

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
December 08, 2009

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

FORM 6-K

REPORT OF FOREIGN ISSUER  
PURSUANT TO RULE 13A-16 OR 15D-16  
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Includes financial statements and their related notes for the nine-month period ended September 30, 2009 filed by Sociedad Química y Minera de Chile S.A. before the Superintendencia de Valores y Seguros de Chile on October 27, 2009.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
(Exact name of registrant as specified in its charter)

CHEMICAL AND MINING COMPANY OF CHILE INC.  
(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 425-2000  
(Address and phone number of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
82\_\_\_\_\_

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On October 27, 2009, the Registrant filed with the Superintendencia de Valores y Seguros of Chile (the "SVS") a report that included information as to the Registrant's consolidated financial condition and results of operations for the nine-month period ended September 30, 2009. Attached is a summary of such consolidated financial information included in the summary and in the report filed with the Superintendencia de Valores y Seguros of Chile. This financial information was prepared on the basis of accounting principles generally accepted in Chile and does not include a reconciliation of such information to accounting principles generally accepted in the United States of America.

THIS REPORT IS AN ENGLISH TRANSLATION OF, AND A CHILEAN GENERALLY ACCEPTED ACCOUNTING PRINCIPLES PRESENTATION OF, THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2009 REPORT FILED WITH THE SUPERINTENDENCIA DE VALORES Y SEGUROS (SVS) IN CHILE, AND UNLESS OTHERWISE INDICATED, FIGURES ARE IN US DOLLARS.

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Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Santiago, Chile  
September 30, 2009 and 2008

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Consolidated Financial Statements

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

As of September 30, 2009 and 2008  
and for the nine month periods ended September 30, 2009 and 2008  
(A translation of the original in Spanish- see note 2 (a))

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

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Consolidated Balance Sheet  
(A translation of the original in Spanish- see note 2 (a))

|  | Note     | As of September 30, |                  |
|--|----------|---------------------|------------------|
|  |          | 2009<br>ThUS\$      | 2008<br>ThUS\$   |
| <b>ASSETS</b>  |          |                     |                  |
| <b>Current assets</b>                                |          |                     |                  |
| Cash   |          | 22,071              | 22,360           |
| Time deposits  | 33       | 270,742             | 77,763           |
| Marketable securities                                | 4        | 192,315             | 56,717           |
| Accounts receivable, net                             | 5        | 279,808             | 338,798          |
| Other accounts receivable, net                       | 5        | 68,102              | 73,307           |
| Accounts receivable from related companies           | 6        | 77,698              | 58,989           |
| Inventories, net                                     | 7        | 646,671             | 562,517          |
| Recoverable taxes                                    |          | 64,168              | 43,802           |
| Prepaid expenses                                     |          | 5,184               | 5,531            |
| Deferred income taxes                                | 15       | 33,969              | 16,265           |
| Other current assets                                 |          | 51,530              | 34,357           |
| <b>Total current assets</b>                          |          | <b>1,712,258</b>    | <b>1,290,406</b> |
| <b>Property, plant and equipment, net</b>            | <b>8</b> | <b>1,264,408</b>    | <b>1,045,724</b> |
| <b>Other Assets</b>                                  |          |                     |                  |
| Investments in related companies                     | 9        | 34,282              | 36,824           |
| Goodwill, net  | 10       | 30,269              | 32,548           |
| Negative goodwill, net                               | 10       | (1,074)             | (1,279)          |
| Long-term accounts receivable, net                   | 5        | 1,417               | 1,044            |
| Long-term accounts receivable from related companies | 6        | -                   | 2,000            |
| Intangible assets, net                               |          | 2,622               | 3,285            |
| Other long-term assets                               | 11       | 43,104              | 34,563           |
| <b>Total Other Assets</b>                            |          | <b>110,620</b>      | <b>108,985</b>   |
| <b>Total assets</b>                                  |          | <b>3,087,286</b>    | <b>2,445,115</b> |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Consolidated Balance Sheet  
(A translation of the original in Spanish- see note 2 (a))

|   | Note | As of September 30, |                  |
|---|------|---------------------|------------------|
|   |      | 2009<br>ThUS\$      | 2008<br>ThUS\$   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |      |                     |                  |
| <b>Current liabilities</b>                        |      |                     |                  |
| Short-term bank debt                              | 12   | 99,784              | 22,388           |
| Current portion of long-term debt                 | 12   | 100,917             | 1,114            |
| Obligations with the public (commercial papers)   | 13   | 53,881              | -                |
| Current portion of bonds payable                  | 13   | 14,957              | 12,717           |
| Dividends payable                                 |      | 795                 | 546              |
| Accounts payable                                  |      | 156,597             | 138,820          |
| Other accounts payable                            |      | 364                 | 364              |
| Notes and accounts payable to related companies   | 6    | 765                 | 553              |
| Accrued liabilities                               | 14   | 52,077              | 60,706           |
| Withholdings                                      |      | 7,985               | 11,399           |
| Income taxes                                      |      | 12,439              | 68,162           |
| Deferred income                                   | 32   | 30,780              | 55,873           |
| Deferred income taxes                             | 15   | -                   | -                |
| Other current liabilities                         |      | 2,646               | 7,797            |
| <b>Total current liabilities</b>                  |      | <b>533,987</b>      | <b>380,439</b>   |
| <b>Long-term liabilities</b>                      |      |                     |                  |
| Long-term bank debt                               | 12   | 275,000             | 180,000          |
| Long-term Obligations with the Public (Bonds)     | 13   | 634,544             | 299,941          |
| Other accounts payable                            |      | 242                 | 515              |
| Deferred income taxes                             | 15   | 60,559              | 55,005           |
| Long-term accrued liabilities                     | 16   | 49,500              | 31,706           |
| <b>Total long-term liabilities</b>                |      | <b>1,019,845</b>    | <b>567,167</b>   |
| Minority interest                                 | 17   | 43,721              | 51,363           |
| <b>Shareholders' equity</b>                       |      |                     |                  |
| Paid-in capital                                   | 18   | 477,386             | 477,386          |
| Other reserves                                    | 18   | 160,563             | 163,095          |
| Retained earnings                                 | 18   | 851,784             | 805,665          |
| <b>Total shareholders' equity</b>                 |      | <b>1,489,733</b>    | <b>1,446,146</b> |
| <b>Total liabilities and shareholders' equity</b> |      | <b>3,087,286</b>    | <b>2,445,115</b> |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
 Consolidated Statements of Income  
 (A translation of the original in Spanish- see note 2 (a))

|                                     | Note | For the nine months ended<br>September 30, |                |
|-------------------------------------|------|--|----------------|
|                                     |      | 2009<br>ThUS\$                             | 2008<br>ThUS\$ |
| <b>Operating results</b>            |      |  |                |
| Sales                               |      | 1,049,182                                  | 1,376,225      |
| Cost of sales                       |      | (648,453)                                  | (830,804)      |
| Gross margin                        |      | 400,729                                    | 545,421        |
| Selling and administrative expenses |      | (58,763)                                   | (64,037)       |
| Operating income                    |      | 341,966                                    | 481,384        |
| <b>Non-operating results</b>        |      |  |                |
| Non-operating income                | 20   | 19,044                                     | 32,245         |
| Non-operating expenses              | 20   | (49,637)                                   | (44,085)       |
| Non-operating loss                  |      | (30,593)                                   | (11,840)       |
| Income before income taxes          |      | 311,373                                    | 469,544        |
| Income tax expense                  | 15   | (60,434)                                   | (80,988)       |
| Income before minority interest     |      | 250,939                                    | 388,556        |
| Minority interest                   | 17   | 758  | (7,485)        |
| Net income before negative goodwill |      | 251,697                                    | 381,071        |
| Net income                          |      | 251,697                                    | 381,071        |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
 Consolidated Statements of Cash Flows  
 (A translation of the original in Spanish- see note 2 (a)).

|   | Note | For the nine months ended<br>2009<br>ThUS\$ | 2008<br>ThUS\$ |
|---|------|---|----------------|
| <b>Cash flows from operating activities</b>                                 |      |   |                |
| Net income  |      | 251,697                                     | 381,071        |
| <b>Charges (credits) to income not representing cash flows</b>              |      |   |                |
| Depreciation expense  | 8    | 112,428                                     | 83,535         |
| Amortization of intangible assets   |      | 493   | 528            |
| Write-offs and accruals   |      | 38,033                                      | 19,090         |
| Gain on equity investments in related companies                             |      | (2,562)                                     | (13,497)       |
| Loss on equity investments in related companies                             |      | 850   | 33             |
| Amortization of goodwill  | 10   | 1,632                                       | 1,669          |
| (Profit) loss on sales of assets  |      | (196)                                       | (2,939)        |
| Los from sale of investments  |      | -   | (1,387)        |
| Other credits to income not representing cash flows                         |      | (3,538)                                     | (3,556)        |
| Other charges to income not representing cash flows                         |      | 114,184                                     | 172,690        |
| Foreign exchange difference, net  |      | 8,528                                       | 7,585          |
| <b>Net changes in operating assets and liabilities (Increase) decrease:</b> |      |   |                |
| Trade accounts receivable   |      | 9,111                                       | (185,802)      |
| Inventories   |      | (117,527)                                   | (199,902)      |
| Other assets  |      | (63,382)                                    | (11,994)       |
| Accounts payable  |      | (16,352)                                    | 58,619         |
| Interest payable  |      | 34,236                                      | 990            |
| Net income taxes payable  |      | (159,469)                                   | (40,705)       |
| Other accounts payable  |      | (24,367)                                    | -              |
| VAT and taxes payable   |      | 3,126                                       | (13,802)       |
| Minority interest   | 17   | (758)                                       | 7,486          |
| Net cash provided from operating activities                                 |      | 186,167                                     | 259,712        |
| <b>Cash flows from financing activities</b>                                 |      |   |                |
| Proceeds from short term bank financing                                     |      | 270,809                                     | 70,239         |
| Bonds payable   |      | 372,347                                     | -              |
| Payment of dividends  |      | (243,976)                                   | (115,990)      |
| Repayment of bank financing   |      | (160,000)                                   | (50,000)       |
| Payment of obligations with the public                                      |      | (2,788)                                     | (3,138)        |
| Payment of expenses for the issuance and placement of bonds payable         |      | (4,447)                                     | -              |
| Net cash used in financing activities                                       |      | 231,945                                     | (98,889)       |
| <b>Cash flows from investing activities</b>                                 |      |   |                |
| Sales of property, plant and equipment                                      |      | 1,729                                       | 25,382         |
| Sales of permanent investments  |      | -   | 1,688          |
| Other investing income  |      | 2,121                                       | -              |
| Additions to property, plant and equipment                                  |      | (257,074)                                   | (183,671)      |
| Capitalized interest  |      | (13,089)                                    | (7,405)        |



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|  |           |           |
|--|-----------|-----------|
| Other disbursements                              | (1,662)   | (565)     |
| Net cash used in investing activities            | (267,975) | (164,571) |
| Effect of inflation on cash and cash equivalents | 14,615    | 547       |
| Net change in cash and cash equivalents          | 164,752   | (3,201)   |
| Beginning balance of cash and cash equivalents   | 323,920   | 164,213   |
| Ending balance of cash and cash equivalents      | 488,672   | 161,012   |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

Note 1 – Company Background

Sociedad Química y Minera de Chile S.A. (the “Company”) was registered with the Chilean Superintendency of Securities and Insurance (“SVS”) on March 18, 1983.

The subsidiary registered in the Superintendency of Securities and Insurance registry of securities is as follows:

Soquimich Comercial S.A., Registration No. 0436 dated January 11, 1993.

Note 2 – Summary of Significant Accounting Policies

a) Basis for the preparation of the consolidated financial statements

The accompanying consolidated financial statements have been prepared in U.S. dollars in accordance with accounting principles generally accepted in Chile (“Chilean GAAP”) and the regulations of the SVS. Certain accounting practices applied by the Company that conform with Chilean GAAP may not conform with generally accepted accounting principles in the United States (“US GAAP”). For the convenience of the reader, the consolidated financial statements and their accompanying notes have been translated from Spanish into English.

The consolidated financial statements include the accounts of Sociedad Química y Minera de Chile S.A. (the “Parent Company”) and subsidiaries (companies in which the Parent Company holds a controlling participation, generally equal to direct or indirect ownership of more than 50%). The Parent Company and its subsidiaries are referred to as the “Company”.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

In accordance SVS Circular No. 1,697 and Technical Bulletins Nos. 64 and 72 of the Chilean Association of Accountants, the consolidated financial statements include the following subsidiaries:

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

## Note 2 – Summary of Significant Accounting Policies (continued)

## Basis for the preparation of the consolidated financial statements (continued)

|   | Direct or indirect ownership |           |
|---|------------------------------|-----------|
|   | 2009<br>%                    | 2008<br>% |
| Foreign subsidiaries:                                     |                              |           |
| Nitrate Corp. of Chile Limited (United Kingdom)           | 100.00                       | 100.00    |
| Soquimich SRL – Argentina                                 | 100.00                       | 100.00    |
| Nitratos Naturais do Chile Ltda. (Brazil)                 | 100.00                       | 100.00    |
| SQM Europe NV (Belgium)                                   | 100.00                       | 100.00    |
| SQM North America Corp. (USA)                             | 100.00                       | 100.00    |
| North American Trading Company (USA)                      | 100.00                       | 100.00    |
| SQM Peru S.A.   | 100.00                       | 100.00    |
| SQM Corporation N.V. (Dutch Antilles)                     | 100.00                       | 100.00    |
| S.Q.I. Corporation N.V. (Dutch Antilles)                  | 100.00                       | 100.00    |
| Soquimich European Holding B.V. (Holland)                 | 100.00                       | 100.00    |
| SQMC Holding Corporation L.L.P. (USA)                     | 100.00                       | 100.00    |
| SQM Ecuador S.A.  | 100.00                       | 100.00    |
| SQM Investment Corporation N.V. (Dutch Antilles)          | 100.00                       | 100.00    |
| SQM Brasil Ltda.  | 100.00                       | 100.00    |
| Royal Seed Trading Corporation A.V.V. (Aruba)             | 100.00                       | 100.00    |
| SQM Japon Co. Ltd.  | 100.00                       | 100.00    |
| SQM Oceanía PTY Limited (Australia)                       | 100.00                       | 100.00    |
| SQM France S.A.   | 100.00                       | 100.00    |
| RS Agro-Chemical Trading A.V.V. (Aruba)                   | 100.00                       | 100.00    |
| SQM Comercial de México S.A. de C.V.                      | 100.00                       | 100.00    |
| SQM Indonesia   | 80.00                        | 80.00     |
| SQM Virginia L.L.C. (USA)                                 | 100.00                       | 100.00    |
| SQM Venezuela S.A.  | 100.00                       | 100.00    |
| SQM Italia SRL (Italy)                                    | 100.00                       | 100.00    |
| Comercial Caiman Internacional S.A. (Cayman Islands)      | 100.00                       | 100.00    |
| SQM Africa PTY (South Africa)                             | 100.00                       | 100.00    |
| Administración y Servicios Santiago S.A. de C.V. (Mexico) | 100.00                       | 100.00    |
| SQM Lithium Specialties L.L.P. (USA)                      | 100.00                       | 100.00    |
| SQM Nitratos México S.A. de C.V. (México)                 | 51.00                        | 51.00     |
| Fertilizantes Naturales S.A.                              | 66.67                        | 66.67     |
| Iodine Minera B.V.  | 100.00                       | 100.00    |
| SQM Dubai – FZCO.   | 100.00                       | 100.00    |

## SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

## Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

## Note 2 – Summary of Significant Accounting Policies (continued)

## Basis for the preparation of the consolidated financial statements (continued)

|   | Direct or indirect ownership |           |
|---|------------------------------|-----------|
|   | 2009<br>%                    | 2008<br>% |
| Domestic subsidiaries:  |                              |           |
| Servicios Integrales de Tránsitos y Transferencias S.A.       | 100.00                       | 100.00    |
| Soquimich Comercial S.A.                                      | 60.64                        | 60.64     |
| Isapre Norte Grande Ltda.                                     | 100.00                       | 100.00    |
| Almacenes y Depósitos Ltda.                                   | 100.00                       | 100.00    |
| Ajay SQM Chile S.A.   | 51.00                        | 51.00     |
| SQM Nitratos S.A.   | 100.00                       | 100.00    |
| Proinsa Ltda.   | 60.58                        | 60.58     |
| SQM Potasio S.A.  | 100.00                       | 100.00    |
| SQMC International Limitada.                                  | 60.64                        | 60.64     |
| SQM Salar S.A.  | 100.00                       | 100.00    |
| SQM Industrial S.A.   | 100.00                       | 100.00    |
| Minera Nueva Victoria S.A.                                    | 100.00                       | 100.00    |
| Exploraciones Mineras S.A.                                    | 100.00                       | 100.00    |
| Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | 100.00                       | 100.00    |
| Comercial Hydro S.A.  | 60.64                        | 60.64     |
| Agrorama Callegari Ltda.                                      | 42.45                        | -         |

All significant inter-company balances, transactions and unrealized gains and losses arising from transactions between these companies have been eliminated in consolidation.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

b) Period

These consolidated financial statements have been prepared for the nine month period as of September 30, 2009 and 2008.

c) Reporting currency and monetary correction

The financial statements of the Company are prepared in U.S. dollars. As a significant portion of the Company's operations are transacted in U.S. dollars, the U.S. dollar is considered the currency of the primary economic environment in which the Company operates.

The Parent Company and those subsidiaries which maintain their accounting records in U.S. dollars are not required, or permitted, to restate the historical dollar amounts for the effects of inflation.

The financial statements of domestic subsidiaries, which maintain their accounting records in Chilean pesos have been restated to reflect the effects of variations in the purchasing power of Chilean pesos during the year. For this purpose, and in accordance with Chilean regulations, non-monetary assets and liabilities, equity and income statement accounts have been restated in terms of year-end constant pesos based on the change in the consumer price index during the year (2.8% and 6.9% in 2009 and 2008, respectively). The resulting net charge or credit to income arises as a result of the gain or loss in purchasing power from the holding of non-U.S. dollar denominated monetary assets and liabilities exposed to the effects of inflation.

Prior period financial statements presented for comparative purposes have not been restated to reflect the change in the purchasing power of the Chilean pesos during the most recent year-end. In accordance with Chilean GAAP, amounts expressed in U.S. dollars, including amounts included in the consolidated financial statements as determined in prior years from the translation of financial statements of those Chilean subsidiaries which maintain their accounting records in Chilean pesos, are not adjusted for price-level changes.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

d) Foreign currency

i) Foreign currency transactions

Monetary assets and liabilities denominated in Chilean pesos and other currencies have been translated to U.S. dollars at the observed exchange rates determined by the Central Bank of Chile in effect at each year-end of Ch\$ 550.36 per US\$1 at September 30, 2009 and Ch\$ 551.31 per US\$1 at September 30, 2008.

ii) Translation of non-U.S. dollar financial statements

In accordance with Chilean GAAP, the financial statements of foreign and domestic subsidiaries that do not maintain their accounting records in U.S. dollars are translated from the respective local currencies to U.S. dollars in accordance with Technical Bulletin No. 64 and No. 72 of the Chilean Association of Accountants (“BT 64-BT 72”) as follows:

a) For those subsidiaries and affiliates located in Chile which keep their accounting records in price-level adjusted Chilean pesos:

- Balance sheet accounts are translated to U.S. dollars at the year-end exchange rate without eliminating the effects of price-level restatement.
  - Income statement accounts are translated to U.S. dollars at the average exchange rate each month. The monetary correction account on the income statement, which is generated by the inclusion of price-level restatement on the non-monetary assets and liabilities and shareholders’ equity, is translated to U.S. dollars at the average exchange rate for each month.
- Translation gains and losses, as well as the price-level restatement to the balance sheet mentioned above, are included as an adjustment in shareholders’ equity, in conformity with Circular No. 1,697 of the SVS.

## SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

## Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

## Note 2 - Summary of Significant Accounting Policies (continued)

b)The financial statements of those foreign subsidiaries that keep their accounting records in currencies other than the U.S. dollar have been translated at historical exchange rates as follows:

- Monetary assets and liabilities are translated at year-end exchange rates between the US dollar and the local currency.
- All non-monetary assets and liabilities and shareholders' equity are translated at historical exchange rates between the US dollar and the local currency.
- Income and expense accounts are translated at average exchange rates between the US dollar and the local currency.
- Any exchange differences are included in the results of operations for the period.

## d) Foreign currency (continued)

Foreign exchange differences for the period ended September 30, 2009 and 2008 generated net earnings (loss) of ThUS\$ (8,528) and ThUS\$ (7,585) respectively, which have been charged to the consolidated statements of income in each respective period.

The monetary assets and liabilities of foreign subsidiaries were translated into US dollars at the exchange rates per US dollar prevailing at September 30, as follows:

|                    | 2009<br>US\$ | 2008<br>US\$ |
|--------------------|--------------|--------------|
| Brazilian Real     | 1.78         | 1.96         |
| New Peruvian Sol   | 3.19         | 3.19         |
| Argentine Peso     | 3.85         | 3.15         |
| Japanese Yen       | 98.25        | 118.50       |
| Euro               | 0.68         | 0.68         |
| Mexican Peso       | 13.55        | 10.94        |
| Australian Dollar  | 1.14         | 1.27         |
| Pound Sterling     | 0.61         | 0.56         |
| Ecuadorian Sucre   | 1.00         | 1.00         |
| South African Rand | 7.44         | 8.17         |

The Company uses the "observed exchange rate", which is the rate determined daily by the Chilean Central Bank based on the average exchange rates at which bankers conduct authorized transactions.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

e) Cash and cash equivalents

Included in cash and cash equivalents are cash and bank balances included in cash, time deposits, financial instruments classified as marketable securities and other short-term investments maturing within 90 days, in compliance with Technical Bulletin No. 50 issued by the Chilean Association of Accountants.

The Company defines cash flows from operating activities as all inflows and outflows of cash that are directly related to its operations and, in general, all cash flows not defined as being from investing or financing activities.

f) Time Deposits

Time deposits are recorded at cost plus accrued interest.

g) Marketable securities

Marketable securities are recorded at the lower of cost plus accrued interest or market value.

h) Allowance for doubtful accounts

The Company records an allowance for doubtful accounts based on estimated probable losses.

i) Inventories and materials

Inventories of finished products and products in process are stated at average production cost, which is presented net of provisions. Provisions have been made based on a technical study which covers the different variances which affect our products (density, moist, among others).

Materials and supplies received are stated at average acquisition and inventories in transit are stated at cost incurred at the end of the period.

The cost of inventories does not exceed its net realizable value.

j) Income taxes and deferred income taxes

In conformity with current Chilean tax regulations, the Company recognizes the provision for corporate income tax expense and the income tax for the mining activity on an accrual basis.



SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

j) Income and deferred taxes (continued)

Prior to 2000, income taxes were charged to results in the same period in which the income and expenses were recorded and were calculated in accordance with the enacted tax laws in Chile and the other jurisdictions in which the Company operated.

Under Chilean law, the Parent Company and its subsidiaries are required to file separate tax declarations. Beginning January 1, 2000, the Company records deferred income taxes in accordance with Technical Bulletin Nos. 60, 69, 71 and 73 of the Chilean Association of Accountants, and with Circular No. 1466 issued on January 27, 2000 by the SVS, recognizing the deferred tax effects of temporary differences between the financial and tax values of assets and liabilities, using the liability method. The effect of the temporary differences at March 31, 1999 were recorded in complementary asset and liability accounts, which are recognized in the statement of operations over the estimated period in which they reverse.

k) Property, plant and equipment

Property, plant, equipment and property rights are recorded at acquisition cost, considering in general an average residual value of 5%, except for certain assets that were restated in accordance with a technical appraisal in 1989. Depreciation for the period is calculated according to the straight-line method based on the remaining technical useful lives of assets, estimated by management.

Property, plant and equipment acquired through financial lease agreements are accounted for at the present value of the minimum lease payments plus the purchase option based on the interest rate included in each contract. The Company does not legally own these assets and therefore cannot freely dispose of them.

In conformity with Technical Bulletin No. 31 and 33 of the Chilean Association of Accountants, the Company capitalizes interest cost associated with the financing of new assets during the construction period of such assets.

Maintenance costs of plant and equipment are charged to expenses as incurred.

The Company obtains property rights and mining concessions from the Chilean state. Other than minor filing fees, the property rights are usually obtained without initial cost, and once obtained, are retained by the Company as long as the annual fees are paid. Such fees, which are paid annually in September, are recorded as prepaid assets to be amortized over the following twelve months. Values attributable to these original mining concessions are recorded in property, plant and equipment.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

l) Investments in related companies

Investments in related companies over which the Company has significant influence, are included in other assets and are recorded using the equity method of accounting, in accordance with SVS Circulars Nos. 368 and 1,697 and Technical Bulletins Nos. 64 and 72 issued by the Chilean Association of Accountants. Accordingly, the Company's proportional share in the net income or loss of each investee is recognized in the non-operating income and expense classification in the consolidated statements of income on an accrual basis, after eliminating any unrealized profits from transactions with the related companies.

The translation adjustment to U.S. dollars of investments in domestic subsidiaries that maintain their accounting records and are controlled in Chilean pesos is recognized in other reserves within shareholders' equity. Direct and indirect investments in foreign subsidiaries or affiliates are controlled in U.S. dollars.

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

m) Goodwill and negative goodwill

Goodwill is calculated as the excess of the purchase price of companies acquired over their net book value, whereas negative goodwill occurs when the net book value exceeds the purchase price of companies acquired. Goodwill and negative goodwill resulting from equity method investments are maintained in the same currency in which the investment was made and are amortized based on the estimated period of investment return, generally 20 years for goodwill and negative goodwill.

Beginning on January 1, 2004, goodwill and negative goodwill represents the difference between the acquisition cost of the investment in a related company and the fair value of this investment at the acquisition date, which is amortized with a charge or credit to income in the expected period of return of the investment, which does not exceed 20 years.

Modification of fair value, goodwill or negative goodwill are performed within a year from the date of acquisition.

n) Intangible assets

Intangible assets are stated at cost plus acquisition expenses and are amortized over a period of up to a maximum of 40 years, in accordance with Technical Bulletin No. 55 of the Chilean Association of Accountants.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

o) Mining development cost

Mining development costs are recorded in other long-term assets and are amortized utilizing the unit of production basis.

Prospecting expenses for mining claims where the product is low grade and not economically exploitable, are charged directly to income.

p) Accrued employee severance

The Company calculates the liability for staff severance indemnities based on the present value of the accrued benefits for the actual years of service worked assuming average employee tenure of 24 years and a real annual discount rate of 8%.

q) Vacations

The cost of employee vacations is recognized in the financial statements on an accrual basis.

r) Saleback operations

These operations are registered in Other Current Assets at the amount of the purchase. Starting at the purchase date, the respective interest is recorded in accordance with SVS Circular 768.

s) Derivative Contracts

The Company maintains derivative contracts to hedge against movements in foreign currencies, which are recorded in conformity with Technical Bulletin No. 57 of the Chilean Association of Accountants. Such contracts are recorded at fair value with net losses recognized on the accrual basis and gains recognized when realized.

t) Reclassifications

For comparison purposes, certain reclassifications have been made to the 2008 financial statements.

u) Revenue recognition

Income from the operation of the line of business of the Company and its Subsidiaries, is recorded as of the date of physical delivery of the products in accordance with the sales conditions stated in Technical Bulletin No. 70 issued by the Chilean Association of Accountants.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

Income from sales by installments is determined discounting the cash nominal value, using the interest rate implicit for this type of sale. In this manner, interest not accrued at financial statement closing date is presented as a decrease in the value of the respective documents and as it accrues during the course of time, it is recognized as interest income.

v) Computer software

Computational systems developed internally using the Company's personnel and materials are charged to income during the year in which the expenses are incurred. In accordance with Circular No. 1.819 dated November 14, 2007 of the SVS, computer systems acquired by the Company are recorded at cost

w) Research and development expenses

Research and development cost are charged to the income statement in the period in which they are incurred. Property, plant and equipment that are acquired for use in research and development activities and determined to provide additional benefits to the Company are recorded in property, plant and equipment.

x) Obligations with the public (Bonds payable)

Bonds are stated at the principal amount plus interest accrued. The difference between the carrying value and the placement value is capitalized and amortized in the period of expiration of these.

y) Negotiable Instruments – Promissory Notes

Negotiable Instruments with a charge to line No. 46 of the Securities Registry of the Superintendence of Securities and Insurance are valued in Chilean pesos plus accrued interest.

z) Provisions for mine closure costs

The Company has made a provision to cover those costs associated with mine closure and mining facilities and mitigation of environmental damage, which has been recorded at its present value. The amount determined is presented under accrued expenses in long-term liabilities.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Notes to the Consolidated Financial Statements

(A translation of the original in Spanish- see note 2 (a)).

Note 2 - Summary of Significant Accounting Policies (continued)

aa) Deferred income

Deferred income relate to the recognition of documented sales the delivery of which occurs subsequent to the closing date of the financial statements.

ab) Employee benefits

Benefits agreed other than staff severance indemnities which the Company and its subsidiaries will have to pay to its employees by virtue of agreements entered recognized on an accrual basis.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

Note 3 - Changes in Accounting Principles

During the period ended September 30, 2009, there were no other changes in the application of generally accepted accounting principles in Chile compared to the prior year, which could significantly affect the interpretation of these consolidated financial statements.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

Note 4 - Marketable Securities

As of September 30 marketable securities are detailed as follows:

|              | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--------------|----------------|----------------|
| Mutual funds | 192,315        | 56,717         |
| Total        | 192,315        | 56,717         |

Mutual funds relate to investments made in 'Citifunds Institutional Liquid Reserve Limited' for ThUS\$ 63,387 (ThUS\$ 52,073 in 2008) in 'Merrill Lynch Institutional Liquidity Fund' for ThUS\$ 64,422 (ThUS\$ 4,644 in 2008), in JPM USDollar Money Market Fund ThUS\$ 64,506 (ThUS\$ 0 in 2008).

These funds are highly liquid and basically invest in fixed income instruments with less than 90 days duration.

Note 5 - Short-term and long-term Accounts Receivable

Short term and long-term accounts receivable and other accounts receivable as of September 30 are detailed as follows:

|                                    | Up to 90 days  |                | Between 90 days<br>and 1 year |                | Total<br>Short-term (net) |                |
|------------------------------------|----------------|----------------|-------------------------------|----------------|---------------------------|----------------|
|                                    | 2009<br>ThUS\$ | 2008<br>ThUS\$ | 2009<br>ThUS\$                | 2008<br>ThUS\$ | 2009<br>ThUS\$            | 2008<br>ThUS\$ |
| <b>Short-term</b>                  |                |                |                               |                |                           |                |
| Trade accounts receivable          | 234,194        | 266,249        | 60,428                        | 82,264         | 294,622                   | 348,513        |
| Allowance for doubtful<br>accounts |                |                |                               |                | (14,814)                  | (9,715)        |
| Notes receivable                   | 40,386         | 26,131         | 22,025                        | 37,308         | 62,411                    | 63,439         |
| Allowance for doubtful<br>accounts |                |                |                               |                | (6,241)                   | (6,684)        |
| Accounts receivable, net           |                |                |                               |                | 335,978                   | 395,553        |
| Other accounts receivable          | 12,580         | 13,665         | 824                           | 4,001          | 13,404                    | 17,666         |
| Allowance for doubtful<br>accounts |                |                |                               |                | (1,472)                   | (1,114)        |
| Other accounts<br>receivable, net  |                |                |                               |                | 11,932                    | 16,552         |
| Long-term receivables              |                |                |                               |                | 1,417                     | 1,044          |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

## Note 5 - Short-term and Long-term Accounts Receivable (continued)

## Consolidated Short-term and Long-term Receivables – by Geographic Location

|  | Chile          |                | Europe         |                | Asia and<br>Oceania |                | USA, Mexico<br>and Canada |                | Latin America<br>and the Caribbean |                | Total          |                |
|--|----------------|----------------|----------------|----------------|---------------------|----------------|---------------------------|----------------|------------------------------------|----------------|----------------|----------------|
|  | 2009<br>ThUS\$ | 2008<br>ThUS\$ | 2009<br>ThUS\$ | 2008<br>ThUS\$ | 2009<br>ThUS\$      | 2008<br>ThUS\$ | 2009<br>ThUS\$            | 2008<br>ThUS\$ | 2009<br>ThUS\$                     | 2008<br>ThUS\$ | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
| Short-term<br>Accounts<br>Receivable                         | 74,815         | 182,686        | 120,815        | 106,137        | 25,522              | 8,914          | 32,103                    | 38,429         | 26,553                             | 2,632          | 279,808        | 338,100        |
| Total  | 26.74%         | 53.92%         | 43.18%         | 31.33%         | 9.12%               | 2.63%          | 11.47%                    | 11.34%         | 9.49%                              | 0.78%          | 100,00%        | 100,00%        |
| Short-term<br>Accounts<br>Receivable                         | 36,848         | 54,493         | 15,980         | -              | -                   | -              | -                         | -              | 3,342                              | 2,262          | 56,170         | 56,170         |
| Total  | 65.60%         | 96.01%         | 28.45%         | -              | -                   | -              | -                         | -              | 5.95%                              | 3.99%          | 100,00%        | 100,00%        |
| Short-term<br>Accounts<br>Receivable                         | 10,601         | 15,434         | 850            | 343            | 12                  | 161            | 383                       | 526            | 86                                 | 88             | 11,932         | 11,932         |
| Total  | 88.85%         | 93.25%         | 7.12%          | 2.07%          | 0.10%               | 0.97%          | 3.21%                     | 3.18%          | 0.72%                              | 0.53%          | 100,00%        | 100,00%        |
| Short-term<br>Accounts<br>Receivable,<br>net of<br>allowance | 122,264        | 252,613        | 137,645        | 106,480        | 25,534              | 9,075          | 32,486                    | 38,955         | 29,981                             | 4,982          | 347,910        | 411,100        |
| Total  | 35.14%         | 61.30%         | 39.56%         | 25.84%         | 7.34%               | 2.20%          | 9.34%                     | 9.45%          | 8.62%                              | 1.21%          | 100,00%        | 100,00%        |
| Short-term<br>Accounts<br>Receivable,<br>net of<br>allowance | 1,417          | 1,044          | -              | -              | -                   | -              | -                         | -              | -                                  | -              | 1,417          | 1,417          |
| Total  | 100.00%        | 100.00%        | -              | -              | -                   | -              | -                         | -              | -                                  | -              | 100,00%        | 100,00%        |



short  
 term  
 as  
 available,

|     |         |         |         |         |        |       |        |        |        |       |         |    |
|-----|---------|---------|---------|---------|--------|-------|--------|--------|--------|-------|---------|----|
| e   | 123,681 | 253,657 | 137,645 | 106,480 | 25,534 | 9,075 | 32,486 | 38,955 | 29,981 | 4,982 | 349,327 | 41 |
| tal | 35.41%  | 61.39%  | 39.40%  | 25.77%  | 7.31%  | 2.20% | 9.30%  | 9.43%  | 8.58%  | 1.21% | 100,00% | 10 |

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

Note 6 - Balances and Transactions with Related Parties

Balances with related companies are generated by commercial transactions which accrue no interest under normal conditions in force for this type of operations in respect to term and market price.

Expiration conditions for each case vary depending on the transaction which generated it.

On April 21, 2008, Inversiones SQ S.A. and SQH S.A., have acquired from Yara Netherland B.V. 49% of the shares of the privately-held company, Inversiones SQYA S.A. Beginning on the date referred to above, SQYA S.A. Yara is no longer a related company of Sociedad Química y Minera de Chile S.A.

a) Amounts included in balances with related parties as of September 30, 2009 and 2008 are as follows:

|                                     | Short-term |        | Long-term |        |
|-------------------------------------|------------|--------|-----------|--------|
|                                     | 2009       | 2008   | 2009      | 2008   |
|                                     | ThUS\$     | ThUS\$ | ThUS\$    | ThUS\$ |
| Accounts receivable                 |            |        |           |        |
| Doktor Tarsa Tarim Sanayi AS        | 5,810      | 13,908 | -         | -      |
| Nutrisi Holding N.V.                | 1,771      | 1,790  | -         | -      |
| Ajay Europe S.A.R.L.                | 2,480      | 2,769  | -         | -      |
| Ajay North America LLC              | 2,208      | 4,505  | -         | -      |
| Abu Dhabi Fertilizer Industries WWL | 3,110      | 6,904  | -         | 2,000  |
| NU3 B.V.                            | 1,009      | 2,677  | -         | -      |
| Sales de Magnesio Ltda.             | 301        | 100    | -         | -      |
| SQM Agro India                      | 218        | 629    | -         | -      |
| Misr Specialty Fertilizers (MSF)    | 122        | 891    | -         | -      |
| Soc.Inv.Pampa Calichera S.A.        | 8          | 8      | -         | -      |
| Kowa Company Ltd.                   | 14,182     | 23,609 | -         | -      |
| SQM East Med Turkey                 | 767        | 1,199  | -         | -      |
| SQM Thailand CO. LTD.               | 482        | -      | -         | -      |
| Minera Saskatchewan (PCS)           | 44,945     | -      | -         | -      |
| Callegari Agricola S.A.             | 285        | -      | -         | -      |
| Total                               | 77,698     | 58,989 | -         | 2,000  |

b) Amounts included in balances with related parties as of September 30, 2009 and 2008, continued:

|                       | Short-term |        |
|-----------------------|------------|--------|
|                       | 2009       | 2008   |
|                       | ThUS\$     | ThUS\$ |
| Accounts payable      |            |        |
| SQM Thailand Co. Ltd. | -          | 90     |
| NU3 N.V               | 765        | 463    |
| Total                 | 765        | 553    |

There were no outstanding long-term accounts payable with related parties as of September 30, 2009 and 2008.



SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

## Note 6 - Balances and Transactions with Related Parties (continued)

c) During 2009 and 2008, principal transactions with related parties were as follows:

| Company                       | Relationship | Type of transaction                    | Amount of Transaction |                | Impact on income (charge) credit |                |
|-------------------------------|--------------|--|-----------------------|----------------|----------------------------------|----------------|
|                               |              |  | 2009<br>ThUS\$        | 2008<br>ThUS\$ | 2009<br>ThUS\$                   | 2008<br>ThUS\$ |
| NU3 N.V. (Belgium)            | Indirect     | Sales of products                      | 7,847                 | 16,442         | 2,693                            | 11,542         |
| Doktor Tarsa Tarim Sanayi AS  | Indirect     | Sales of products                      | 5,895                 | 15,894         | 1,796                            | 11,615         |
| Abu Dhabi Fertilizer Ind. WWL | Indirect     | Sales of products                      | 4,783                 | 7,498          | 1,387                            | 2,350          |
|                               | Indirect     | Income financial                       | 54                    | 129            | 54                               | 129            |
| Ajay Europe S.A.R.L.          | Indirect     | Sales of products                      | 6,065                 | 15,871         | 2,772                            | 4,211          |
|                               | Indirect     | Income financial                       | 7                     | 7              | 7                                | 7              |
|                               | Indirect     | Dividends                              | -                     | 118            | -                                | -              |
| NU3 B.V.                      | Indirect     | Sales of products                      | 7,629                 | 11,750         | 1,144                            | 7,721          |
|                               | Indirect     | Services                               | 79                    | 83             | -                                | 83             |
| Ajay North America LLC        | Indirect     | Sales of products                      | 8,021                 | 24,523         | 3,747                            | 7,083          |
|                               | Indirect     | Dividends                              | 453                   | 1,054          | -                                | -              |
|                               | Indirect     | Sales of property, plant and equipment | 20                    | -              | 20                               | -              |
| Kowa Company Ltd.             | Shareholder  | Sales of products                      | 42,772                | 82,423         | 17,455                           | 37,612         |
|                               | Shareholder  | Services                               | 92                    | -              | -                                | -              |
| SQM Agro India PYT Ltda.      | Indirect     | Sales of products                      | 77                    | 598            | 12                               | 275            |
| Misr Specialty                | Indirect     | Sales of products                      | -                     | 733            | -                                | 539            |
|                               | Indirect     | Income financial                       | -                     | 7              | -                                | 7              |
| Nutrisi                       | Indirect     | Income financial                       | -                     | 78             | -                                | 78             |
| SQM Eastmed Turkey            | Indirect     | Sales of products                      | -                     | 397            | -                                | 264            |
| SQM Thailand Co.Ltda.         | Indirect     | Sales of products                      | 1,175                 | -              | 341                              | -              |
| Sales de Magnesio Ltda.       | Indirect     | Sales of products                      | 734                   | 615            | 223                              | 280            |
|                               | Indirect     | Dividends                              | 385                   | 491            | -                                | -              |

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|                    |             |          |        |   |        |   |
|--------------------|-------------|----------|--------|---|--------|---|
|                    | Indirect    | Services | 270    | - | -      | - |
| Minera             | Shareholder | Sales of | 44,791 | - | 15,837 | - |
| Saskatchewan (PCS) |             | products |        |   |        |   |
|                    | Shareholder | Service  | 154    | - | -      | - |

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SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
Notes to the Consolidated Financial Statements  
(A translation of the original in Spanish- see note 2 (a)).

Note 7 - Inventories

Net inventories are summarized as follows:

|                   | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|-------------------|----------------|----------------|
| Finished products | 339,948        | 361,558        |
| Work in process   | 280,153        | 162,695        |
| Supplies          | 26,570         | 38,264         |
| Total             | 646,671        | 562,517        |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
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Note 8 - Property, Plant and Equipment

Property, plant and equipment are summarized as follows:

|                                     | 2009<br>ThUS\$   | 2008<br>ThUS\$ |
|-------------------------------------|------------------|----------------|
| <b>Land</b>                         |                  |                |
| Land                                | 81,707           | 80,625         |
| Mining Concessions                  | 30,086           | 30,086         |
| <b>Total</b>                        | <b>111,793</b>   | <b>110,711</b> |
| <b>Buildings and infrastructure</b> |                  |                |
| Buildings                           | 176,419          | 151,437        |
| Installations                       | 388,447          | 315,135        |
| Construction-in-progress            | 361,207          | 291,820        |
| Other                               | 233,849          | 210,665        |
| <b>Total</b>                        | <b>1,159,922</b> | <b>969,057</b> |
| <b>Machinery and Equipment</b>      |                  |                |
| Machinery                           | 603,712          | 545,250        |
| Equipment                           | 155,335          | 138,278        |
| Project-in-progress                 | 88,752           | 41,279         |
| Other                               | 40,859           | 20,350         |
| <b>Total</b>                        | <b>888,658</b>   | <b>745,157</b> |
| <b>Other fixed assets</b>           |                  |                |
| Tools                               | 11,214           | 9,564          |
| Furniture and office equipment      | 16,169           | 15,739         |
| Project-in-progress                 | 26,068           | 13,220         |
| Other                               | 13,133           | 9,831          |
| <b>Total</b>                        | <b>66,584</b>    | <b>48,354</b>  |

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
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## Note 8 - Property, Plant and Equipment (continued)

|   | 2009<br>ThUS\$   | 2008<br>ThUS\$   |
|---|------------------|------------------|
| Amounts relating to technical revaluation of fixed assets |                  |                  |
| Land  | 7,839            | 7,839            |
| Buildings and infrastructure                              | 41,439           | 41,439           |
| Machinery and equipment                                   | 12,048           | 12,048           |
| Other assets  | 53               | 53               |
|   | 61,379           | 61,379           |
| <b>Total property, plant and equipment</b>                | <b>2,288,336</b> | <b>1,934,658</b> |
| Less: Accumulated depreciation                            |                  |                  |
| Buildings and infrastructure                              | (454,182)        | (381,430)        |
| Machinery and equipment                                   | (498,266)        | (434,074)        |
| Other fixed assets  | (31,526)         | (34,461)         |
| Technical appraisal                                       | (39,954)         | (38,969)         |
| Total accumulated depreciation                            | (1,023,928)      | (888,934)        |
| <b>Net property, plant and equipment</b>                  | <b>1,264,408</b> | <b>1,045,724</b> |
|   | 2009             | 2008             |
| Depreciation for the nine months ended September 30:      | ThUS\$           | ThUS\$           |
| Buildings and infrastructure                              | (58,481)         | (43,028)         |
| Machinery and equipment                                   | (49,703)         | (37,427)         |
| Other fixed assets  | (3,550)          | (2,226)          |
| Technical revaluation                                     | (694)            | (854)            |
| <b>Total depreciation</b>                                 | <b>(112,428)</b> | <b>(83,535)</b>  |



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 (A translation of the original in Spanish- see note 2 (a)).

Note 8 - Property, Plant and Equipment (continued)

The Company has capitalized assets obtained through leasing, which are included in other fixed assets and are as follows:

|                                 | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|---------------------------------|----------------|----------------|
| Administrative office buildings | 1,988          | 1,988          |
| Accumulated depreciation        | (576)          | (544)          |
| Total assets in leasing         | 1,412          | 1,444          |

The administrative office buildings were acquired for 230 installments of UF 663.75 each and an annual, contractually established interest rate of 8.5%.

Note 9 - Investments in and Receivables from Related Parties

a) Information on foreign investments

Foreign subsidiaries do not have net income destined for remittance, since it is the Company's policy to reinvest. This policy has been continuously applied.

The parent company has not entered into liabilities as hedge instruments for investments abroad.

b) Transactions executed in 2009

On July 14, 2009, subsidiary "Comercial Agrorama Callegari Limitada" was established, with a contribution from Soquimich Comercial S.A. of ThUS\$ 1,021 (70% participation).

c) Transactions executed in 2008

On April 24, 2008, the subsidiary Agricolima S.A. was sold to Mr. Carlos Federico Valenzuela Cadena, Mr. Diego Valenzuela Cadena and Mr. Jesús Angel Morelos Montfort, creating a gain on sale of investment of ThUS\$ 1,387.

d) Investments with less than 20% participation

Investments in which the Company has less than 20% participation and the capacity to exert significant influence or control over the investment, because SQM forms part of its Board of Directors, have been valued using the equity method.

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## Note 9 - Investments in and Receivables from Related Companies (continued)

## Detail of investments in related companies

| Tax Number   | Company                             | Country origin | Controlling Currency | Number shares | Ownership |        | Equity of   |             | Book value of |               | Net income 2009 |
|--------------|-------------------------------------|----------------|----------------------|---------------|-----------|--------|-------------|-------------|---------------|---------------|-----------------|
|              |                                     |                |                      |               | 2009 %    | 2008 % | 2009 ThUS\$ | 2008 ThUS\$ | 2009 ThUS\$   | 2008 ThUS\$   |                 |
| 0-E          | Doktor Tarsa Tarim Sanayi AS        | Turkey         | Euros                | -             | 50.00     | 50.00  | 18,562      | 20,059      | 9,281         | 10,030        | 1,671           |
| 0-E          | Nutrisi Holding N.V.                | Belgium        | Euros                | -             | 50.00     | 50.00  | 12,831      | 17,529      | 6,474         | 8,137         | -2,402          |
| 0-E          | Abu Dhabi Fertilizer Industries WWL | UAE            | US\$                 | 1,961         | 50.00     | 50.00  | 11,196      | 10,198      | 5,598         | 5,099         | 600             |
| 0-E          | Ajay North America                  | USA            | US\$                 | -             | 49.00     | 49.00  | 13,405      | 11,787      | 5,245         | 4,909         | 1,833           |
| 0-E          | Ajay Europe S.A.R.L.                | France         | Euros                | 36,700        | 50.00     | 50.00  | 10,308      | 9,671       | 3,574         | 4,302         | 627             |
| 0-E          | Misr Specialty                      | Egypt          | US\$                 | -             | 47.00     | 47.00  | 4,550       | 4,982       | 2,160         | 2,366         | -212            |
| 0-E          | SQM Thailand Co. Ltd.               | Thailand       | US\$                 | -             | 40.00     | 40.00  | 3,333       | 3,596       | 1,333         | 1,438         | 131             |
| 77557430-5   | Sales de Magnesio Ltda.             | Chile          | Pesos                | -             | 50.00     | 50.00  | 605         | 729         | 302           | 364           | 326             |
| 0-E          | SQM Eastmed Turkey                  | Turkey         | Euros                | -             | 50.00     | 50.00  | 460         | 111         | 230           | 56            | -               |
| 0-E          | Agro India Limitada                 | India          | US\$                 | -             | 49.00     | 49.00  | 130         | 208         | 64            | 102           | -62             |
| 81767200-0   | Asoc. Garantizadora                 | Chile          | Pesos                | -             | 3.00      | 3.00   | 620         | 618         | 21            | 21            | -               |
| <b>Total</b> |                                     |                |                      |               |           |        |             |             | <b>34,282</b> | <b>36,824</b> |                 |

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Note 10 - Goodwill and Negative Goodwill

As established in Technical Bulletin No. 72, issued by the Chilean Association of Accountants, ThUS\$57 en el 2009 (MUS\$12 en 2008) has been adjusted to the negative goodwill account related to lawsuits with third parties paid, which as of the date of determination of negative goodwill did not meet the requirements to be treated as identifiable liabilities that could be recognized.

These relate to lawsuits with factoring companies which as of the acquisition date were identified with results favorable to our company.

Goodwill and negative goodwill and the related amortization is summarized as follows:

a) Goodwill

| Tax Registration<br>Number | Company                                | September 30, 2009                                    |                               | September 30, 2008                                    |                               |
|----------------------------|--|---|-------------------------------|---|-------------------------------|
|                            |  | Amount<br>amortized<br>during the<br>period<br>ThUS\$ | Goodwill<br>Balance<br>ThUS\$ | Amount<br>amortized<br>during the<br>period<br>ThUS\$ | Goodwill<br>balance<br>ThUS\$ |
| 96864750-4                 | SQM Potassium S.A.                     | 108   | 1,048                         | 108   | 1,193                         |
| 96801610-5                 | Comercial Hydro S.A.                   | 127   | 608                           | 164   | 881                           |
| 79947100-0                 | SQM Industrial S.A.                    | 835   | 16,969                        | 835   | 18,082                        |
| 0-E                        | SQMC México S.A. de<br>C.V.            | 42  | 683                           | 42  | 738                           |
| 0-E                        | Comercial Caiman<br>Internacional S.A. | 17  | 68                            | 17  | 91                            |
| 0-E                        | SQM Dubai- Fzco                        | 76  | 1,605                         | 76  | 1,706                         |
| 0-E                        | Iodine Minera B.V.                     | 427   | 9,288                         | 427   | 9,857                         |
| Total                      |  | 1,632   | 30,269                        | 1,669   | 32,548                        |

b) Negative Goodwill

| Tax Registration<br>Number | Company                       | September 30, 2009                                    |   | September 30, 2008                                    |   |
|----------------------------|-------------------------------|---|---|---|---|
|                            |                               | Amount<br>amortized<br>during the<br>period<br>ThUS\$ | Negative<br>goodwill<br>Balance<br>ThUS\$ | Amount<br>amortized<br>during the<br>period<br>ThUS\$ | Negative<br>Goodwill<br>Balance<br>ThUS\$ |
| 78602530-3                 | Minera Nueva Victoria<br>S.A. | -   | 1,074                                     | -   | 1,279                                     |
| Total                      |                               | -   | 1,074                                     | -   | 1,279                                     |



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## Note 11 - Other Long-term Assets

Other long-term assets are summarized as follows:

|  |     | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|-----|----------------|----------------|
| Engine and equipment spare-parts, net                                      | (1) | 802            | 3,045          |
| Union negotiation bonus  |     | 1,569          | 681            |
| Mine development costs   |     | 27,233         | 23,871         |
| Income taxes recoverable   |     | 262            | 324            |
| Healthcare institution guarantee in the National Healthcare Service Fonasa |     | 322            | 313            |
| Construction of Salar -Baquedano road                                      |     | 960            | 1,080          |
| Deferred loan issuance costs   | (2) | 1,330          | 208            |
| Cost of issuance and placement of bonds                                    | (3) | 10,115         | 4,423          |
| Other  |     | 511            | 618            |
| Total  |     | 43,104         | 34,563         |

(1) According to analyses conducted, at each year-end, this item includes non-current warehouse spare-parts and materials. In addition, an allowance for obsolescence has been made and included in this item.

(2) Relates to the portion to be accrued of negotiation costs of long-term loans.

(3) Refer to the explanation of these expenses in Note 23.

## Note 12 - Bank Debt

a) Short-term bank debt is detailed as follows:

| Bank or financial institution  | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--------------------------------|----------------|----------------|
| Banco de Crédito e Inversiones | 30,000         | -              |
| BBVA Chile                     | 30,794         | -              |
| Banco Estado                   | 20,575         | -              |
| Banco Santander Santiago       | -              | 20,211         |
| HSBC Bank Chile                | 14,914         | -              |
| Other                          | 3,501          | 2,177          |
| Total                          | 99,784         | 22,388         |
| Annual average interest rate   | 3.69%          | 3.84%          |

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## Note 12 - Bank Debt (continued)

b) Long-term bank debt is detailed as follows:

| Bank or financial institution                | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|----------------|----------------|
| BBVA Banco Bilbao Vizcaya Argentaria (1)     | 175,056        | 100,239        |
| ING Capital LLC (2)                          | 80,431         | 80,875         |
| Banco Estado (3)                             | 30,028         | -              |
| Export Development Can (4)                   | 50,362         | -              |
| Caja de Ahorros y Monte de Piedad Madrid (5) | 40,040         |                |
| Total  | 375,917        | 181,114        |
| Less: Current portion                        | (100,917)      | (1,114)        |
| Long-term portion                            | 275,000        | 180,000        |

(1) ThUS\$ 75,000 loan, variable interest rate currently at 3.2825% per annum, quarterly payment. The principal is due on June 24, 2012.

ThUS\$ 100,000 loan, variable interest rate currently at 0.75% per annum, quarterly payment. The principal is due on February 25, 2010.

(2) U.S. dollar-denominated loan, variable interest rate currently at 1.55% per annum, semiannual payment. The principal is due on November 28, 2011.

(3) U.S. dollar-denominated loan, variable interest rate currently at 3.97% per annum, semiannual payment. The principal is due on March 23, 2011.

(4) U.S. dollar-denominated loan, variable interest rate currently at 2.6613% per annum, semiannual payment. The principal is due on December 22, 2010.

(5) U.S. dollar-denominated loan, variable interest rate currently at 2.5625% per annum, semiannual quarterly. The principal is due on September 11, 2012.

c) The maturity of long-term debt is as follows:

| Years to maturity | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|-------------------|----------------|----------------|
| Current portion   | 100,917        | 1,114          |
| 1 to 2 years      | 80,000         | 100,000        |
| 2 to 3 years      | 195,000        | 80,000         |
| Total             | 375,917        | 181,114        |

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Note 13 - Short and Long-term Obligations with the Public (Commercial Papers and Bonds Payable)

Additional Information

As of September 30, 2009 and 2008 ThUS\$14,957 and ThUS\$12,717 are presented in the short-term, respectively, corresponding to the short-term portion of principal plus interest accrued as of that date. The amounts of ThUS\$634,544 in 2009 and ThUS\$299,941 in 2008 are presented in the long-term, and correspond to the principal installments of the Single Series bond and Series C, G, H, J and I bonds.

On January 25, 2006, the Company made a placement of Series C bonds for an amount of UF 3,000,000 (ThUS\$102,630) at an annual rate of 4.00%.

As of September 30, 2009 and 2008 the following payments have been made with a charge to the line of Series C bonds:

|                   | 2009      |        | 2008      |        |
|-------------------|-----------|--------|-----------|--------|
|                   | UF        | ThUS\$ | UF        | ThUS\$ |
| Capital payments  | 75,000.00 | 2,787  | 75,000.00 | 3,261  |
| Interest payments | 53,470.80 | 1,987  | 56,441.40 | 2,454  |

Single series bonds

On April 5, 2006, the Company made a placement of single-series bonds for an amount of ThUS\$200,000 at an annual rate of 6.125%, under the regulations contained in "Rule 144 and regulation S of the U.S. Securities Act of 1933".

As of September 30, 2009 and 2008 the following payments have been made with a charge to the single Series line of bonds:

|                   | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|-------------------|----------------|----------------|
| Interest payments | 6,125          | 6,125          |

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Note 13 - Short and Long-term Obligations with the Public (Commercial Papers and Bonds Payable) (continued)

Series "G" and "H" Bonds

On January 13, 2009 the Company placed two series of bonds in the Chilean market. Series H for UF 4,000,000 (ThUS\$139,216) at an annual rate of 4.9% with a 21-year term, and biannual amortization of principal beginning in 2019 and Series G for ThCh\$21,000,000 (ThUS\$34,146) which was placed at a 5-year term with one single amortization upon maturity at an annual interest rate of 7%.

Series "J" and "I" Bonds

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

2. Commercial papers (promissory notes)

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On March 24, 2009 the Company issued commercial papers in the Chilean market under Series 2-A, line 46, in the amount of ThCh\$ 15,000,000 (ThUS\$25,875), maturing on December 15, 2009.

On April 2, 2009 commercial papers were issued in the Chilean market under Series 1-B, line 47, in the amount of ThCh\$ 15,000,000 (ThUS\$25,770), maturing on March 17, 2009.



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## Note 13 - Short and Long-term Obligations with the Public (Promissory Notes and Bonds Payable) (continued)

| No. of<br>Registration of<br>the Instrument       | Series | Nominal<br>Amount | Adjustment<br>Unit | Interest<br>Rate | Final Period | Payment of<br>Interest | Payment of<br>Amortization                   | 09/30/09<br>ThUS\$ | 09/30/08<br>ThUS\$ | Place<br>in Ch<br>abroa |
|---|--------|-------------------|--------------------|------------------|--------------|------------------------|--|--------------------|--------------------|-------------------------|
| <b>Current portion of long-term bonds payable</b> |        |                   |                    |                  |              |                        |  |                    |                    |                         |
| 446   | C      | 150,000           | UF                 | 4.00%            | 12/01/2009   | Semi-<br>annual        | Semi-annual                                  | 6,980              | 7,094              | In Ch                   |
| 184   | A      | -                 | US\$               | 6.125%           | 10/15/2009   | Semi-<br>annual        | At maturity                                  | 5,623              | 5,623              | Abroa                   |
| 564   | H      | -                 | UF                 | 4.9%             | 02/05/2010   | Semi-<br>annual        | At maturity                                  | 1,733              | -                  | In Ch                   |
| 563   | G      | -                 | \$                 | 7.00%            | 02/05/2010   | Semi-<br>annual        | At maturity                                  | 621                | -                  | In Ch                   |
| 563   | I      | -                 | UF                 | 3.00%            | 04/01/2010   | Semi-<br>annual        | At maturity                                  | -                  | -                  | In Ch                   |
| 563   | J      | -                 | \$                 | 5.50%            | 04/01/2010   | Semi-<br>annual        | At maturity                                  | -                  | -                  | In Ch                   |
| <b>Total Current Portion</b>                      |        |                   |                    |                  |              |                        |  | <b>14,957</b>      | <b>12,717</b>      |                         |
| <b>Long-term bonds payable</b>                    |        |                   |                    |                  |              |                        |  |                    |                    |                         |
| 446   | C      | 2,475,000         | UF                 | 4.00%            | 12/01/2026   | Semi-<br>annual        | Semi-annual                                  | 93,694             | 99,941             | In Ch                   |
| 184   | A      | 200,000,000       | US\$               | 6.125%           | 04/15/2016   | Semi-<br>annual        | At maturity                                  | 200,000            | 200,000            | Abroa                   |
| 563   | G      | 21,000,000,000    | \$                 | 7.00%            | 01/05/2014   | Semi-<br>annual        | At maturity                                  | 38,157             | -                  | In Ch                   |
| 564   | H      | 4,000,000         | UF                 | 4.9%             | 01/05/2030   | Semi-<br>annual        | Semi-annual<br>installments<br>as<br>of 2019 | 151,425            | -                  | In Ch                   |
| 563   | I      | 1,500,000         | UF                 | 3.0%             | 04/01/2014   | Semi-<br>annual        | At maturity                                  | 56,784             | -                  | In Ch                   |
| 563   | J      | 52,000,000,000    | \$                 | 5.5%             | 04/01/2014   | Semi-<br>annual        | At maturity                                  | 94,484             | -                  | In Ch                   |
| <b>Total Long-term</b>                            |        |                   |                    |                  |              |                        |  | <b>634,544</b>     | <b>299,941</b>     |                         |

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## Note 13 - Short and Long-term Obligations with the Public (Promissory Notes and Bonds Payable) (continued)

| Registration No.<br>or Instrument<br>I.D. | Series | Indexation<br>Unit | Nominal<br>Value<br>ThCh\$ | Promissory<br>note or line of<br>credit<br>maturity | Interest<br>Rate | Book Value |          | Placement<br>in Chile or<br>Abroad |
|---|--------|--------------------|----------------------------|---|------------------|------------|----------|------------------------------------|
|   |        |                    |                            |   |                  | 09/30/09   | 09/30/08 |                                    |
| 46  | 2-A    | -                  | 15,000,000                 | 12-15-2009  | 3.32%            | 27,068     | -        | -                                  |
| 47  | 1-B    | -                  | 15,000,000                 | 03-17-2010  | 3.60%            | 26,813     | -        | -                                  |
| Total                                     |        |                    |                            |   |                  | 53,881     | -        | -                                  |

## Note 14 - Accrued Liabilities

As of September 30, 2009 and 2008, accrued liabilities are summarized as follows:

|  | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|----------------|----------------|
| Provision for royalties Corfo                          | 4,546          | 5,155          |
| Provision for employee compensation and legal costs    | 590            | 640            |
| Taxes and monthly income tax installment payments      | 10,756         | 7,303          |
| Expenses incurred for Long-term loans (additional tax) | 234            | 234            |
| Vacation accrual                                       | 12,497         | 10,675         |
| Marketing expenses                                     | 4,166          | 13,000         |
| External auditor fees                                  | 765            | 338            |
| Benefits for employees                                 | 14,236         | 20,062         |
| Other accruals   | 4,287          | 3,299          |
| Total current liabilities                              | 52,077         | 60,706         |

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Note 15 - Income and Deferred Taxes

a) At September 30, 2009 and 2008 the Company has the following consolidated balances for retained tax earnings, income not subject to taxes, tax loss carry-forwards and credit for shareholders:

|  | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|----------------|----------------|
| Accumulated tax basis retained earnings with tax credit    | 760,717        | 695,380        |
| Accumulates tax basis retained earnings without tax credit | 125,149        | 3,954          |
| Tax loss carry-forwards (1)                                | (25,386)       | 13,570         |
| Credit for shareholders                                    | 155,700        | 142,258        |

(1) Income tax losses in Chile can be carried forward indefinitely.

The Company has recognized deferred income taxes for tax losses and the related valuation allowance, where applicable, in accordance with Technical Bulletin No. 60 issued by the Chilean Association of Accountants.

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## Note 15 - Income and Deferred Taxes (continued)

The deferred taxes as of September 30, 2009 and 2008 represented a net liability of ThUS\$26,590 and ThUS\$38,740 respectively, and consisted of:

| 2009                                 | Deferred tax asset   |                     | Deferred tax liability |                     |
|--------------------------------------|----------------------|---------------------|------------------------|---------------------|
|                                      | Short-term<br>ThUS\$ | Long-term<br>ThUS\$ | Short-term<br>ThUS\$   | Long-term<br>ThUS\$ |
| Temporary differences                |                      |                     |                        |                     |
| Allowance for doubtful accounts      | 3,674                | 1,716               | -                      | -                   |
| Vacation accrual                     | 2,046                | -                   | -                      | -                   |
| Unrealized gain on sale of products  | 71,265               | -                   | -                      | -                   |
| Provision for obsolescence           | -                    | 3,153               | -                      | -                   |
| Production expenses                  | -                    | -                   | 37,095                 | -                   |
| Accelerated depreciation             | -                    | -                   | -                      | 74,428              |
| Exploration expenses                 | -                    | -                   | -                      | 5,372               |
| Capitalized interest                 | -                    | -                   | -                      | 10,656              |
| Staff severance indemnities          | -                    | -                   | -                      | 2,467               |
| Fair value recognition               | -                    | 2,879               | -                      | -                   |
| Leased assets                        | -                    | 26                  | -                      | -                   |
| Capitalized expenses                 | -                    | -                   | -                      | 2,087               |
| Tax loss carry-forwards              | 2,506                | 7,806               | -                      | -                   |
| Deferred revenue                     | -                    | -                   | -                      | -                   |
| Accrued interest                     | 241                  | -                   | -                      | -                   |
| Benefits for employees               | -                    | 4,689               | -                      | -                   |
| Deferred Tax Royalty                 | 1,120                | 615                 | 3,532                  | 4,159               |
| Accrued Gain from Exchange Insurance | -                    | -                   | 4,738                  | -                   |
| Other                                | 3,651                | 11,425              | 8                      | 809                 |
| Total gross deferred taxes           | 84,503               | 32,309              | 45,373                 | 99,978              |
| Total complementary accounts         | -                    | -                   | -                      | (12,203)            |
| Valuation allowance                  | (5,161)              | (5,093)             | -                      | -                   |
| Total deferred taxes                 | 79,342               | 27,216              | 45,373                 | 87,775              |

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## Note 15 - Income and Deferred Taxes (continued)

| 2008                                 | Deferred tax asset   |                     | Deferred tax liability |                     |
|--------------------------------------|----------------------|---------------------|------------------------|---------------------|
|                                      | Short-term<br>ThUS\$ | Long-term<br>ThUS\$ | Short-term<br>ThUS\$   | Long-term<br>ThUS\$ |
| Temporary differences                |                      |                     |                        |                     |
| Allowance for doubtful accounts      | 1,513                | 1,002               | -                      | -                   |
| Vacation accrual                     | 1,730                | -                   | -                      | -                   |
| Unrealized gain on sale of products  | 62,045               | -                   | -                      | -                   |
| Provision for obsolescence           | -                    | 3,549               | -                      | -                   |
| Production expenses                  | -                    | -                   | 26,303                 | -                   |
| Accelerated depreciation             | -                    | -                   | -                      | 66,562              |
| Exploration expenses                 | -                    | -                   | -                      | 5,224               |
| Capitalized interest                 | -                    | -                   | -                      | 9,069               |
| Staff severance indemnities          | -                    | -                   | -                      | 2,085               |
| Fair value recognition               | -                    | 2,189               | -                      | -                   |
| Leased assets                        | -                    | -                   | -                      | -                   |
| Capitalized expenses                 | -                    | -                   | -                      | 852                 |
| Tax loss carry-forwards              | -                    | 4,161               | -                      | -                   |
| Accrued gain from exchange insurance | -                    | -                   | 2,393                  | -                   |
| Deferred revenue                     | -                    | -                   | -                      | -                   |
| Accrued interest                     | 922                  | -                   | -                      | -                   |
| Benefits for employees               | 16                   | 884                 | -                      | -                   |
| Other                                | 4,629                | 6,940               | 1,785                  | 402                 |
| Total gross deferred taxes           | 70,855               | 18,725              | 30,481                 | 84,194              |
| Total complementary accounts         | -                    | -                   | -                      | (14,097)            |
| Valuation allowance                  | (24,109)             | (3,633)             | -                      | -                   |
| Total deferred taxes                 | 46,746               | 15,092              | 30,481                 | 70,097              |

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Note 15 - Income and Deferred Taxes (continued)

c) Income tax expense is summarized as follows:

|   | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|---|----------------|----------------|
| Current tax expense (income tax accrual)  | (63,647)       | (104,544)      |
| Tax expense adjustment (prior year)   | (4,413)        | 576            |
| Effect of deferred tax assets and liabilities                                       | (21,274)       | 35,777         |
| Tax benefit for tax losses  | 14,967         | (21,424)       |
| Effect of amortization of complementary accounts                                    | (1,312)        | (1,529)        |
| Effect on deferred tax assets and liabilities due to changes in valuation allowance | 15,245         | 10,181         |
| Other tax charges and credits   | -              | (25)           |
| Total income tax expense  | (60,434)       | (80,988)       |

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Note 16 – Long-term accrued liabilities

Long-term accrued liabilities are summarized as follows:

|                                 | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|---------------------------------|----------------|----------------|
| Staff severance indemnities (2) | 28,163         | 20,714         |
| Benefits for employees (1)      | 17,900         | 9,000          |
| Site closing provision          | 3,437          | 1,992          |
| Balance as of September 30      | 49,500         | 31,706         |

(1) These provisions correspond to retention bonuses for the Company's executives. The value of these bonuses is linked to the price of the Company's stock and is to be paid in cash between 2010 and 2011.

(2) Staff severance indemnities are summarized as follows:

|                            | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|----------------------------|----------------|----------------|
| Opening balance            | 22,129         | 20,679         |
| Increases in obligation    | 3,770          | 4,340          |
| Payments                   | (1,234)        | (1,870)        |
| Exchange difference        | 3,302          | (2,435)        |
| Other difference           | 196            | -              |
| Balance As of September 30 | 28,163         | 20,714         |

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## Note 17 - Minority Interest

Minority interest is summarized as follows:

|                                  | Equity         |                | Net Income/(Loss) |                |
|----------------------------------|----------------|----------------|-------------------|----------------|
|                                  | 2009<br>ThUS\$ | 2008<br>ThUS\$ | 2009<br>ThUS\$    | 2008<br>ThUS\$ |
| Soquimich Comercial S.A.         | 39,075         | 46,641         | 621               | (6,510)        |
| Ajay SQM Chile S.A.              | 4,248          | 4,108          | (309)             | (482)          |
| SQM Nitratos México S.A. de C.V. | 2              | 9              | 8                 | 5              |
| Fertilizantes Naturales S.A.     | (59)           | 627            | 482               | (504)          |
| SQM Indonesia S.A.               | 1              | (30)           | (35)              | 9              |
| Agrorama Callegari Ltda.         | 442            | -              | (6)               | -              |
| SQM Potasio S.A.                 | 12             | 8              | (3)               | (3)            |
| Total                            | 43,721         | 51,363         | 758               | (7,485)        |



SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.  
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## Note 18 - Shareholders' Equity

a) Changes to shareholders' equity consisted of:

|  | Number<br>of shares | Paid-in<br>capital<br>ThUS\$ | Other<br>Reserves<br>ThUS\$ | development<br>stage<br>ThUS\$ | Interim<br>Dividends<br>ThUS\$ | Retained<br>earnings<br>ThUS\$ | Net<br>income<br>ThUS\$ | Accumulated<br>deficit<br>of subsidiaries<br>in<br>Total<br>ThUS\$ |
|--|---------------------|------------------------------|-----------------------------|--------------------------------|--------------------------------|--------------------------------|-------------------------|--|
| Balance as of<br>January 1, 2008                                 | 263,196,524         | 477,386                      | 163,442                     | -                              | -                              | 361,587                        | 180,021                 | 1,182,436  |
| Transfer 2007 net<br>income to retained<br>earnings              | -                   | -                            | -                           | -                              | -                              | 180,021                        | (180,021)               | -  |
| Declared dividends<br>2008                                       | -                   | -                            | -                           | -                              | -                              | (117,014)                      | -                       | (117,014)  |
| Accumulated deficit<br>from subsidiaries in<br>development stage | -                   | -                            | -                           | -                              | -                              | -                              | -                       | -  |
| Other comprehensive<br>income                                    | -                   | -                            | (347)                       | -                              | -                              | -                              | -                       | (347)  |
| Net income for the<br>year                                       | -                   | -                            | -                           | -                              | -                              | -                              | 381,071                 | 381,071  |
| Balance As of<br>September 30, 2008                              | 263,196,524         | 477,386                      | 163,095                     | -                              | -                              | 424,594                        | 381,071                 | 1,446,146  |
| Balance January<br>1, 2009                                       | 263,196,524         | 477,386                      | 159,721                     | -                              | (100,000)                      | 424,594                        | 501,407                 | 1,463,108  |
| Transfer 2007 net<br>income to retained<br>earnings              | -                   | -                            | -                           | -                              | -                              | 501,407                        | (501,407)               | -  |
| Declared dividends<br>2009                                       | -                   | -                            | -                           | -                              | 100,000                        | (325,914)                      | -                       | (225,915)  |
| Interim dividends  | -                   | -                            | -                           | -                              | -                              | -                              | -                       | -  |
| Other comprehensive<br>income                                    | -                   | -                            | 842                         | -                              | -                              | -                              | -                       | 842  |
| Net income for the<br>year                                       | -                   | -                            | -                           | -                              | -                              | -                              | 251,697                 | 251,697  |
| Balance as<br>of September 30,<br>2009                           | 263,196,524         | 477,386                      | 160,563                     | -                              | -                              | 600,087                        | 251,697                 | 1,489,732  |



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Note 18 - Shareholders' Equity (continued)

b) In consideration of the current distribution of shares, the Company has a controlling interest Group composed of Pampa Calichera S.A. and the Kowa Group by virtue of the Joint Action Agreement subscribed on December 21, 2006.

c) Interim Dividends

At Board of Directors Meeting held on October 28, 2008 the directors agreed to distribute an interim dividend of US\$0.37994 per share as of November 21, 2008 for a total amount of ThUS\$ 100,000 and lower than 30% of distributable net income for commercial year 2008, accrued as of September 30, 2008. The above was charged to net income for that commercial year, payable to the shareholders of Sociedad Química y Minera de Chile S.A. registered in the respective registry on the 5th business day prior to November 21, 2008, in its equivalent in Chilean pesos based on the value of the observed dollar or US dollar published in the Official Gazette on Friday, November 14, 2008.

d) Final Dividend

The Company's Ordinary Shareholders' Meeting held on April 29, 2009 agreed to pay and distribute, in accordance with the respective dividends policy, an annual dividend in the amount of ThUS\$325,915 equivalent to 65% of distributable net income obtained during the 2008 commercial year. The amount of ThUS\$100,000 (US\$0.37994 per share) was discounted from that final dividend since it had already been paid as an interim dividend. The balance, in the amount of ThUS\$225,915 (US\$0.85835 per share), was paid and distributed to the shareholders of SQM registered in the respective shareholders' registry on the fifth business day prior to the date on which it was paid.

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## Note 18 - Shareholders' Equity (continued)

## e) Other information

The detail of other reserves is as follows:

| Detail   | For the nine months                      |  |
|--|--|--|
|  | ended<br>September 30,<br>2009<br>ThUS\$ | As of<br>September 30,<br>2009<br>ThUS\$ |
| Technical appraisal  | -  | 151,345                                  |
| Changes to other comprehensive income from equity<br>method investments: |  |  |
| Soquimich Comercial S.A.   | (1) 693                                  | 13,980                                   |
| Comercial Hydro S.A.   | (1) -                                    | (725)                                    |
| SQMC Internacional Ltda.   | (1) -                                    | (35)                                     |
| Proinsa Ltda.  | (1) -                                    | (26)                                     |
| Isapre Norte Grande Ltda.  | (1) 37                                   | 7  |
| Inversiones Augusta S.A.   | (1) -                                    | (761)                                    |
| SQM Ecuador S.A.   | (2) -                                    | (270)                                    |
| Almacenes y Depósitos Ltda.  | (1) 43                                   | 130                                      |
| Asociación Garantizadora de Pensiones                                    | (1) 3                                    | (20)                                     |
| Sales de Magnesio Ltda.  | (1) 51                                   | 61                                       |
| Sociedad de Servicios de Salud S.A.                                      | (1) 15                                   | 29                                       |
| SQM North America Corp.  | (3) -                                    | (4,186)                                  |
| SQM Dubai Fzco.  | (1) -                                    | (12)                                     |
| Ajay Europe SARL   | (1) -                                    | 343                                      |
| Other Companies  | (1) -                                    | 717                                      |
| Total other comprehensive income   | 842                                      | 160,563                                  |

(1) Corresponds to translation adjustments and monetary correction.

(2) Corresponds to the translation adjustment produced by the application of a new law implemented by the Ecuadorian Government.

(3) Corresponds to a change in the valuation of the Companys under-funded pension plan.

Capital consists of 263,196,524 fully authorized, subscribed and paid shares with no par value, divided into 142,819,552 Series A shares and 120,376,972 Series B shares.

The preferential voting rights of each series are as follows:

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## Note 18 - Shareholders' Equity (continued)

Series A : If the election of the president of the Company results in a tied 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 a director elected by Series B shareholders.

## Note 19 – Derivative Instruments

Derivative instruments are recorded at their fair value at the close of the period. Changes in fair value are recognized in income with the liability recorded in other current liabilities. Losses from options relate to fees paid by the Company to enter into such contracts. As of September 30, 2009 the Company's derivative instruments are as follows:

| 2009<br>Type of<br>Derivative | Notional or<br>covered<br>amount<br>ThUS\$ | Expiration           | Description of the<br>contract<br>type | Position (Liability) Asset<br>purchase/sale | Amount<br>ThUS\$ | Income<br>(realized)<br>recorded<br>ThUS\$ | Income<br>(not realized)<br>recorded<br>ThUS\$ |
|-------------------------------|--|----------------------|--|---|------------------|--|--|
| Swap                          | 89,802                                     | 4th Quarter of 2026  | Exchange rate                          | P   | 13,430           | 9,109                                      | 4,321  |
| Swap                          | 33,673                                     | 1 st Quarter of 2014 | Exchange rate                          | P   | 4,833            | 4,676                                      | 158  |
| Swap                          | 42,822                                     | 1 st Quarter of 2013 | Exchange rate                          | P   | 5,633            | 4,430                                      | 1,203  |
| Swap                          | 43,116                                     | 1 st Quarter of 2013 | Exchange rate                          | P   | 5,448            | 4,143                                      | 1,305  |
| Swap                          | 46,220                                     | 1 st Quarter of 2014 | Exchange rate                          | P   | 905              | 1,022                                      | (1,927)  |
| Swap                          | 46,220                                     | 1 st Quarter of 2014 | Exchange rate                          | P   | 896              | 1,022                                      | (1,918)  |
| Swap                          | 56,041                                     | 1 st Quarter of 2014 | Exchange rate                          | P   | 967              | 744  | 223  |
| US dollar Forward             | 3,000                                      | 4th Quarter of 2009  | Exchange rate                          | S   | 39               | 39   | -  |
| US dollar Forward             | 6,000                                      | 4th Quarter of 2009  | Exchange rate                          | S   | 3                | 3  | -  |
| US dollar Forward             | 7,000                                      | 4th Quarter of 2009  | Exchange rate                          | S   | 43               | (43)                                       | -  |
| US dollar Forward             | 4,000                                      | 4th Quarter of 2009  | Exchange rate                          | S   | 45               | 45   | -  |
| US dollar Forward             | 25,349                                     | 4th Quarter of 2009  | Exchange rate                          | S   | 1,906            | 1,906                                      | -  |
| US dollar Forward             | 6,944                                      | 1 st Quarter of 2010 | Exchange rate                          | S   | 142              | 142  | -  |
| US dollar Forward             | 2,870                                      | 1 st Quarter of 2010 | Exchange rate                          | S   | 37               | 37   | -  |
| US dollar Forward             | 16,918                                     | 1 st Quarter of 2010 | Exchange rate                          | S   | 343              | 343  | -  |
| European Option               | 7,270                                      | 4th Quarter of 2009  | Exchange rate                          | P   | 61               | (61)                                       | -  |
| European Option               | 7,400                                      | 4th Quarter of 2009  | Exchange rate                          | P   | -                | -  | -  |

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## Note 19 – Derivative Instruments (continued)

| 2009<br>Type of<br>Derivative | Notional or<br>covered<br>amount<br>ThUS\$ | Expiration             | Description of<br>the contract<br>type | Position<br>purchase/sale | (Liability)Asset<br>amount<br>ThUS\$ | Income<br>(realized)<br>recorded<br>ThUS\$ | Income<br>(not realized)<br>recorded<br>ThUS\$ |
|-------------------------------|--|------------------------|--|---------------------------|--------------------------------------|--|--|
| European<br>Option            | 4,415                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | -                                    | -  | -  |
| European<br>Option            | 6,671                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | -                                    | -  | -  |
| European<br>Option            | 7,309                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 12                                   | (12)                                       | -  |
| European<br>Option            | 6,629                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | -                                    | -  | -  |
| European<br>Option            | 6,536                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 11                                   | (11)                                       | -  |
| European<br>Option            | 3,384                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 273                                  | (273)                                      | -  |
| European<br>Option            | 3,769                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 48                                   | (48)                                       | -  |
| European<br>Option            | 2,877                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 11                                   | (11)                                       | -  |
| US dollar<br>Forward          | 6,879                                      | 2nd Quarter<br>of 2010 | Exchange rate                          | P                         | 312                                  | (312)                                      | -  |
| European<br>Option            | 57,477                                     | 1st Quarter of<br>2010 | Exchange rate                          | P                         | -                                    | -  | -  |
| European<br>Option            | 59,352                                     | 1st Quarter of<br>2010 | Exchange rate                          | P                         | 1,107                                | (1,107)                                    | -  |
| European<br>Option            | 61,446                                     | 1st Quarter of<br>2010 | Exchange rate                          | P                         | -                                    | -  | -  |
| US dollar<br>Forward          | 10,011                                     | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 93                                   | 93   | -  |
| US dollar<br>Forward          | 10,091                                     | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 98                                   | 98   | -  |
| US dollar<br>Forward          | 10,024                                     | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 107                                  | 107  | -  |
| US dollar<br>Forward          | 10,035                                     | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 17                                   | 17   | -  |
| US dollar<br>Forward          | 5,025                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 71                                   | 71   | -  |
| US dollar<br>Forward          | 5,018                                      | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 9                                    | 9  | -  |
| US dollar<br>Forward          | 10,032                                     | 4th Quarter of<br>2009 | Exchange rate                          | P                         | 113                                  | 113  | -  |
|                               | 10,112                                     |                        | Exchange rate                          | P                         | 123                                  | 123  | -  |

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|                   |        |                     |               |   |     |      |      |  |
|-------------------|--------|---------------------|---------------|---|-----|------|------|--|
| US dollar Forward |        | 4th Quarter of 2009 |               |   |     |      |      |  |
| US dollar Forward | 5,019  | 4th Quarter of 2009 | Exchange rate | P | -   | -    | -    |  |
| US dollar Forward | 5,019  | 4th Quarter of 2009 | Exchange rate | P | -   | -    | -    |  |
| US dollar Forward | 10,039 | 4th Quarter of 2009 | Exchange rate | P | 1   | 1    | -    |  |
| US dollar Forward | 10,111 | 4th Quarter of 2009 | Exchange rate | P | 15  | (15) | -    |  |
| US dollar Forward | 10,058 | 4th Quarter of 2009 | Exchange rate | P | 76  | (76) | -    |  |
| US dollar Forward | 15,137 | 4th Quarter of 2009 | Exchange rate | P | 22  | 22   | -    |  |
| US dollar Forward | 8,550  | 4th Quarter of 2009 | Exchange rate | P | 7   | 7    | -    |  |
| US dollar Forward | 10,056 | 4th Quarter of 2009 | Exchange rate | P | 33  | 33   | -    |  |
| US dollar Forward | 10,064 | 4th Quarter of 2009 | Exchange rate | P | 131 | 131  | -    |  |
| US dollar Forward | 10,054 | 4th Quarter of 2009 | Exchange rate | P | 19  | 19   | -    |  |
| US dollar Forward | 5,040  | 4th Quarter of 2009 | Exchange rate | P | 77  | 77   | -    |  |
| US dollar Forward | 10,085 | 4th Quarter of 2009 | Exchange rate | P | 159 | 159  | -    |  |
| US dollar Forward | 10,044 | 4th Quarter of 2009 | Exchange rate | P | 39  | 39   | -    |  |
| US dollar Forward | 20,087 | 4th Quarter of 2009 | Exchange rate | P | 78  | 78   | -    |  |
| US dollar Forward | 5,100  | 4th Quarter of 2009 | Exchange rate | P | 41  | -    | (41) |  |
| US dollar Forward | 17,400 | 4th Quarter of 2009 | Exchange rate | P | 104 | 104  | -    |  |
| US dollar Forward | 11,300 | 4th Quarter of 2009 | Exchange rate | P | 17  | (17) | -    |  |
| US dollar Forward | 10,400 | 2nd Quarter of 2010 | Exchange rate | P | 30  | 30   | -    |  |
| US dollar Forward | 500    | 3rd Quarter of 2009 | Exchange rate | P | -1  | -1   | -    |  |

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## Note 20 - Non-Operating Income and Expenses

Amounts included in non-operating income and expenses are summarized as follows:

## a) Non-operating income

|  | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|----------------|----------------|
| Recovery of doubtful accounts                    | 45             | 475            |
| Insurance recoveries                             | 208            | 474            |
| Reversal of obligations with third parties       | 620            | 2,068          |
| Gain from sale of assets SQM Lithium             | -              | 2,342          |
| Gain on sale of investments in related companies | -              | 1,387          |
| Sale of mining concessions                       | 2,121          | 721            |
| Provision of services                            | 78             | 121            |
| Rental of property, plant and equipment          | 769            | 851            |
| Fines collected from third parties               | 73             | 46             |
| Discounts obtained                               | 798            | 484            |
| Compensation received                            | 60             | 213            |
| Sale of property, plant and equipment            | 486            | 1,146          |
| Other income                                     | 955            | 1,749          |
| Total  | 6,213          | 12,077         |

## b) Non-operating expenses

|  | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|--|----------------|----------------|
| Investment plan expenses and adjustment of property, plant and equipment realization value | 7,982          | 14,678         |
| Interest expense   | -              | -              |
| Equity participation in net losses of unconsolidated subsidiaries                          | -              | -              |
| Amortization of goodwill   | -              | -              |
| Net foreign exchange losses  | -              | -              |
| Work disruption expenses   | 283            | 776            |
| Non-recoverable taxes  | -              | -              |
| Indemnity to suppliers   | 1,745          | 177            |
| Accrual for loss in auction  | -              | -              |
| Provision for legal expenses and third party compensation                                  | 451            | 435            |
| Training and donation expenses   | 841            | 1,845          |
| Amortization of information  | -              | -              |
| Insurance claim  | -              | -              |
| Consulting services  | -              | -              |
| Other expenses   | 4,008          | 2,508          |
| Total  | 15,310         | 20,419         |





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Note 21 – Price-level Restatement

Amounts charged or credited to income relating to price-level restatement are summarized as follows:

|                               | (Charge) credit to income from<br>operations |                |
|-------------------------------|--|----------------|
|                               | 2009<br>ThUS\$                               | 2008<br>ThUS\$ |
| Property, plant and equipment | (8)  | 28             |
| Other assets and liabilities  | (12)   | 13             |
| Shareholders' equity          | 196  | (490)          |
| Net price-level restatement   | 176  | (449)          |

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## Note 22 – Assets and Liabilities Denominated in Foreign Currency

|                              | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|------------------------------|----------------|----------------|
| <b>Assets</b>                |                |                |
| Chilean pesos                | 385,858        | 151,372        |
| US dollars                   | 2,512,631      | 2,111,783      |
| Euros                        | 66,877         | 86,568         |
| Japanese Yen                 | 1,225          | 1,232          |
| Brazilian Real               | 333            | 371            |
| Mexican pesos                | 3,235          | 1,088          |
| UF                           | 63,484         | 31,460         |
| South African Rand           | 23,901         | 23,303         |
| Dirhams                      | 14,786         | 21,492         |
| Other currencies             | 14,956         | 16,446         |
| <b>Current liabilities</b>   |                |                |
| Chilean pesos                | 152,269        | 161,693        |
| US dollars                   | 310,878        | 180,762        |
| Euros                        | 55,309         | 13,818         |
| Japanese Yen                 | 26             | 23             |
| Brazilian Real               | 1,819          | 1,682          |
| Mexican pesos                | 582            | 3,347          |
| UF                           | 9,507          | 13,372         |
| South African Rand           | 2,344          | 3,243          |
| Dirhams                      | 1,190          | 1,120          |
| Other currencies             | 63             | 1,379          |
| <b>Long-term liabilities</b> |                |                |
| Chilean pesos                | 159,246        | 20,016         |
| US dollars                   | 557,763        | 445,987        |
| Japanese Yen                 | 278            | 206            |
| UF                           | 302,145        | 100,456        |
| Mexican pesos                | 403            | 491            |
| Other currencies             | 10             | 11             |

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Note 23 – Expenses Incurred in the Issuance Shares and Debt Titles

Bond issuance and placement expenses are presented in Other Long-term Assets. The portion to be amortized within a year is shown in Other Current Assets, amortized using the straight-line method, over the term of the documents. That amortization is presented as a financial expense.

As of September 30, 2009 and 2008 the detail is as follows:

|                                  | Other Assets |               | Amortization |            |
|----------------------------------|--------------|---------------|--------------|------------|
|                                  | Short term   | Long term     |              |            |
|                                  | 2009         | 2009          | 2009         | 2008       |
|                                  | ThUS\$       | ThUS\$        | ThUS\$       | ThUS\$     |
| Single-series Placement Expenses | 293          | 1,610         | 220          | 220        |
| Series C Placement Expenses      | 281          | 2,240         | 221          | 234        |
| Series G Placement Expenses      | 136          | 443           | 102          |            |
| Series H Placement Expenses      | 133          | 2,671         | 104          |            |
| Series J Placement Expenses      | 552          | 1,933         | 276          |            |
| Series I Placement Expenses      | 348          | 1,218         | 174          |            |
| <b>Total</b>                     | <b>1,743</b> | <b>10,115</b> | <b>1,097</b> | <b>454</b> |

Note 24 - Cash Flow Statement

Amounts included in other investing income are summarized as follows:

|                            | 2009         | 2008     |
|----------------------------|--------------|----------|
|                            | ThUS\$       | ThUS\$   |
| Sale of mining concessions | 2,121        | -        |
| <b>Total</b>               | <b>2,121</b> | <b>-</b> |

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Note 25 – Commitments and Contingencies

I. Contingencies:

(a) Material lawsuits or other legal actions of which the Company is party to:

1. Plaintiff : Compañía Salitre y Yodo Soledad S.A.  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date of lawsuit : December 1994  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Cesard 1 to 29  
 Instance : Evidence provided  
 Nominal amount : ThUS\$ 211
  
2. Plaintiff : Compañía Productora de Yodo y Sales S.A.  
 Defendant : SQM S.A.  
 Date of lawsuit : November 1999  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Paz II 1 to 25  
 Instance : Evidence provided  
 Nominal amount : ThUS\$ 162
  
3. Plaintiff : Compañía Productora de Yodo y Sales S.A.  
 Defendant : SQM S.A.  
 Date of lawsuit : November 1999  
 Court : Civil Court of Pozo Almonte  
 Cause : Partial annulment of mining property, Paz III 1 to 25  
 Instance : Evidence provided  
 Nominal amount : ThUS\$ 204
  
4. Plaintiff : Angélica Allende and her sons Iván Molina and Cristóbal Molina  
 Defendant : Ingeniería, Construcción y Servicios SMR Limitada and, subsidiarily, SQM Nitratos S.A. and its insurance companies  
 Date of lawsuit : May 2008  
 Court : Labor Court of Antofagasta  
 Cause : Work accident  
 Instance : Suit being answered  
 Nominal amount : ThUS\$ 670
  
5. Plaintiff : Nancy Erika Urra Muñoz  
 Defendant : Fresia Flores Zamorano, Duratec-Vinilit S.A. and SQM S.A. and its insurance companies.  
 Date of lawsuit : December 2008  
 Court : 1st Civil Court of Santiago  
 Cause : Work accident

Instance : Response.  
Nominal amount : ThUS\$ 550

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Note 25 – Commitments and Contingencies (continued)

|    |                 |  |
|----|-----------------|--|
| 6. | Plaintiff       | : Agraria Santa Aldina Limitada  |
|    | Defendant       | : SQM Perú S.A.  |
|    | Date of lawsuit | : June 2009  |
|    | Court           | : Civil Court of Pisco - Peru  |
|    | Cause           | : Damage indemnity lawsuit for alleged non-compliance with the terms of the product distribution agreement |
|    | Instance        | : Response   |
|    | Nominal amount  | : ThUS\$6,000  |

II. SQM S.A. and its subsidiaries have been participating and probably will continue to participate habitually as plaintiffs or defendants in certain judicial proceedings that have been and will be filed and are subject to the decisions of the Ordinary Courts of Justice. Those proceedings, which are regulated by the applicable legal provision, mainly seek to exercise or oppose certain actions or exceptions related to certain mining concessions constituted or in the process of being constituted and do not and will not essentially affect the development of SQM S.A. and its subsidiaries.

III. Soquimich Comercial S.A. has been participating and probably will continue to participate habitually as a plaintiff in certain judicial proceedings through which it seeks mainly to collect and receive the amounts owed to it in the total approximate amount of ThUS \$ 900.

IV. SQM S.A. and its subsidiaries have tried and currently continue to try to obtain payment of certain amounts still owed to them for their regular activities. Those amounts will continue to be judicially and non-judicially demanded by the plaintiffs and the actions exercised in relation to them are currently in full force.

V. SQM S.A. and its subsidiaries have not been legally notified of other complaints other than those mentioned in paragraph I above and which pursue the voidance of certain mining properties purchased by SQM S.A. and its subsidiaries and whose proportional purchase price, in respect to the part affected by the respective overlap, exceeds the nominal and approximate amount of ThUS\$150 or which seek to obtain payment of certain amounts allegedly owed from exercising their own activities and which exceed the nominal individual amount of approximately ThUS\$150.

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Note 25 – Commitments and Contingencies (continued)

b) Restrictions:

The bank loans of SQM S.A. and its subsidiaries contain restrictions similar to those of loans of the same nature that have been in force from time to time and which, among others, are related to maximum debt and minimum shareholders' equity. Except for the above, SQM S.A. is not exposed to other restrictions in its management or to financial indicator limits by contracts or covenants with creditors.

c) Commitments:

Subsidiary SQM Salar S.A. has signed a rental contract with CORFO which establishes that such subsidiary, will pay to CORFO, for the exploitation of certain mining properties owned by CORFO and for the products resulting from such exploitation, the annual rent stated in the aforementioned contract, the amount of which is calculated on the basis of the sales of each type of product. The contract is in force until 2030 and rent began being paid in 1996 reflecting in income a value of ThUS\$ 14,077 in 2009 (ThUS\$ 12,349 in 2008).

II. Indirect Guarantees

The guarantees that do not have a pending payment balance reflect, indirectly that the respective guarantees are in force and approved by the Company's Board of Directors and that they have not been used by the corresponding subsidiary.

Note 26 – Third Party Guarantees

As of September 30, 2009 and 2008 the Company has the following indirect guarantees outstanding:

| Beneficiary                          | Name                            | Debtor | Relationship | Balances outstanding |                |
|--------------------------------------|---------------------------------|--------|--------------|----------------------|----------------|
|                                      |                                 |        |              | 2009<br>ThUS\$       | 2008<br>ThUS\$ |
| BBVA Banco Bilbao Vizcaya Argentaria | Royal Seed Trading Corp. A.V.V. |        | Subsidiary   | 175,056              | 100,239        |
| ING Capital LLC                      | Royal Seed Trading Corp. A.V.V. |        | Subsidiary   | 80,431               | 80,875         |
| Export Development Canada.           | SQM Investment Corpotation N.V. |        | Subsidiary   | 50,362               | -              |



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Note 27 – Sureties Obtained from Third Parties

The main solidary pledges provided to guarantee to Soquimich Comercial S.A. fulfillment of the obligations in the commercial mandate agreements for distribution and sale of fertilizers are as follows:

| Company Name                      | ThUS\$ |
|-----------------------------------|--------|
| Llanos y Wammes Soc. Com. Ltda.   | 1,943  |
| Fertglobal Chile Ltda. y Bramelli | 3,197  |
| Tattersall S.A.                   | 1,082  |

Note 28 - Sanctions

During 2009 and 2008, the SVS did not apply sanctions to the Company, its directors or managers.

Note 29 – Subsequent Events

Management is not aware of other significant events, occurred between September 30, 2009 and the date of issuance of these Consolidated Financial Statements (October 27, 2009), which could significantly affect them.

Note 30 – Environmental Projects

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 its principles indicated in its Sustainable Development Policy.

SQM is currently operating under an Environmental Management System (EMS) bases in the ISO 14000 standard, which has allowed strengthening its environmental performance through the effective application of the Company’s Sustainable Development Policy.

Disbursements made by the Company and its subsidiaries As of September 30, 2009 related to investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities amount to ThUS\$ 6,830 and are detailed as follows:

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## Note 30 – Environmental Projects (continued)

|   | 2009<br>ThUS\$ | Future<br>Disbursements<br>ThUS\$ |
|---|----------------|-----------------------------------|
| <b>Projects</b>                                   |                |                                   |
| Enablement of money exchange and bathrooms        | 993            | 780                               |
| Environmental evaluation                          | 441            | 288                               |
| Handling of household and industrial waste        | 963            | 189                               |
| Hazardous substance management                    | 443            | 553                               |
| Salar (Salt deposit) environmental follow-up plan | 361            | 143                               |
| Environmental studies                             | 1,710          | 260                               |
| Improvements in M. Elena – Streets camp           | 373            | 333                               |
| Sanitary regulations PV Traffic Facilities        | -              | 98                                |
| Environmental remediation                         | 777            | 422                               |
| Environmental Management                          | * 769          | **509                             |
| <b>Total</b>                                      | <b>6,830</b>   | <b>3,575</b>                      |

(\*) Corresponds to the 2008 Budget

(\*\*)Corresponds to the 2009 Budget

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Note 30 – Environmental Projects (continued)

Operations which use caliche as raw material are developed desert geographical areas with climatic conditions favorable for drying solids and evaporating liquids using solar energy. Operations for the open-pit extraction of minerals, due to their low waste to mineral ratio, generate remaining deposits which slightly alter the environment. During the extraction process and subsequent crushing of ore, particle emissions occur, which is normal for this type of operations.

On August 10, 1993, the Ministry of Health published a resolution under the Sanitary Code that established that the levels of breathable particles present at Maria Elena Plant exceeded the level allowed for air quality and, consequently, affected the nearby city of Maria Elena. These particles mainly come from dust that results from caliche processing, particularly during the crushing processes prior to leaching. Within the framework of a decontamination plan for this city and in accordance with its Sustainable Development Policy, the Company has implemented a series of measures that have shown notable improvement in air quality at María Elena. In October 2005, the company obtained approval from environmental authorities for a project entitled “Technological Change at María Elena”. The operation of this project allows reduction of the particulate material emissions required by environmental regulations. The project is in operation as of January 2009. The old María Elena crushing plant was finally put out of service as of July 5, 2008, with the consequent improvement in air quality. The effectiveness of this project in respect to the improvement in air quality will be able to be evaluated upon completion of three years of operation, which is what the standard for MP10 requires.

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

Furthermore, the Company is performing significant activities for the recording of Pre-Columbian and historical 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 María Elena and the Nueva Victoria plant. 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 for maintaining positive relationships with the surrounding community, as well as to participate in community 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, and development, and in order to do so, its acts both individually and in conjunction with both private and public entities.



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Note 31 – Significant Events

1.-On January 13, 2009 the Superintendency of Securities and Insurance was informed that Sociedad Química y Minera de Chile S.A. has successfully placed two series of bonds in the domestic market. The first for ThUF 4,000 was placed with a term of 21 years, with amortization of principal starting in 2019 and at an annual interest rate of UF plus 5.05%. The second, for ThCh\$ 21,000, was placed with a term of 5 years, with a single amortization upon expiry of that term and an annual interest rate of 7.5% in nominal pesos.

The resources obtained of close to ThUS\$ 173,000, will be used by SQM to finance their investment plan and refinance certain liabilities.

2.- On April 6, 2009, the Superintendency of Securities and Insurance was informed that the Board of Directors of Sociedad Química y Minera de Chile (SQM), at the meeting held on April 6 of this year unanimously agreed to recommend payment of a final dividend of US\$1.23829 per share at the next Ordinary Shareholders' Meeting out of distributable net income obtained during the 2008 commercial year. The amount of US\$0.37994 which was already paid as an interim dividend must be discounted and the balance in the amount of US\$0.85835 per share, will be paid and distributed to the shareholders of SQM that are registered in the respective registry on the fifth business day prior to the date on which it will be paid.

That proposal, once approved by the next Ordinary Shareholder's Meeting of the Company which will be held on April 29, 2009, will allow it to effectively pay and distribute, in accordance with the respective dividends policy, an annual dividend equivalent to 65% of distributable net income obtained during the 2008 commercial year.

3.- On April 30, 2009, the Superintendency of Securities and Insurance was informed that the Board of Directors of Sociedad Química y Minera de Chile (SQM), at a meeting held on April 28 of this year agreed to authorize the signing of a supply agreement in virtue of which SQM Salar S.A., subsidiary of Sociedad Química y Minera de Chile (SQM), will sell to PCS Sales (USA) Inc., subsidiary of Potash Corporation of Saskatchewan Inc., majority shareholder of SQM, an approximate amount of between 150 thousand and 250 thousand annual tons of potassium chloride to be commercialized by PCS in Japan, India and the People's Republic of China, for the period from May 1, 2009 to May 1, 2012 and under similar terms and conditions to those prevailing in the market at the relevant moment.

4.- On May 8, 2009, the Superintendency of Securities and Insurance was informed that on May 8, 2009, Sociedad Química y Minera de Chile S.A.(SQM) has successfully placed two series of bonds in the Chilean market. Series I was placed in the amount of UF 1,500,000 for a 5-year term, with single amortization at maturity and a 3.67% annual interest rate. Series J was placed in the amount of Th\$52,000,000 for a 5-year term, also with single amortization at maturity and a 6.14% annual interest rate in nominal pesos.

The funds obtained with this issuance, of close to ThUS\$148,000, will be used by SQM to refinance the company's short and long-term liabilities and its investment plan.

5.- On July 15, 2009, the Board of Directors of Soquimich Comercial S.A. (SQMC) met in an extraordinary meeting held on July 14, 2009 and agreed to concur in the formation of a subsidiary in which SQMC will have a 70% participation and closely held corporation Callegari Agrícola S.A. will have a 30% participation.

This new company, which will be called "Comercial Agrorama Callegari Limitada", and which will have the synthetic name of "Agrorama Callegari Ltda." will have capital of Ch\$800 million and its main line of business will be commercialization and distribution of fertilizers, pesticides and agricultural products or supplies. The duration of this new subsidiary of SQMC will be 5 years as of July 14, 2009, with tacit and automatic renewal for 5-year periods

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Note 32 – Unearned Income

During the periods ended September 30, 2009 and 2008, the Company maintains unearned income related to the recognition of sales invoices the delivery of which will occur subsequent to the close of the financial statements. The detail is as follows:

|                 | 2009<br>ThUS\$ | 2008<br>ThUS\$ |
|-----------------|----------------|----------------|
| Unearned income | 30,780         | 55,873         |

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## Note 33 – Time Deposits

| Bank of the Investment               | Kind of Deposit | Currency of Origin | Interest Rate | Investment Date | Expiration Date | Capital in ThUS\$ | Accrued Interest in ThUS\$ | Balance Present Year in ThUS\$ | Balance Previous Year in ThUS\$ |
|--------------------------------------|-----------------|--------------------|---------------|-----------------|-----------------|-------------------|----------------------------|--------------------------------|---------------------------------|
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 08-12-2009      | 11-10-2009      | 9,915             | 10                         | 9,925                          |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-01-2009      | 11-02-2009      | 10,114            | 6                          | 10,120                         |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-03-2009      | 11-04-2009      | 10,121            | 5                          | 10,126                         |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-04-2009      | 11-05-2009      | 15,094            | 7                          | 15,101                         |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-04-2009      | 11-06-2009      | 8,533             | 5                          | 8,538                          |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-17-2009      | 10-13-2009      | 9,912             | 2                          | 9,914                          |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.06%         | 09-17-2009      | 10-22-2009      | 9,912             | 2                          | 9,914                          |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.09%         | 09-30-2009      | 12-29-2009      | 20,009            | -                          | 20,009                         |                                 |
| Banco Crédito e Inversiones          | Fixed Term      | Chilean Pesos      | 0.09%         | 09-30-2009      | 12-29-2009      | 10,004            | -                          | 10,004                         | 28,260                          |
| Banco de Chile                       | Fixed Term      | Chilean Pesos      | 0.06%         | 08-10-2009      | 10-09-2009      | 9,981             | 10                         | 9,991                          | 19,240                          |
| Banco de Chile                       | Fixed Term      | Chilean Pesos      | 0.06%         | 09-08-2009      | 11-09-2009      | 10,011            | 4                          | 10,015                         | 10,010                          |
| Banco de Chile                       | Fixed Term      | Chilean Pesos      | 0.06%         | 09-10-2009      | 11-11-2009      | 10,023            | 4                          | 10,027                         |                                 |
| Banco de Chile                       | Fixed Term      | Chilean Pesos      | 0.07%         | 09-15-2009      | 10-30-2009      | 20,055            | 7                          | 20,062                         |                                 |
| Banco Santander de Santiago          | Fixed Term      | Chilean Pesos      | 0.05%         | 08-25-2009      | 10-26-2009      | 9,979             | 6                          | 9,985                          |                                 |
| Banco Santander de Santiago          | Fixed Term      | Chilean Pesos      | 0.05%         | 09-08-2009      | 10-19-2009      | 10,011            | 4                          | 10,015                         |                                 |
| Banco Santander de Santiago          | Fixed Term      | Chilean Pesos      | 0.05%         | 09-08-2009      | 10-20-2009      | 5,005             | 2                          | 5,007                          |                                 |
| Banco Santander de Santiago          | Fixed Term      | UF                 | 2.85%         | 08-24-2009      | 11-23-2009      | 29,914            | 88                         | 30,002                         |                                 |
| BBVA Banco Bilbao Vizcaya Argentaria | Fixed Term      | Chilean Pesos      | 0.04%         | 09-17-2009      | 10-02-2009      | 9,916             | 2                          | 9,918                          |                                 |
| Corpbanca                            | Fixed Term      | Chilean Pesos      | 0.07%         | 08-21-2009      | 10-20-2009      | 4,947             | 5                          | 4,952                          |                                 |



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## Note 33 – Time Deposits (continued)

| Bank of the Investment | Kind of Deposit | Currency of Origin | Interest Rate | Investment Date | Expiration Date | Capital in ThUS\$ | Accrued Interest in ThUS\$ | Balance Present Year in ThUS\$ | Balance Previous Year in ThUS\$ |
|------------------------|-----------------|--------------------|---------------|-----------------|-----------------|-------------------|----------------------------|--------------------------------|---------------------------------|
| Corpbanca              | Fixed Term      | Chilean Pesos      | 0.08%         | 08-21-2009      | 11-19-2009      | 4,952             | 5                          | 4,957                          |                                 |
| Corpbanca              | Fixed Term      | Chilean Pesos      | 0.08%         | 08-24-2009      | 11-23-2009      | 30,060            | 30                         | 30,090                         |                                 |
| Corpbanca              | Fixed Term      | Chilean Pesos      | 0.08%         | 08-25-2009      | 11-24-2009      | 9,902             | 10                         | 9,912                          |                                 |
| Citibank N.A.          | Overnight       | US dollar          | 0.08%         | 09-30-2009      | 10-01-2009      | 2,158             | -                          | 2,158                          | 1,01                            |
| Banco Itau             | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 8,20                            |
| Deutsche Bank Chile    |                 |                    |               |                 |                 |                   |                            |                                |                                 |
| S.A.                   | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 5,00                            |
| HSBC Bank Chile        | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 5,00                            |
| Fortis Bank            | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 63                              |
| Bancomer               | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 29                              |
| BBVA Banco Bilbao      |                 |                    |               |                 |                 |                   |                            |                                |                                 |
| Vizcaya Argentaria     | -               | -                  | -             | -               | -               | -                 | -                          | -                              | 8                               |
|                        |                 |                    |               |                 |                 | 270,528           | 214                        | 270,742                        | 77,76                           |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOCIEDAD QUIMICA Y MINERA DE CHILE S.A.

Conf:/s/

Ricardo

Ramos

R.

Ricardo

Ramos R.

Chief

Financial

Officer

Date: December 8, 2009