie Keneth Frederiksen Bartolomeo Pescio
Address:	Edificio Tiba, B3 Zahraa el Maadi, Cairo, Egipto
Telephone:	(20 2) 5199447
Fax:	(20 2) 5193775

**SQM IBERIAN S.A.**

Capital:	US \$133,127
Ownership:	100% Soquimich European Holdings B.V.
Corporate Purpose:	Sale and distribution of specialty plant nutrients and technical products in Spain
Directors:	Frank Biot. Joseph Zidon. Patrick Vanbeneden. Jorge Lütken.
CEO:	Jorge Lütken.
Address:	Provenza 251 Principal 1a CP08008 Barcelona, España.
Telephone:	(34 93) 4877806
Fax:	(34 93) 4872344

**SQM MED TARIM SANAYI VE TICARET A.S.:**

Capital:	US \$399,935
Ownership:	50% Soquimich European Holdings B.V. 50% Otros no relacionados.
Corporate Purpose:	Production and Sales of specialty products

(\*) Director or CEO of SQM S.A.



CEO: Ali Özman.  
 Directors: Patrick Vanbeneden.  
 Peter Van Coillie.  
 Ali B. Özman.  
 Address: Organize Sanayi Bolgesi, İkinci  
 Kisim, 22 cadde TR07100 Antalya, Turkey.  
 Telephone: (90 2) 422494646  
 Fax: (90 2) 422494600

#### **IODINE MINERA B.V.:**

Capital: US \$10,922,696  
 Ownership: 100% Soquimich European Holdings B.V.  
 Corporate purpose: Sale of iodine and iodine derivatives in Europe  
 and North America  
 Directors: Patrick Vanbeneden.  
 Paul van Duuren.  
 Dennis Beets.  
 Address: Locatellikade 1, Parnassustoren,  
 1076 AZ Amsterdam, Holanda.  
 Telephone: (31 20) 5408989  
 Fax: (31 20) 5408909

#### **CHARLEE SQM THAILAND:**

Capital: Baht \$80,000,000  
 Ownership: 40% Soquimich European Holdings B.V.  
 60% Other non-related parties  
 Corporate Purpose: Sale of specialty plant nutrients  
 CEO: Vashirasak Arjananont  
 Directors: Patrick Vanbeneden  
 Olaf Rietveld  
 Chali Arjananont  
 Vashirasak Arjananont  
 Address: 31 Soi 138 (Meesuk) Lapdrawrd,  
 Bangkok, 10240 Bangkok,  
 Thailand.  
 Telephone: (662) 3778668  
 Fax: (662) 3773578

#### **AQM AGRO INDIA PVT LTD:**

Capital: IRS \$5,100,000  
 Ownership: 00% Soquimich European Holdings B.V.  
 Corporate Purpose: Distribution of specialty plant nutrients in India.  
 CEO: Vashirasak Arjananont.  
 Directors: Patrick Vanbeneden.  
 Alfredo Doberti.  
 Olaf Rietveld.

Address: C 30 Chiragh Enclave New Dehli,  
 110048 India.  
 Téléphone: (91 11) 26 44 24 98  
 Fax: (91 11) 26 23 82 73

#### **SQM (BEIJING) COMMERCIAL CO. LTDA.:**

Capital: US \$100,000  
 Ownership: 100% SQM Industrial S.A.  
 Corporate Purpose: Sale of chemical products  
 CEO: Diego Molina H.  
 Directors: Patricio de Solminihac T.  
 Eugenio Ponce L.  
 Ricardo Ramos R.  
 Relationship to HQ: Basically wholly-owned  
 Address: Room 1001C, CBD International Mansion No.  
 16 Yong An Dong Li, Jian Wai Ave Beijing,  
 100022, P.R. China.  
 Telephone: (86 10) 6461 8950  
 Fax: (86 10) 8454 0885

#### **SQM NORTH AMÉRICA CORPORATION:**

Capital: US \$30,140,100  
 Ownership: 51% SQM Industrial S.A.  
 40% SQM S.A.  
 9% Soquimich European Holdings B.V.  
 Corporate Purpose: Commercialization of nitrates, boron, iodine,  
 and lithium in North America  
 CEO: Gerardo Illanes.  
 Patricio Contesse G.\*  
 Directors: Patricio de Solminihac T.  
 Eugenio Ponce L.  
 Ricardo Ramos R.  
 Daniel Jiménez S.  
 Relationship to HQ: Basically wholly-owned  
 Address: 2727 Paces Ferry Road, Building Two,  
 Suite 1425, Atlanta, GA 30309  
 Telephone: (1 770) 916 9400  
 Fax: (1 770) 916 9401

**SOQUIMICH S.L.R. ARGENTINA:**

Capital:	US \$1,656,500
Ownership:	99.96% SQM Investment Corporation. 0.04% SQM Industrial S.A.
CEO:	Carlos Balter.
Corporate Purpose:	Import, export, and sale of fertilizers, sodium nitrate, iodine, iodated salts, sodium nitrate, potassium nitrate, and all types of inputs for agriculture and industry
Relationship to HQ:	Basically wholly-owned
Address:	Espejo 65 – Oficina 6 – 5500 Mendoza, Argentina.
Telephone:	(54 261) 434 0301
Fax:	(54 261) 434 0301

**SQM VENEZUELA S.A.:**

Capital:	US \$55,395
Ownership:	50% SQM Industrial S.A. 50% SQM North America Corporation
Corporate Purpose:	Sale of agricultural and industrial inputs
Relationship to HQ:	Basically wholly-owned
Address:	Calle Guaicaipuro, torre Forum Piso 6, UBR. El Rosal Apartado 1423 Caracas 1010-A, Venezuela.
Telephone:	(58) 212 951 3333
Fax:	(58) 212 951 2851

**SQM NORTH AMERICA TRADING:**

Capital:	US \$338,124
Ownership:	100% SQM North America Corporation.
Corporate Purpose:	Investment company
CEO:	Gerardo Illanes.
Directors:	Ricardo Ramos R. Daniel Jiménez S.
Relationship to HQ:	Basically wholly-owned. Address: 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA 30309
Telephone:	(1 770) 916 9400
Fax:	(1 770) 916 9401

**SQM VIRGINIA LLC:**

Capital:	US \$33,375,305
Ownership:	100% SQM North America Corporation.
Corporate Purpose:	Investment company
CEO:	Daniel Pizarro.
Directors:	Eugenio Ponce L. Gerardo Illanes.
Relationship to HQ:	Basically wholly-owned
Address:	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA 30309
Telephone:	(1 770) 916 9400
Fax:	(1 770) 916 9401

**SQMC HOLDING CORPORATION LLP:**

Capital:	US \$3,000,000
Ownership:	99.9% SQM Potasio S.A. 0.1% SQM S.A.
Corporate Purpose:	Investment company
CEO:	Daniel Pizarro.
Directors:	Eugenio Ponce L. Felipe Smith.
Relationship to HQ:	Basically wholly-owned
Address:	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA 30309
Telephone:	(1 770) 916 9400
Fax:	(1 770) 916 9401

**SQM LITHIUM SPECIALTIES LIMITED PARTNERSHIP, LLP:**

Capital:	US \$33,712,430
Ownership:	99% SQM Virginia LLC 1% North America Trading Co.
Corporate Purpose:	Production and sales of lithium.
CEO:	Daniel Pizarro.
Relationship to HQ:	Basically wholly-owned
Address:	2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA 30309
Telephone:	(1 770) 916 9400
Fax:	(1 770) 916 9401

(\*) Director or CEO of SQM S.A.

**AJAY NORTH AMERICA L.L.C.:**

Capital:	US \$10,383,786
Ownership:	49% SQMC Holding Corporation LLP. 51% Other non-related parties
Corporate purpose:	Production and sale of iodine derivatives
CEO:	Alan Shipp.
Relationship to HQ:	Basically wholly-owned
Address:	1400 Industry RD Power Springs GA 30129
Telephone:	1 (770) 943 6292
Fax:	1 (770) 439 0369

**SQM BRASIL PRODUÇÃO E COMERCIALIZAÇÃO DE PRODUCTOS QUIMICOS E SERVIÇOS LTDA.**

Capital:	US \$1,790,000
Ownership:	97.21% SQM Industrial. 2.79% SQM S.A.
Corporate purpose:	Sale of chemical products and fertilizers, provision of advisory services, representation of other chemical products and fertilizers
Representative:	Rene Gonzalo Bafalluy Lizana.
Relationship to HQ:	Basically wholly-owned
Address:	Al. Tocantins 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville, Barueri, CEP 06455-020, Sao Paulo, Brazil
Telephone:	(55 11) 4133 7208
Fax:	(55 11) 4133 7205

**SQM Perú S.A.:**

Capital:	US \$17,427
Ownership:	99.02% SQM Industrial S.A. 0.98% SQM S.A.
Corporate purpose:	Sale of agricultural and industrial inputs
Relationship to HQ:	Básicamente de propiedad.
Address:	Avenida Camino Real n° 348 of 702, San Isidro, Lima, Perú
Telephone:	(511) 6112121
Fax:	(511) 6112122

**SICHUAN SQM-MIGAO CHEMICAL FERTILIZER CO. LTD.**

Capital:	US \$20,000,000
Ownership:	50% SQM Industrial S.A. 50% Migao Corporation
Corporate purpose:	Production and sale of fertilizers
CEO:	Liu Guocai.
Directors:	Mark Fones Liu Yaqin Liu Guocai Frank Biot
Address:	Huangjin Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province, China.
Telephone:	(86) 532 809 65 366

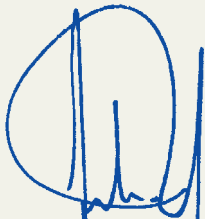
**QINGDAO SQM- STAR CROP NUTRITION CO. LTD.**

Capital:	US \$2,000,000
Ownership:	50% SQM Industrial S.A. 50% Qingdao Star Plant Protection Technology Co. Ltd. (China)
Corporate Purpose:	Production and sale of soluble fertilizers
CEO:	Li Xiang
Directors:	Li Xiang Mark Fones Wan Taibin Frank Biot
Address:	Longquan Town, Jimo City, Qingdao Municipa lity, Shangdong Province, China
Telephone:	(86) 532 809 65 366



> Statement of Liability

The Directors and Chief Executive Officer of SQM S.A. declare that we have exercised our respective functions as administrators and chief executive of the Company in conformity with the practices that are customarily used for such purposes in Chile and, in accordance with these practices, we swear under oath that the information in this Annual Report 2011 is true and that we accept any liability that may arise from this statement.



**Chairman**

Julio Ponce Letou  
4.250.719-9



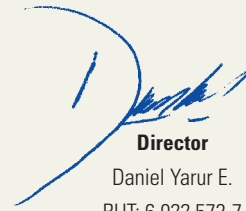
**Vice Chairman**

Wayne R. Brownlee  
Pasaporte N°: BD 108168



**Director**

Eduardo Novoa C.  
5.836.212-K



**Director**

Daniel Yarur E.  
RUT: 6.022.573-7



**Director**

Hernán Büchi B.  
RUT: 5.718.666-6



**Director**

Wolf von Appen B.  
RUT: 2.884.455-7



**Director**

José María Eyzaguirre B.  
RUT: 7.011.679-0



**Director**

Kendrick T. Wallace  
Pasaporte N°: 712198876



**Chief Executive Officer**

Patricio Contesse González  
RUT: 6.356.264-5





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