

CHEMICAL & MINING CO OF CHILE INC  
Form 6-K  
December 29, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE  
SECURITIES EXCHANGE ACT OF 1934

For the month of December, 2016.

Commission File Number 33-65728

CHEMICAL AND MINING COMPANY OF CHILE INC.

(Translation of registrant's name into English)

El Trovador 4285, Santiago, Chile (562) 2425-2000

(Address of principal executive office)

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:

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Las Condes, Santiago, Chile

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**Santiago, Chile. December 29, 2016.-** Sociedad Química y Minera de Chile S.A. (SQM) (NYSE: SQM; Santiago Stock Exchange: SQM-B, SQM-A) reports the translation of its financial statements for the nine months ended September 30, 2016, the Spanish version of which was filed with the Chilean Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros* or “SVS”) on November 22, 2016.

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**CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended

September 30, 2016

**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

In Thousands of United States Dollars

This document includes:

- Consolidated Classified Statements of Financial Position
- Consolidated Statements of Income by Function
- Consolidated Statements of Comprehensive Income
- Consolidated Statements of Cash Flows
- Consolidated Statements of Changes in Equity
- Notes to the Consolidated Financial Statements

**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position**

| Assets  | Note | As of<br>September<br>30, 2016<br>ThUS\$ | As of<br>December<br>31, 2015<br>ThUS\$ |
|---|------|--|---|
| Current assets  |      |  |   |
| Cash and cash equivalents   | 7.1  | 572,408                                  | 527,259                                 |
| Other current financial assets  | 10.1 | 384,438                                  | 636,325                                 |
| Other current non-financial assets  | 25   | 30,295                                   | 62,006                                  |
| Trade and other receivables, current  | 10.2 | 333,321                                  | 302,225                                 |
| Trade receivables due from related parties, current                         | 9.5  | 94,226                                   | 99,907                                  |
| Current inventories   | 8    | 1,015,600                                | 1,003,846                               |
| Current tax assets  | 28.1 | 61,714                                   | 65,277                                  |
| Non-current assets or asset groups for disposal classified as held-for-sale |      | 2,056                                    | -                                       |
| Total current assets  |      | 2,494,058                                | 2,696,845                               |
| Non-current assets  |      |  |   |
| Other non-current financial assets  | 10.1 | 9,160                                    | 486                                     |
| Other non-current non-financial assets                                      | 25   | 24,332                                   | 33,526                                  |
| Trade receivables, non-current  | 10.2 | 2,117                                    | 1,050                                   |
| Investments in associates   | 11.1 | 56,685                                   | 49,836                                  |
| Investments in joint ventures   | 12.3 | 57,783                                   | 29,466                                  |
| Intangible assets other than goodwill                                       | 13.1 | 110,396                                  | 110,428                                 |
| Goodwill  | 13.1 | 38,088                                   | 38,388                                  |
| Property, plant and equipment   | 14.1 | 1,549,962                                | 1,683,576                               |
| Tax assets Current, non-current   |      | 17,809                                   | -                                       |
| Deferred tax assets   | 28.4 | 1,277                                    | 161                                     |
| Total non-current assets  |      | 1,867,609                                | 1,946,917                               |
| Total assets  |      | 4,361,667                                | 4,643,762                               |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Classified Statements of Financial Position, (continued)**

| Liabilities and Equity                         | Note | As of September<br>30, 2016<br>ThUS\$ | As of<br>December<br>31, 2015<br>ThUS\$ |
|--|------|---------------------------------------|---|
| Current liabilities                            |      |                                       |   |
| Other current financial liabilities            | 10.4 | 242,601                               | 402,030                                 |
| Trade and other payables, current              | 10.5 | 167,130                               | 136,840                                 |
| Trade payables due to related parties, current | 9.6  | 55                                    | 435                                     |
| Other current provisions                       | 18.1 | 41,889                                | 28,141                                  |
| Current tax liabilities                        | 28.2 | 66,499                                | 52,070                                  |
| Provisions for employee benefits, current      | 15.1 | 13,300                                | 13,445                                  |
| Other current non-financial liabilities        | 18.3 | 160,658                               | 69,966                                  |
| Total current liabilities                      |      | 692,132                               | 702,927                                 |
| Non-current liabilities                        |      |                                       |   |
| Other non-current financial liabilities        | 10.4 | 1,097,856                             | 1,290,203                               |
| Other non-current provisions                   | 18.1 | 9,040                                 | 8,890                                   |
| Deferred tax liabilities                       | 28.4 | 192,831                               | 219,391                                 |
| Provisions for employee benefits, non-current  | 15.1 | 21,824                                | 21,995                                  |
| Total non-current liabilities                  |      | 1,321,551                             | 1,540,479                               |
| Total liabilities                              |      | 2,013,683                             | 2,243,406                               |
| Equity   |      |                                       |   |
| Share capital                                  | 17   | 477,386                               | 477,386                                 |
| Retained earnings                              |      | 1,830,908                             | 1,882,196                               |
| Other reserves                                 |      | (20,982)                              | (19,797)                                |
| Equity attributable to owners of the Parent    |      | 2,287,312                             | 2,339,785                               |
| Non-controlling interests                      |      | 60,672                                | 60,571                                  |
| Total equity                                   |      | 2,347,984                             | 2,400,356                               |
| Total liabilities and equity                   |      | 4,361,667                             | 4,643,762                               |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Income by Function**

|  | Note    | January to September |            | July to September |           |
|--|---------|----------------------|------------|-------------------|-----------|
|  |         | 2016                 | 2015       | 2016              | 2015      |
|  |         | ThUS\$               | ThUS\$     | ThUS\$            | ThUS\$    |
| Revenue  | 27.1    | 1,385,507            | 1,316,988  | 504,048           | 445,220   |
| Cost of sales  | 27.2    | (979,299 )           | (892,230 ) | (358,332)         | (315,707) |
| Gross profit   |         | 406,208              | 424,758    | 145,716           | 129,513   |
| Other income   | 27.3    | 10,824               | 11,928     | 5,162             | 4,637     |
| Administrative expenses  | 27.4    | (62,641 )            | (63,885 )  | (21,834 )         | (19,338 ) |
| Other expenses by function   | 27.5    | (46,727 )            | (93,757 )  | (37,116 )         | (68,541 ) |
| Other gains (losses)   | 27.6    | (1,800 )             | 4,070      | (2,555 )          | 176       |
| Profit (loss) from operating activities  |         | 305,864              | 283,114    | 89,373            | 46,447    |
| Finance income   |         | 7,979                | 8,619      | 1,362             | 2,606     |
| Finance costs  | 22-27.8 | (45,203 )            | (52,045 )  | (12,782 )         | (17,072 ) |
| Share of profit of associates and joint ventures accounted for using the equity method | 11-12   | 12,441               | 5,495      | 1,844             | (1,348 )  |
| Foreign currency translation differences   | 23      | (575 )               | (9,904 )   | 1,019             | (6,695 )  |
| Profit (loss) before taxes   |         | 280,506              | 235,279    | 80,816            | 23,938    |
| Income tax expense, continuing operations  | 28.4    | (81,116 )            | (64,586 )  | (23,824 )         | (8,919 )  |
| Profit (loss) from continuing operations   |         | 199,390              | 170,693    | 56,992            | 15,019    |
| Profit for the year  |         | 199,390              | 170,693    | 56,992            | 15,019    |
| Profit attributable to   |         |                      |            |                   |           |
| Owners of the Parent   |         | 197,426              | 168,577    | 55,813            | 13,673    |
| Non-controlling interests  |         | 1,964                | 2,116      | 1,179             | 1,346     |
| Profit for the year  |         | 199,390              | 170,693    | 56,992            | 15,019    |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries**

**Consolidated Statements of Income by Function, (continued)**

|  | Note | January to September<br>2016<br>US\$ | January to September<br>2015<br>US\$ | July to September<br>2016<br>US\$ | July to September<br>2015<br>US\$ |
|--|------|--------------------------------------|--------------------------------------|-----------------------------------|-----------------------------------|
| Earnings per share   |      |                                      |                                      |                                   |                                   |
| Common shares  |      |                                      |                                      |                                   |                                   |
| Basic earnings per share (US\$ per share)                              | 21   | 0.7501                               | 0.6405                               | 0.2120                            | 0.0519                            |
| Basic earnings per share (US\$ per share) from continuing operations   |      | 0.7501                               | 0.6405                               | 0.2120                            | 0.0519                            |
| Diluted common shares  |      |                                      |                                      |                                   |                                   |
| Diluted earnings per share (US\$ per share)                            | 21   | 0.7501                               | 0.6405                               | 0.2120                            | 0.0519                            |
| Diluted earnings per share (US\$ per share) from continuing operations |      | 0.7501                               | 0.6405                               | 0.2120                            | 0.0519                            |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Comprehensive Income**

|  | January to September |          | July to September |          |
|--|----------------------|----------|-------------------|----------|
|  | 2016                 | 2015     | 2016              | 2015     |
|  | ThUS\$               | ThUS\$   | ThUS\$            | ThUS\$   |
| Statements of comprehensive income   |                      |          |                   |          |
| Profit for the year  | 199,390              | 170,693  | 56,992            | 15,019   |
| Components of other comprehensive income before taxes and foreign currency translation differences |                      |          |                   |          |
| Gain (loss) from foreign currency translation differences, before taxes                            | 940                  | (6,560 ) | (376 )            | (2,254 ) |
| Other comprehensive income before taxes and foreign currency translation differences               | 940                  | (6,560 ) | (376 )            | (2,254 ) |
| Cash flow hedges   |                      |          |                   |          |
| (Gain) loss from cash flow hedges before taxes   | 48                   | 611      | 407               | (606 )   |
| Other comprehensive income before taxes and cash flow hedges                                       | 48                   | 611      | 407               | (606 )   |
| Other comprehensive income before taxes and actuarial gains (losses) from defined benefit plans    | (2,955 )             | (28 )    | (1,941 )          | (685 )   |
| Other components of other comprehensive income before taxes  | (1,967 )             | (5,977 ) | 1,910             | (3,545 ) |
| Income taxes associated with components of other comprehensive income                              |                      |          |                   |          |
| Income taxes associated with cash flow hedges in other comprehensive income                        | 18                   | (18 )    | (130 )            | 364      |
| Income taxes related to defined benefit plans in other comprehensive income                        | 778                  | 13       | 581               | 13       |
| Income taxes associated with components of other comprehensive income                              | 796                  | (5 )     | 451               | 377      |
| Other comprehensive income   | (1,171 )             | (5,982 ) | (1,459 )          | (3,168 ) |
| Total comprehensive income   | 198,219              | 164,711  | 55,533            | 11,851   |
| Comprehensive income attributable to   |                      |          |                   |          |
| Owners of the Parent   | 196,241              | 162,753  | 54,352            | 10,601   |
| Non-controlling interests  | 1,978                | 1,958    | 1,181             | 1,250    |
| Total comprehensive income   | 198,219              | 164,711  | 55,533            | 11,851   |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows**

| Consolidated Statements of cash flows  | Note | 09/30/2016<br>ThUS\$ | 09/30/2015<br>ThUS\$ |
|--|------|----------------------|----------------------|
| Cash flows from (used in) operating activities   |      |                      |                      |
| Types of receipts from operating activities  |      |                      |                      |
| Cash receipts from sales of goods and rendering of services                                  |      | 1,380,502            | 1,340,797            |
| Cash receipts from premiums and benefits, annuities and other benefits from policies entered |      | 4,432                | -                    |
| Types of payments  |      |                      |                      |
| Cash payments to suppliers for the provision of goods and services                           |      | (666,037 )           | (746,193 )           |
| Cash payments to and on behalf of employees  |      | (143,030 )           | (104,484 )           |
| Other payments related to operating activities   |      | (39,137 )            | (14,872 )            |
| Dividends received   |      | 3,632                | 6,686                |
| Interest paid  |      | (15,029 )            | (44,229 )            |
| Interest received  |      | 7,979                | 8,619                |
| Reimbursed (paid) income taxes   |      | (62,688 )            | (56,575 )            |
| Other incomes (outflows) of cash   |      | (14,450 )            | 10,388               |
| Net cash generated from (used in) operating activities                                       |      | 456,174              | 400,137              |
| Cash flows from (used in) investing activities   |      |                      |                      |
| Other cash payments made to acquire interest in joint ventures                               |      | (27,255 )            | (59 )                |
| Proceeds from the sale of property, plant and equipment                                      |      | 1,122                | 7                    |
| Acquisition of property, plant and equipment   |      | (83,577 )            | (87,306 )            |
| Proceeds from sales of intangible assets   |      | 2,742                | 3,960                |
| Purchases of intangible assets   |      | (2,100 )             | -                    |
| Cash advances and loans granted to third parties   |      | -                    | 725                  |
| Proceeds from the repayment of advances and loans granted to third parties                   |      | (15 )                | -                    |
| Other incomes (outflows) of cash (*)   |      | 235,064              | 121,917              |
| Net cash generated from (used in) investing activities                                       |      | 125,981              | (204,590 )           |

(\*) Includes other cash receipts (payments), investments and redemptions of time deposits and other financial instruments, which do not qualify as cash and cash equivalents in accordance with IAS 7.7 as they record a maturity

date from their date of origin greater than 90 days.

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Cash Flows, (continued)**

|  | Note | 09/30/2016<br>ThUS\$ | 09/30/2015<br>ThUS\$ |
|--|------|----------------------|----------------------|
| Cash flows from (used in) financing activities   |      |                      |                      |
| Proceeds from short-term borrowings  |      | 60,000               | 137,000              |
| Total proceeds from borrowings   |      | 60,000               | 137,000              |
| Repayment of borrowings  |      | (237,000 )           | (160,000 )           |
| Dividends paid   |      | (175,111 )           | (42,372 )            |
| Other cash receipts (payments)   |      | (200,000 )           | -                    |
| Net cash generated from (used in) financing activities   |      | (552,111 )           | (65,372 )            |
| Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate |      | 30,044               | 130,175              |
| Effects of exchange rate fluctuations on cash held   |      | 15,105               | (2,265 )             |
| Net (decrease) increase in cash and cash equivalents   |      | 45,149               | 127,910              |
| Cash and cash equivalents at beginning of period   |      | 527,259              | 354,566              |
| Cash and cash equivalents at end of period   |      | 572,408              | 482,476              |

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Changes in Equity**

| 2016                            | Share capital | Foreign currency translation difference reserves | Cash flow hedge reserves | Actuarial gains (losses) from defined benefit plans | Other miscellaneous reserves | Other reserves | Retained earnings | Equity attributable to owners of the Parent | Non-controlling interests | Total     |
|---------------------------------|---------------|--|--------------------------|---|------------------------------|----------------|-------------------|---|---------------------------|-----------|
|                                 | ThUS\$        | ThUS\$   | ThUS\$                   | ThUS\$  | ThUS\$                       | ThUS\$         | ThUS\$            | ThUS\$                                      | ThUS\$                    | ThUS\$    |
| Equity at beginning of the year | 477,386       | (14,035)   | (1,699)                  | (2,386)   | (1,677)                      | (19,797)       | 1,882,196         | 2,339,785                                   | 60,571                    | 2,400,356 |
| Profit for the year             | -             | -  | -                        | -   | -                            | -              | 197,426           | 197,426                                     | 1,964                     | 199,390   |
| Other comprehensive income      | -             | (83)   | 66                       | (2,146)   | 978                          | (1,185)        | -                 | (1,185)                                     | 14                        | (1,171)   |
| Comprehensive income            | -             | (83)   | 66                       | (2,146)   | 978                          | (1,185)        | 197,426           | 196,241                                     | 1,978                     | 198,219   |
| Dividends                       | -             | -  | -                        | -   | -                            | -              | (248,714)         | (248,714)                                   | (1,877)                   | (250,591) |
| Increase (decrease) in equity   | -             | (83)   | 66                       | (2,146)   | 978                          | (1,185)        | (51,288)          | (52,473)                                    | 101                       | (52,372)  |
| Equity as of September 30, 2016 | 477,386       | (14,118)   | (1,633)                  | (4,532)   | (699)                        | (20,982)       | 1,830,908         | 2,287,312                                   | 60,672                    | 2,347,984 |

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

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**Sociedad Química y Minera de Chile S.A. and Subsidiaries****Consolidated Statements of Changes in Equity**

| 2015                            | Share capital | Foreign currency translation difference reserves | Cash flow hedge reserves | Actuarial gains (losses) from defined benefit plans | Other miscellaneous reserves | Other reserves | Retained earnings | Equity attributable to owners of the Parent | Non-controlling interests | Total     |
|---------------------------------|---------------|--|--------------------------|---|------------------------------|----------------|-------------------|---|---------------------------|-----------|
|                                 | ThUS\$        | ThUS\$   | ThUS\$                   | ThUS\$  | ThUS\$                       | ThUS\$         | ThUS\$            | ThUS\$                                      | ThUS\$                    | ThUS\$    |
| Equity at beginning of the year | 477,386       | (7,701 )   | (1,881)                  | (1,903)   | (1,677)                      | (13,162)       | 1,775,612         | 2,239,836                                   | 59,867                    | 2,299,703 |
| Profit for the year             | -             | -  | -                        | -   | -                            | -              | 168,577           | 168,577                                     | 2,116                     | 170,693   |
| Other comprehensive income      | -             | (6,406 )   | 592                      | (10 )   | -                            | (5,824 )       | -                 | (5,824 )                                    | (158 )                    | (5,982 )  |
| Comprehensive income            | -             | (6,406 )   | 592                      | (10 )   | -                            | (5,824 )       | 168,577           | 162,753                                     | 1,958                     | 164,711   |
| Dividends                       | -             | -  | -                        | -   | -                            | -              | (84,288 )         | (84,288 )                                   | (1,527 )                  | (85,815 ) |
| Increase (decrease) in equity   | -             | (6,406 )   | 592                      | (10 )   | -                            | (5,824 )       | 84,289            | 78,465                                      | 431                       | 78,896    |
| Equity as of September 30, 2015 | 477,386       | (14,107)   | (1,289)                  | (1,913)   | (1,677)                      | (18,986)       | 1,859,901         | 2,318,301                                   | 60,298                    | 2,378,599 |

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 1 Identification and activities of the Company and Subsidiaries

1.1 Historical background

Sociedad Química y Minera de Chile S.A. "SQM" is an open stock corporation organized under the laws of the Republic of Chile, Tax Identification No.93.007.000-9.

The Company was incorporated through a public deed dated June 17, 1968 by the notary public of Santiago MR. Sergio Rodríguez Garcés. Its existence was approved by Decree No. 1,164 of June 22, 1968 of the Ministry of Finance, and it was registered on June 29, 1968 in the Registry of Commerce of Santiago, on page 4,537 No. 1,992. SQM's headquarters are located at El Trovador 4285, Fl. 6, Las Condes, Santiago, Chile. The Company's telephone number is +56 2 2425-2000.

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

1.2 Main domicile where the Company performs its production activities

The Company's main domiciles are: Calle Dos Sur plot No. 5 - Antofagasta; Arturo Prat 1060 - Tocopilla; Administración Building w/n - Maria Elena; Administración Building w/n Pedro de Valdivia - María Elena, Anibal Pinto 3228 - Antofagasta, Kilometer 1378 Ruta 5 Norte Highway - Antofagasta, Coya Sur Plant w/n - Maria Elena, kilometer 1760 Ruta 5 Norte Highway - Pozo Almonte, Salar de Atacama (Atacama Saltpeter deposit) potassium chloride plant s/n - San Pedro de Atacama, potassium sulfate plant at Salar de Atacama s/n – San Pedro de Atacama, Minsal Mining Camp s/n CL Plant CL, Potassium– San Pedro de Atacama, formerly the Iris Saltpeter office S/N, Commune of Pozo Almonte, Iquique.

1.3 Codes of main activities

The codes of the main activities as established by the Chilean Superintendence of Securities and Insurance are as follows:

-1700 (Mining)

-2200 (Chemical products)

-1300 (Investment)

#### 1.4 Description of the nature of operations and main activities

Our products are mainly derived from mineral deposits found in northern Chile. We mine and process caliche ore and brine deposits. The ore deposit in northern Chile contains nitrate and iodine deposits. The brine deposits of the Salar de Atacama, in northern Chile, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

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

From our caliche ore deposits located in the north of Chile, we produce a wide range of nitrate-based products used for specialty plant nutrients and industrial applications, as well as iodine and iodine derivatives. At the Salar de Atacama, we extract brines rich in potassium, lithium and sulfate in order to produce potassium chloride, potassium sulfate, lithium solutions, and bischofite (magnesium chloride). We produce lithium carbonate and lithium hydroxide at our plant near the city of Antofagasta, Chile, from the solutions brought from the Salar de Atacama.

We sell our products in over 100 countries worldwide through our global distribution network and generate our revenue mainly from abroad.

Our products are divided into six categories: specialty plant nutrition, iodine and its derivatives, lithium and its derivatives, industrial chemicals, potassium and other products and services, described as follows:

**Specialty plant nutrition:** SQM produces and sells four types of specialty plant nutrition in this line of business: potassium nitrate, sodium nitrate, sodium potassium nitrate, and specialty mixes. This business is characterized by being closely related to its customers for which it has specialized staff who provide expert advisory in best practices for fertilization according to each type of crop, soil and climate. Within this type of business, potassium derivative products and specially potassium nitrate have had a leading role given the contribution they make to develop crops insuring an improvement in post-crop life in addition to improving quality, flavor and fruit color. The potassium nitrate, which is sold in multiple formats and as a part of other specialty mixtures, is complemented by sodium nitrate, potassium sodium nitrate, and more than 200 fertilizing mixtures.

**Iodine:** The Company is a major producer of iodine at worldwide level. Iodine is widely used in the pharmaceutical industry, technology and nutrition. Additionally, iodine is used as X ray contrast media and polarizing film for LCD displays.

**Lithium:** the Company's lithium is mainly used for manufacturing rechargeable batteries for cell phones, cameras and notebooks. Through the manufacturing of lithium-based products, SQM provides significant materials to face great challenges such as the efficient use of energy and raw materials. Lithium is mainly not used for rechargeable batteries for small electrical appliances such as mobile phones, tablets and laptops. It is also used in industrial applications such as the manufacturing of glass, ceramics and lubricating greases. Other uses include the pharmaceutical and chemical industries.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

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

**Industrial Chemicals:** Industrial chemicals are products used as supplies for a number of production processes. SQM participates in this line of business producing sodium nitrate, potassium nitrate and potassium chloride. Industrial nitrates have increased their importance over the last few years due to their use as storage means for thermal energy at solar energy plants, which are widely used in countries as Spain and the United States in their search for decreasing CO<sub>2</sub> emissions.

**Potassium:** The potassium is a primary essential macro-nutrient, and even though does not form part of the plant's structure, has a significant role for the developing of its basic functions, validating the quality of a crop, increasing post-crop life, improving the crop flavor, its amount in vitamins and its physical appearance. Within this business line, SQM has also potassium chlorate and potassium sulfate, both extracted from the salt layer located under the Salar de Atacama (the Atacama Saltpeter Deposit).

**Other products and services:** This business line includes revenue from commodities, services, interests, royalties and dividends.

**1.5 Other background**

**Staff**

As of September 30, 2016 and December 31, 2015, staff was detailed as follows:

| Employees | 09/30/2016 |                    |       | 12/31/2015 |                    |       |
|-----------|------------|--------------------|-------|------------|--------------------|-------|
|           | SQM S.A.   | Other subsidiaries | Total | SQM S.A.   | Other subsidiaries | Total |
|           |            |                    |       |            |                    |       |

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|                           |     |       |       |     |       |       |
|---------------------------|-----|-------|-------|-----|-------|-------|
| Executives                | 33  | 75    | 108   | 26  | 71    | 97    |
| Professionals             | 121 | 917   | 1,038 | 116 | 838   | 954   |
| Technicians and operators | 264 | 3,084 | 3,348 | 256 | 2,741 | 2,997 |
| Foreign employees         | -   | 205   | 205   | -   | 202   | 202   |
| Overall total             | 418 | 4,281 | 4,699 | 398 | 3,852 | 4,250 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

## Note 1 Identification and Activities of the Company and subsidiaries (continued)

### 1.5 Other background, continued

#### Main shareholders

The table below establishes certain information about the beneficial property of Series A and Series B shares of SQM as of September 30, 2016 and December 31, 2015. In respect to each shareholder which has interest of more than 5% of outstanding Series A or B shares. The information below is taken from our records and reports controlled in the Central Securities Depository and reported to the Superintendence of Securities and Insurance (SVS) and the Chilean Stock Exchange, whose main shareholders are as follows:

| Shareholder as of September 30, 2016                   | No. of Series A<br>with<br>ownership | % of<br>Series A<br>shares | No. of Series B<br>with<br>ownership | % of<br>Series B<br>shares | % of<br>total<br>shares |
|--|--------------------------------------|----------------------------|--------------------------------------|----------------------------|-------------------------|
| The Bank of New York Mellon, ADRs                      | -                                    | -                          | 57,225,311                           | 47.54                      | % 21.74 %               |
| Sociedad de Inversiones Pampa Calichera S.A.(*)        | 44,892,374                           | 31.43 %                    | 7,007,688                            | 5.82                       | % 19.72 %               |
| Inversiones El Boldero Limitada                        | 29,330,326                           | 20.54 %                    | 17,963,546                           | 14.92                      | % 17.97 %               |
| Inversiones RAC Chile Limitada                         | 19,200,242                           | 13.44 %                    | 2,202,773                            | 1.83                       | % 8.13 %                |
| Potasios de Chile S.A.(*)                              | 18,179,147                           | 12.73 %                    | -                                    | -                          | 6.91 %                  |
| Inversiones PCS Chile Limitada                         | 15,526,000                           | 10.87 %                    | -                                    | -                          | 5.90 %                  |
| Banco de Chile on behalf of non-resident third parties | -                                    | -                          | 8,853,527                            | 7.35                       | % 3.36 %                |
| Inversiones Global Mining (Chile) Limitada (*)         | 8,798,539                            | 6.16 %                     | -                                    | -                          | 3.34 %                  |
| Banco Itaú on behalf of investors                      | 20,950                               | 0.01 %                     | 6,444,476                            | 5.35                       | % 2.46 %                |
| Inversiones La Esperanza Limitada                      | 3,711,598                            | 2.60 %                     | 46,500                               | 0.04                       | % 1.43 %                |

#### (\* Total Pampa Group 29.97%

| Shareholder as of December 31, 2015 | No. of Series A<br>with<br>ownership | % of<br>Series A<br>shares | No. of Series B<br>with<br>ownership | % of<br>Series B<br>shares | % of<br>total<br>shares |
|-------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|-------------------------|
|-------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|-------------------------|

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|  |            |       |   |            |       |   |       |   |
|--|------------|-------|---|------------|-------|---|-------|---|
| The Bank of New York Mellon, ADRs                      | -          | -     |   | 59,079,533 | 49,08 | % | 22,45 | % |
| Sociedad de Inversiones Pampa Calichera S.A.(*)        | 44,880,793 | 31.43 | % | 7,007,688  | 5.82  | % | 19.72 | % |
| Inversiones El Boldo Limitada                          | 29,330,326 | 20.54 | % | 17,963,546 | 14.92 | % | 17.97 | % |
| Inversiones RAC Chile Limitada                         | 19,200,242 | 13.44 | % | 2,202,773  | 1.83  | % | 8.13  | % |
| Potasios de Chile S.A.(*)                              | 18,179,147 | 12.73 | % | -          | -     |   | 6.91  | % |
| Inversiones PCS Chile Limitada                         | 15,526,000 | 10.87 | % | -          | -     |   | 5.90  | % |
| Banco de Chile on behalf of non-resident third parties | -          | -     |   | 9,055,272  | 7,52  | % | 3.44  | % |
| Inversiones Global Mining (Chile) Limitada (*)         | 8,798,539  | 6.16  | % | -          | -     |   | 3.34  | % |
| Banco Itaú on behalf of investors                      | 20,950     | 0.01  | % | 5,679,753  | 4.72  | % | 2.27  | % |
| Inversiones La Esperanza Limitada                      | 3,711,598  | 2.60  | % | 46,500     | 0.04  |   | 1.43  | % |

**(\*) Total Pampa Group 29.97%**

On September 30, 2016 the total number of shareholders had risen to 1,255.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 2 Basis of presentation for the consolidated financial statements

2.1 Accounting period

These consolidated financial statements cover the following periods:

-Consolidated Statements of Financial Position for the periods ended September 30, 2016 and December 31, 2015.

-Consolidated Statements of Changes in Equity for the periods ended September 30, 2016 and 2015.

-Consolidated Statements of Comprehensive Income for the periods between January and September 30, 2016 and 2015.

-Statements of Direct-Method Cash Flows for the periods ended September 30, 2016 and 2015.

2.2 Financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its Subsidiaries were prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") and represent the full, explicit and unreserved adoption of International Financial Reporting Standards as issued by the International Accounting Standards Board (hereinafter the "IASB").

These consolidated financial statements fairly reflect the equity and financial position of the Company and the results of its operations, changes in statement of income recognized and cash flows occurring during the periods then ended.

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

On October 17, 2014, the Chilean Superintendence of Securities and Insurance issued Official Communication No. 856 providing instructions for inspected entities to recognize in 2014 against equity differences in deferred tax assets and liabilities resulting directly from the increase in the corporate income introduced by Law No. 20.780. Such accounting treatment differs from that provided by International Accounting Standard 12 (IAS 12) and, accordingly, represented a change in the accounting framework for the preparation and presentation of financial information that had been adopted through such date.

Considering that indicated in the preceding paragraph, this represented a specific and temporary departure from the IFRS, starting from 2014 and in conformity with that established in paragraph 4<sup>a</sup> of IFRS 1, the Company has decided to retrospectively apply such standards (in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”) as if had never ceased their application.

Because of that indicated in the preceding paragraph it does not amend any of the accounts disclosed in the statements of financial position as of September 30, 2016 and 2015, in conformity with that indicated in paragraph 40A of IAS 1 “Presentation of Financial Statements”, the presentation of the statement of financial position as of January 1, 2015 (third column) is not necessary.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 2 Basis of presentation for the consolidated financial (continued)**

**2.2 Financial statements, continued**

The accounting policies used for the preparation of the annual consolidated accounts comply with all IFRS in issue at the reporting date.

As explained in Note 28.4, on September 29, 2014, Law No. 20.780 was enacted, which introduces amendments to the income tax system in Chile and addresses other tax matters. On October 17, 2014, the Chilean Superintendence of Securities and Insurance (SVS) issued Circular No. 856, which establishes that the effects of changes in income tax rates on deferred tax assets and liabilities must be recognized directly in “Retained earnings” in equity instead of the statement of income, which is different from that required by IAS 12.

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

**2.3 Basis of measurement**

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

- Inventories are recorded at the lower of cost and net realizable value.
- Other current and non-current asset and financial liabilities at amortized cost.
- Financial derivatives at fair value; and
- Staff severance indemnities and pension commitments at actuarial value.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

2.4 Accounting pronouncements

**New accounting pronouncements**

a) The following standards, interpretations and amendments are mandatory for the first time for annual periods beginning on January 1, 2016:

| <i>Amendments and improvements</i>   | Mandatory for annual periods beginning on |
|--|---|
| Amendment to <i>IFRS 11 “Joint Arrangements”</i> – on the acquisition of interest in a joint operation – Issued in May 2014. This amendment includes guidance related to the method for accounting for an acquisition of an interest in a joint operation in which the activity constitutes a business, specifying the proper treatment for such acquisitions.   | 01/01/2016                                |
| Amendment to <i>IAS 16 “Property, Plant and Equipment”</i> and <i>IAS 38 “Intangible Assets”</i> on depreciation and amortization – Issued in May 2014. The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate because revenue generated by such an activity in general reflects other factors other than the use of the economic benefits embedded in the asset or item of property, plant and equipment. Accordingly, a rebuttable presumption exists that a revenue-based depreciation or amortization method is inappropriate.                     | 01/01/2016                                |
| Amendment to <i>IAS 27 “Separate Financial Statements”</i> on the equity method – Issued in August 2014. This amendment allows entities to use the equity method of accounting for the recognition of investments in subsidiaries, joint ventures and associates in their separate financial statements.   | 01/01/2016                                |
| Amendment to <i>IFRS 10 “Consolidated Financial Statements”</i> and <i>IAS 28 “Investments in Associates and Joint Ventures”</i> . Issued in September 2014. This amendment addresses an inconsistency between the requirements of IFRS 10 and IAS 28 for the treatment of a sale or contribution of assets between an investor and its associate or joint venture. The main consequence of this amendment is the recognition of a full gain or loss when the transaction involves a business (whether or not in a subsidiary) and a partial gain or loss when the transaction involves assets that are not a business, even if such assets are in a subsidiary. | 01/01/2016                                |

Amendment to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures.” Issued in December 2014. The amendment clarifies the application of the exception from consolidation for investment entities and their subsidiaries. The amendment to IFRS 10 clarifies on the exception on consolidation available for entities in group structures that include investment entities. The amendment to IAS 28 allows an entity that is not an investment entity, but has an interest in an associated or joint venture that is an investment entity, an option of accounting policy in the application of the equity method. The entity may opt for maintaining measurement at fair value applied by the associate or joint venture that is an investment entity or, consolidating at investment entity level (associate or joint venture). 01/01/2016

Amendment to IAS 1 “Presentation of Financial Statements.” Issued in December 2014. This amendment clarifies the application guidance of IAS 1 on materiality and aggregation, presentation of subtotals, structure of the financial statements and disclosure of accounting policies. The amendments are part of the IASB’s Initiative on Disclosures. 01/01/2016

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

### 2.4 Accounting Pronouncements, continued

*Improvements to International Financial Reporting Standards (2014) issued in September 2014* Mandatory for annual periods beginning on

IFRS 5, "Non-current Assets Held for Sale and Discounted Operations." This amendment clarifies that when an asset (or disposal group) is reclassified from being "held for sale" to "held for distribution" or vice versa, this is not an amendment of a plan of sale or a plan of distribution and should not be accounted for as such. This means that the asset (or disposal group) is not to be reinstated in the financial statements as if it had never been classified as "held for sale" or "held for distribution," simply because disposal conditions have changed. The amendment also rectifies an omission in the standard explaining that guidance on changes in a sale plan has to be applied to an asset (or disposal group) that is no longer held for distribution, but is not reclassified as "held for sale."

*IFRS 7 "Financial Instruments: Disclosures"* It establishes two amendments to IFRS 7: (1) Service contracts: if a Company transfers a financial asset to a third party under conditions that allow the assigner to dispose of the asset, IFRS 7 requires the disclosure of any type of continued involvement that the entity may still have on transferred assets. IFRS 7 provides guidance on what is understood as continued involvement within this context. The amendment is prospective with the option of applying it retrospectively. This also affects IFRS 1 to provide the same option to the first-time adopters of IFRS 1; (2) Interim Financial Statements: The amendment clarifies that the additional disclosure required by amendments to IFRS 7 "Offsetting Financial Assets and Financial Liabilities" is not specifically required for all interim periods, unless required by IAS 34. The amendment is retrospective.

*IAS 19, "Employee Benefits"* – This amendment clarifies that in order to determine the discount rate for post-employment benefit obligations, the important aspect is the currency in which liabilities are denominated, not the country where they generate. The evaluation of whether a deep market exists for high-quality corporate bonds is based on corporate bonds in such currency, not in corporate bonds of a particular country. Likewise, where there is no deep market for high-quality corporate bonuses in such currency, government bonds in the related currency have to be used. Such amendment is retrospective but limited at the beginning of the first period presented.

*IAS 34, "Interim Financial Reporting"* – This amendment clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and amends IAS 34 to require the inclusion of a cross-reference from the interim financial statements to the location of the information. This amendment is retrospective.

The adoption of the standards, amendments and interpretations indicated above has no significant impact on the Company's consolidated financial statements.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

### 2.4 Accounting Pronouncements, continued

b) Standards, interpretations and amendments issued, not effective for the financial statements beginning on January 1, 2016, which the Company has not adopted early are as follows:

#### *Standards and Interpretations*

Mandatory for annual periods beginning on

*IFRS 9 “Financial Instruments”* – Issued in July 2014. The IASB has issued the full version of IFRS 9, which supersedes the application guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and financial liabilities and an expected credit losses model that replaces the incurred loss impairment model used today. The final hedging accounting part of IFRS 9 was issued in November 2013. Early adoption is permitted. 01/01/2018

*IFRS 15 “Revenue from Contracts with Customers”* – Issued in May 2014. This standard establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. For such purposes, the basic principle is that an entity will recognize revenue representing the transfer of goods or services to customers in an amount that reflects the consideration that the entity expects to receive in exchange for such goods or services. The application of this standard will replace IAS 11 Construction Contracts and IAS 18 Revenue, as well as IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue-Barter Transactions Involving Advertising Services. Early application is permitted. 01/01/2018

*IFRS 16 “Leases”* – issued in January 2016 establishes the principle for the recognition, measurement, presentation and disclosure of leases. IFRS 16 supersedes the current IAS 17 and introduces a single model for accounting recognition for lessees and requires a lessee to recognize the assets and liabilities of all lease contracts over a term of more than 12 months, unless the underlying asset has a low value. The objective is ensuring that lessees and lessors provide relevant information that fairly represents transactions conducted. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, early adoption is permitted for entities applying IFRS 15 or prior to the date of initial application of IFRS 16. 01/01/2019

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

**2.4 Accounting Pronouncements, continued**

| <i>Amendments and improvements</i>   | Mandatory<br>for annual<br>periods<br>beginning<br>on |
|--|---|
| Amendment to IAS 7 “ <i>Statement of Cash Flows.</i> ” – Issued in February 2016. This amendment introduces additional disclosures allowing users of financial statements to assess changes in obligations from financing activities.  | 01/01/2017  |
| Amendment to IAS 12 “ <i>Income Taxes.</i> ” - Issued in February 2016. This amendment clarifies how to account for deferred tax assets related to debt securities measured at fair value.   | 01/01/2017  |
| Amendment to IFRS 15 “Revenue from Contracts with Customers” issued in April 2016. This amendment provides clarification for the guidance for the identification of performance obligations in contracts with customers, the accounting for intellectual property license and the assessment of principal versus agent (gross presentation vs. net presentation of revenue). It includes new and amended illustrative examples, as well as practical examples related to the transition to the new revenue standard. | 01/01/2018  |

The Company's management is in the process of assessing the impacts on the consolidated financial statements of the adoption of IFRS 9, IFRS 15 and IFRS 16. However, for the remaining standards, amendments and interpretations described above, it believes they will not have any significant impact for the initial application period.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

2.5

Basis of consolidation

**(a) Subsidiaries**

Relate to all the entities on which Sociedad Química y Minera de Chile S.A. has control when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those variable returns through its power over the entity. Subsidiaries apply the same accounting policies of their Parent.

To account for the acquisition, the Company uses the acquisition method. Under this method the acquisition cost is the fair value of assets delivered, equity securities issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingencies assumed in a business combination are measured initially at fair value at the acquisition date. For each business combination, the Company will measure non-controlling interest of the acquiree either at fair value or as proportional share of net identifiable assets of the acquiree.

**Companies included in consolidation:**

| TAX ID No. | Foreign subsidiaries              | Country of origin | Functional currency | Ownership interest |          | 09/30/2016 Total | 12/31/2015 Total |
|------------|-----------------------------------|-------------------|---------------------|--------------------|----------|------------------|------------------|
|            |                                   |                   |                     | Direct             | Indirect |                  |                  |
| Foreign    | Nitratos Naturais Do Chile Ltda.  | Brazil            | US\$                | 0.0000             | 100.0000 | 100.0000         | 100.0000         |
| Foreign    | Nitrate Corporation Of Chile Ltd. | United Kingdom    | US\$                | 0.0000             | 100.0000 | 100.0000         | 100.0000         |
| Foreign    | SQM North America Corp.           | USA               | US\$                | 40.0000            | 60.0000  | 100.0000         | 100.0000         |
| Foreign    | SQM Europe N.V.                   | Belgium           | US\$                | 0.5800             | 99.4200  | 100.0000         | 100.0000         |
| Foreign    | Soquimich S.R.L. Argentina        | Argentina         | US\$                | 0.0000             | 100.0000 | 100.0000         | 100.0000         |
| Foreign    | Soquimich European Holding B.V.   | Netherlands       | US\$                | 0.0000             | 100.0000 | 100.0000         | 100.0000         |
| Foreign    | SQM Corporation N.V.              | Netherlands       | US\$                | 0.0002             | 99.9998  | 100.0000         | 100.0000         |

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|         |   |             |      |        |          |          |          |
|---------|---|-------------|------|--------|----------|----------|----------|
| Foreign | SQI Corporation<br>N.V.                               | Netherlands | US\$ | 0.0159 | 99.9841  | 100.0000 | 100.0000 |
| Foreign | SQM Comercial De<br>México S.A. de<br>C.V.            | Mexico      | US\$ | 0.0100 | 99.9900  | 100.0000 | 100.0000 |
| Foreign | North American<br>Trading Company<br>Administración y | USA         | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | Servicios Santiago<br>S.A. de C.V.                    | Mexico      | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Peru S.A.   | Peru        | US\$ | 0.9800 | 99.0200  | 100.0000 | 100.0000 |
| Foreign | SQM Ecuador S.A.                                      | Ecuador     | US\$ | 0.0040 | 99.9960  | 100.0000 | 100.0000 |
| Foreign | SQM Nitratos<br>Mexico S.A. de<br>C.V.                | Mexico      | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQMC Holding<br>Corporation L.L.P.                    | USA.        | US\$ | 0.1000 | 99.9000  | 100.0000 | 100.0000 |
| Foreign | SQM Investment<br>Corporation N.V.                    | Netherlands | US\$ | 1.0000 | 99.0000  | 100.0000 | 100.0000 |
| Foreign | SQM Brasil<br>Limitada                                | Brazil      | US\$ | 1.0900 | 98.9100  | 100.0000 | 100.0000 |
| Foreign | SQM France S.A.                                       | France      | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |
| Foreign | SQM Japan Co. Ltd.                                    | Japan       | US\$ | 1.0000 | 99.0000  | 100.0000 | 100.0000 |
| Foreign | Royal Seed Trading<br>Corporation A.V.V.              | Aruba       | US\$ | 1.6700 | 98.3300  | 100.0000 | 100.0000 |
| Foreign | SQM Oceania Pty<br>Limited                            | Australia   | US\$ | 0.0000 | 100.0000 | 100.0000 | 100.0000 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 2 Basis of presentation for the consolidated financial statements (continued)****2.5 Basis of consolidation, continued**

| TAX ID No. | Foreign subsidiaries                        | Country of origin | Functional currency | Ownership interest |          | 09/30/2016<br>Total | 12/31/2015<br>Total |
|------------|---|-------------------|---------------------|--------------------|----------|---------------------|---------------------|
|            |   |                   |                     | Direct             | Indirect |                     |                     |
| Foreign    | Rs Agro-Chemical Trading Corporation A.V.V. | Aruba             | US\$                | 98.3333            | 1.6667   | 100.0000            | 100.0000            |
| Foreign    | SQM Indonesia S.A.                          | Indonesia         | US\$                | 0.0000             | 80.0000  | 80.0000             | 80.0000             |
| Foreign    | SQM Virginia L.L.C.                         | USA               | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Italia SRL                              | Italy             | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | Comercial Caimán Internacional S.A.         | Panama            | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Africa Pty.                             | South Africa      | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Lithium Specialties LLC                 | USA               | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Iberian S.A.                            | Spain             | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Agro India Pvt. Ltd.                    | India             | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Beijing Commercial Co. Ltd.             | China             | US\$                | 0.0000             | 100.0000 | 100.0000            | 100.0000            |
| Foreign    | SQM Thailand Limited                        | Thailand          | US\$                | 0.0000             | 99.996   | 99.996              | 99.996              |
| Foreign    | SQM Vitas Spain                             | Spain             | Euro                | 0.0000             | 100.0000 | 100.0000            | -                   |

| TAX ID No.   | Domestic subsidiaries     | Country of origin | Functional currency | Ownership interest |          | 09/30/2016<br>Total | 12/31/2015<br>Total |
|--------------|---------------------------|-------------------|---------------------|--------------------|----------|---------------------|---------------------|
|              |                           |                   |                     | Direct             | Indirect |                     |                     |
| 96.801.610-5 | Comercial Hydro S.A.      | Chile             | US\$                | 0.0000             | 60.6383  | 60.6383             | 60.6383             |
| 96.651.060-9 | SQM Potasio S.A.          | Chile             | US\$                | 99.9999            | 0.0000   | 99.9999             | 99.9999             |
| 96.592.190-7 | SQM Nitratos S.A.         | Chile             | US\$                | 99.9999            | 0.0001   | 100.0000            | 100.0000            |
| 96.592.180-K | Ajay SQM Chile S.A.       | Chile             | US\$                | 51.0000            | 0.0000   | 51.0000             | 51.0000             |
| 86.630.200-6 | SQMC Internacional Ltda.  | Chile             | Ch\$                | 0.0000             | 60.6381  | 60.6381             | 60.6381             |
| 79.947.100-0 | SQM Industrial S.A.       | Chile             | US\$                | 99.0470            | 0.9530   | 100.0000            | 100.0000            |
| 79.906.120-1 | Isapre Norte Grande Ltda. | Chile             | Ch\$                | 1.0000             | 99.0000  | 100.0000            | 100.0000            |

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|              |   |       |      |          |          |          |          |
|--------------|---|-------|------|----------|----------|----------|----------|
| 79.876.080-7 | Almacenes y Depósitos Ltda.                                   | Chile | Ch\$ | 1.0000   | 99.0000  | 100.0000 | 100.0000 |
| 79.770.780-5 | Servicios Integrales de Tránsitos y Transferencias S.A.       | Chile | US\$ | 0.0003   | 99.9997  | 100.0000 | 100.0000 |
| 79.768.170-9 | Soquimich Comercial S.A.                                      | Chile | US\$ | 0.0000   | 60.6383  | 60.6383  | 60.6383  |
| 79.626.800-K | SQM Salar S.A.  | Chile | US\$ | 18.1800  | 81.8200  | 100.0000 | 100.0000 |
| 78.053.910-0 | Proinsa Ltda.   | Chile | Ch\$ | 0.0000   | 60.5800  | 60.5800  | 60.5800  |
| 76.534.490-5 | Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | Chile | Ch\$ | 0.0000   | 100.0000 | 100.0000 | 100.0000 |
| 76.425.380-9 | Exploraciones Mineras S.A.                                    | Chile | US\$ | 0.2691   | 99.7309  | 100.0000 | 100.0000 |
| 76.064.419-6 | Comercial Agrorama Ltda. (a)                                  | Chile | Ch\$ | 0.0000   | 42.4468  | 42.4468  | 42.4468  |
| 76.145.229-0 | Agrorama S.A.   | Chile | Ch\$ | 0.0000   | 60.6377  | 60.6377  | 60.6377  |
| 76.359.919-1 | Orcoma Estudios SPA   | Chile | US\$ | 51.0000  | -        | 51.0000  | 51.0000  |
| 76.360.575-2 | Orcoma SPA  | Chile | US\$ | 100.0000 | -        | 100.0000 | 100.0000 |

(a) The Company consolidated Comercial Agrorama Ltda. as it has the control of this company's relevant activities.

Subsidiaries are consolidated using the line-by-line method, adding the items that represent assets, liabilities, revenues, and expenses of similar content, and eliminating those related to intragroup transactions.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

**2.5 Basis of consolidation, continued**

Profit or loss of depending companies acquired or disposed of during the year are included in profit or loss accounts consolidated from the date control is transferred to the Group, or up to the date control is lost, as applicable.

Non-controlling interest represents the equity of a subsidiary not directly or indirectly attributable to the Parent.

2.6 Significant accounting judgments, estimates and assumptions

Management of Sociedad Química y Minera de Chile S.A. and its subsidiaries is responsible for the information contained in these consolidated financial statements, which expressly indicate that all the principles and criteria included in IFRSs, as issued by the International Accounting Standards Board (IASB), have been applied in full.

In preparing the consolidated financial statements of Sociedad Química y Minera de Chile S.A. and its subsidiaries, Management has made judgments and estimates to quantify certain assets, liabilities, revenues, expenses and commitments included therein. Basically, these estimates refer to:

- The useful lives of property, plant and equipment, and intangible assets and their residual value;
- Impairment losses of certain assets, including trade receivables;

Assumptions used in calculating the actuarial amount of pension-related and severance indemnity payment benefit commitments;

- Provisions for commitments assumed with third parties and contingent liabilities;

-



Provisions on the basis of technical studies that cover the different variables affecting products in stock (density and moist, among others), and allowance for slow-moving spare-parts in stock;

- Future cost for closure of mining sites;
- The determination of the fair value of certain financial assets and derivative instruments;
- The determination and assignment of fair values in business combinations.

Despite the fact that these estimates have been made on the basis of the best information available on the date of preparation of these consolidated financial statements, certain events may occur in the future and oblige their amendment (upwards or downwards) over the next few years, which would be made prospectively, recognizing the effects of the change in estimates in the related future consolidated financial statements.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 3 Significant accounting policies

3.1 Classification of balances as current and non-current

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

The exception to the foregoing relates to deferred taxes, which are classified as non-current, regardless of the maturity they have.

3.2 Functional and presentation currency

The Company's consolidated financial statements are presented in United States dollars ("U.S. dollars" or "US\$"), which is the Company's functional and presentation currency and is the currency of the main economic environment in which it operates.

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

The consolidated financial statements are presented in thousands of United States dollars without decimals.

3.3 Foreign currency translation

**(a) Group entities:**

The revenue, expenses, assets and liabilities of all entities that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- Assets and liabilities are converted at the closing exchange rate prevailing on the reporting date.
  
- Revenues and expenses of each profit or loss account are converted at monthly average exchange rates.

All resulting foreign currency translation gains and losses are recognized as a separate component in translation reserves.

In consolidation, foreign currency differences arising from the translation of a net investment in foreign entities are recorded in equity (other reserves). At the date of disposal, such foreign currency translation differences are recognized in the statement of income as part of the gain or loss from the sale.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

**3.3 Foreign currency translation, continued**

The main exchange rates used to translate monetary assets and liabilities, expressed in foreign currency at the end of each period in respect to U.S. dollars, are as follows:

|                    | <b>09/30/2016</b> | <b>12/31/2015</b> |
|--------------------|-------------------|-------------------|
|                    | <b>US\$</b>       | <b>US\$</b>       |
| Brazilian real     | 3.24              | 3.90              |
| New Peruvian sol   | 3.39              | 3.41              |
| Argentine peso     | 15.10             | 12.90             |
| Japanese yen       | 101.20            | 120.61            |
| Euro               | 1.12              | 0.92              |
| Mexican peso       | 19.63             | 17.34             |
| Australian dollar  | 0.76              | 0.73              |
| Pound Sterling     | 1.29              | 0.67              |
| South African rand | 13.71             | 15.61             |
| Ecuadorian dollar  | 1.00              | 1.00              |
| Chilean peso       | 658.02            | 710.16            |
| UF                 | 39.85             | 36.09             |

**(b) Transactions and balances**

Non-monetary transactions in currencies other than the functional currency (U.S. dollar) foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. All differences are recorded in the statement of income except for all monetary item that provide effective hedge for a net investment in a foreign operation. These items are recognized in other comprehensive income on the disposal of the investment; at the time they are recognized in the statement of income. Charges and credits attributable to foreign currency translation differences on those hedge monetary item are also recognize in other comprehensive income.

Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are retranslated to the functional currency at the historical exchange rate of the transaction. Non-monetary items that are measured based on

fair value in a foreign currency are translated using the exchange rate at the date on which the fair value is determined.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

3.4

Subsidiaries

SQM S.A. establishes, as basis, the control exercised in subsidiaries, to determine their share in the consolidated financial statements. Control consists of the Company's ability to exercise power in the subsidiary, exposure, or right, to variable performance from its share in the investee and the ability to use its power on the investee to have an influence on the amount of the investor's performance.

The Company prepares the consolidated financial statements using consistent accounting policies for the entire Group, the consolidation of a subsidiary commences when the Company has control over the subsidiary and stops when control ceases.

3.5

Consolidated statement of cash flows

Cash equivalents correspond to highly-liquid short-term investments that are easily convertible in known amounts of cash. They are subject to insignificant risk of changes in their value and mature in less than three months from the date of acquisition of the instrument.

For purposes of the statement of cash flows, cash and cash equivalents comprise cash and cash equivalents as defined above.

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

3.6

Financial assets

Management determines the classification of its financial assets at the time of initial recognition, on the basis of the business model for the management of financial assets and the characteristics of contractual cash flows from the financial assets. In accordance with IAS 39, financial assets are measured initially at fair value plus transaction costs

that may have been incurred and are directly attributable to the acquisition of the financial asset. Subsequently, financial assets are measured at amortized cost or fair value.

The Company assesses, at each reporting date, whether there is objective evidence that an asset or group of assets is impaired. An asset or group of financial assets is impaired if and only if there is evidence of impairment as a result of one or more events occurring after the initial recognition of the asset or group of assets. For the recognition of impairment, the loss event has to have an impact on the estimate of future cash flows from the asset or groups of financial assets.

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

3.7 Financial liabilities

Management determines the classification of its financial liabilities at the time of initial recognition. As established in IAS 39, financial liabilities at the time of initial recognition are measured at fair value, less transaction costs that may have been incurred and are directly attributable to the issue of the financial liability. Subsequently, these are measured at amortized cost using the effective interest method. For financial liabilities that have been initially recognized at fair value through profit or loss, these will be measured subsequently at fair value.

3.8 Financial instruments at fair value through profit or loss

Management will irrevocably determine, at the time of initial recognition, the designation of a financial instrument at fair value through profit or loss. By doing so, this eliminates and/or significantly reduces measurement or recognition inconsistency that would otherwise have arisen from the measurement of assets or liabilities or from the recognition of gains and losses from them on different bases.

3.9 Financial instrument offsetting

The Company offsets an asset and liability if and only if it presently has a legally enforceable right of setting off the amounts recognized and has the intent of settling for the net amount of realizing the asset and settling the liability simultaneously.

3.10 Reclassification of financial instruments

At the time when the Company changes its business model for managing financial assets, it will reclassify the financial assets affected by the new business model.

For financial liabilities these could not be reclassified.



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

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

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

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

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

**3.11 Derivative and hedging financial instruments, continued**

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

The fair value of derivative instruments used for hedging purposes is shown in Note 10.3 (hedging assets and liabilities). Changes in the cash flow hedge reserve are classified as a non-current asset or liability if the remaining expiration period of the hedged item is higher than 12 months, and as a current asset or liability if the remaining expiration period of the entry is lower than 12 months.

Derivatives that are not designated or do not qualify as hedging derivatives are classified as current assets or liabilities, and changes in the fair value are directly recognized through profit or loss.

*(a) Fair value hedge*

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

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

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

*(b) Cash flow hedges*

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

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, as when the hedged interest income or expense is recognized when a projected sale occurs. When the hedged entry is the cost of a non-financial asset or liability, amounts taken to other reserves are transferred to the initial carrying value of the non-financial asset or liability.

Should the expected firm transaction or commitment no longer be expected to occur, the amounts previously recognized in equity are transferred to profit or loss. If a hedge instrument expires, is sold, finished, or exercised without any replacement, or if a rollover is performed or if its designation as hedging is revoked, the amounts previously recognized in other reserves are maintained in equity until the expected firm transaction or commitment occurs.

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

3.12 Derecognition of financial instruments

In accordance with IAS 39, the Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred; and the control of the financial assets has not been retained.

The Company derecognizes a financial liability when its contractual obligations or a part of these are discharged, paying to the creditor or its legally extinguished entity the primary responsibility for the liability.

3.13 Derivative financial instruments

The Company maintains derivative financial instruments to hedge its exposure to foreign currencies. Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized when incurred. Subsequent to initial recognition, changes in fair value of such derivatives are recognized in profit or loss as part of gains and losses.

The Company permanently assesses the existence of embedded derivatives, both in its contracts and financial instruments. As of September 30, 2016 and December 31, 2015, there are no embedded derivatives.

3.14 Fair value measurements

From the initial recognition, the Company measures its assets and liabilities at fair value plus or minus transaction costs incurred that are directly attributable to the acquisition of a financial asset or issuance of a financial liability.

3.15 Leases

*(a) Lease - Finance lease*

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

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

*(b) Lease – Operating lease*

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

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

3.16 Deferred acquisition costs from insurance contracts

Acquisition costs from insurance contracts are classified as prepayments and correspond to insurance contracts in force, recognized using the straight-line method and on an accrual basis, and are recognized under other non-financial assets.

3.17 Trade and other receivables

Trade and other receivables relate to non-derivative financial assets with fixed and determinable payments and are not quoted in any active market. These arise from sales operations involving the products and/or services, of which the Company commercializes directly to its customers.

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

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

3.18 Inventory measurement

The Company states inventories for the lower of cost and net realizable value. The cost price of finished products and products in progress includes the direct cost of materials and, when applicable, labor costs, indirect costs incurred to transform raw materials into finished products, and general expenses incurred in carrying inventories to their current location and conditions. The method used to determine the cost of inventories is weighted average cost.

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

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

The Company conducts an evaluation of the net realizable value of inventories at the end of each year, recording an estimate with a charge to income when these are overstated. When a situation arises whereby the circumstances, which previously caused the rebate to cease to exist, or when there is clear evidence of an increase in the net realizable value due to a change in the economic circumstances or prices of main raw materials, the estimate made previously is modified.

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

**3.18**

**Inventory measurement, continued**

The valuation of obsolete, impaired or slow-moving products relates to their net estimated, net realizable value.

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

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

**3.19**

**Investments in associates and joint ventures**

Interests in companies on which joint control is exercised (joint venture) or where an entity has significant influence (associates) are recognized using the equity method of accounting. Significant influence is presumed to exist when interest greater than 20% is held in the capital of an investee.

Under this method, the investment is recognized in the statement of financial position at cost plus changes, subsequent to the acquisition, and considering the proportional share in the equity of the associate. For such purposes, the interest percentage in the ownership of the associate is used. The associated goodwill acquired is included in the carrying amount of the investee and is not amortized. The debit or credit to profit or loss reflects the proportional share in the profit or loss of the associate.

Unrealized gains for transactions with affiliates or associates are eliminated considering the interest percentage the Company has on such entities. Unrealized losses are also eliminated, except if the transaction provides evidence of impairment loss of the transferred asset.



Changes in the equity of associates are recognized considering the proportional amounts with a charge or credit to “Other reserves” and classified considering their origin.

Reporting dates of the associate, the Company and related policies are similar for equivalent transactions and events under similar circumstances.

In the event that the significant influence is lost or the investment is sold or is held as available for sale, the equity method is discontinued, suspending the recognition of proportional share of profit or loss.

If the resulting amount according to the equity method is negative, the share of profit or loss is reflected at zero value in the consolidated financial statements, unless a commitment exists by the Company to reinstate the Company’s equity position, in which case the related provision for risks and expenses is recorded.

Dividends received by these companies are recorded by reducing the equity value, and the proportional share of profit or loss recognized in conformity with the share of equity are included in the consolidated profit or loss accounts in the caption “Equity share of profit (loss) of associates and joint ventures that are accounted for using the equity method of accounting”.

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

3.20 Transactions with non-controlling interests

Non-controlling interests are recorded in the consolidated statement of financial position within equity separate from equity attributable to the owners of the Parent.

3.21 Related party transactions

Transactions between the Company and its subsidiaries are part of the Company's normal operations within its scope of business activities. Conditions for such transactions are those normally effective for those types of operations with regard to terms and market prices. Also, these transactions have been eliminated in consolidation. Expiration conditions for each case vary by virtue of the originating transaction.

3.22 Property, plant and equipment

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

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

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

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

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

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

**3.22 Property, plant and equipment, continued**

The replacement of full assets, which increase the asset's useful life or its economic capacity, are recorded as a higher value of property, plant and equipment with the related derecognition of replaced or renewed elements.

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

Costs derived from daily maintenance of property, plant and equipment are recognized when incurred.

3.23 Depreciation of property, plant and equipment

Property, plant and equipment are depreciated through the straight-line distribution of cost over the estimated technical useful life of the asset which is the period in which the Company expects to use the asset. When components of one item of property, plant and equipment have different useful lives, they are recorded as separate assets. Useful lives are reviewed on an annual basis.

In the case of mobile equipment depreciation is performed depending on the hours of operation

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

| Types of property, plant and equipment | Minimum life<br>or rate | maximum life<br>or rate |
|--|-------------------------|-------------------------|
| Buildings                              | 2                       | 40                      |
| Machinery                              | 2                       | 25                      |

|                                     |   |    |
|-------------------------------------|---|----|
| Transport equipment                 | 3 | 30 |
| Furniture and fixtures              | 2 | 18 |
| Office equipment                    | 1 | 20 |
| Production plants                   | 1 | 25 |
| Mining assets                       | 2 | 20 |
| Other property, plant and equipment | 1 | 30 |

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

3.24

Goodwill

Goodwill acquired represents the excess in acquisition cost on the fair value of the Company's ownership of the net identifiable assets of the subsidiary on the acquisition date. Goodwill acquired related to the acquisition of subsidiaries is included in goodwill, which is subject to impairment tests every time consolidated financial statements are issued, and is stated at cost less accumulated impairment losses. Gains and losses related to the sale of an entity include the carrying value of goodwill related to the entity sold.

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

3.25

Intangible assets other than goodwill

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

*(a) Water rights*

Water rights acquired by the Company relate to water from natural sources and are recorded at acquisition cost. Given that these assets represent legal rights granted in perpetuity to the Company, they are not amortized, but are subject to annual impairment tests.

*(b)*

*Right of way for electric lines*

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

(c)

*Computer software*

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

Expenses related to the development or maintenance of IT programs are recognized as an expense as and when incurred. Costs directly related to the production of unique and identifiable IT programs controlled by the Group, and which will probably generate economic benefits that are higher than costs during more than a year, are recognized as intangible assets. Direct costs include expenses of employees that develop information technology software and general expenses in accordance with corporate charges received.

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

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

**3.25 Intangible assets other than goodwill, continued**

(d) *Mining property and concession rights*

The Company holds mining property and concession rights from the Chilean Government. Property rights are usually obtained with no initial cost (other than the payment of mining patents and minor recording expenses) and upon obtaining rights on these concessions, these are retained by the Company while annual patents are paid. Such patents, which are paid annually, are recorded as prepaid assets and amortized over the following twelve months. Amounts attributable to mining concessions acquired from third parties that are not from the Chilean Government are recorded at acquisition cost within intangible assets.

No impairment of intangible assets exists as of September 30, 2016 and December 31, 2015.

3.26 *Research and development expenses*

Research and development expenses are charged to profit or loss in the period in which the disbursement was made.

3.27 *Prospecting expenses*

The Company has mining property and concession rights from the Chilean Government and acquired from third parties other than the Chilean Government, destined to the exploitation of caliche ore and saltpeter deposits and also the exploration of this type of deposits.

Upon obtaining these rights, the Company initially records disbursements directly associated with the exploration and evaluation of deposits (associated with small deposits with trading feasibility) as asset at cost. Such disbursements include the following concepts:



- Disbursements for geological reconnaissance evaluation
  - Disbursements for drilling
    - Disbursements for drilling work and sampling
- Disbursements for activities related to technical assessment and trading feasibility of drilling work
- And any disbursement directly related to specific projects where its objective is finding mining resources.

Subsequently, the Company distinguishes exploration and evaluation projects according to the economic feasibility of the mineral extracted in the area or exploration, among those that finally will deliver future benefits to the Company (profitable projects) and those projects for which it is not probable that economic benefit will flow to the Company in the future (i.e., when the mine site has low ore grade and its exploitation is not economically profitable).

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

**3.27 Prospecting expenses, continued**

If technical studies determine that the ore grade is not economically suitable for exploitation, the asset is directly expensed. Otherwise, it is held in the caption “other non-current assets”, reclassifying the portion related to the area to be exploited in the year in the caption inventories and such amount is amortized as production cost on the basis of estimated tons to be extracted.

The technical reasons for this classification correspond to the fact that this is an identifiable non-monetary asset that is owned to be used in the production of our processes as a main raw material.

For this reason and because our disbursements correspond to proven reserves with a trading feasibility and used as main raw material in our production processes, these are presented as inventories that will be exploited within the commercial year and the remainder as development expenses for small deposits and prospecting expenses in the caption “other non-current assets”.

3.28

Impairment of non-financial assets

Assets subject to depreciation and amortization are subject to impairment testing, provided that an event or change in the circumstances indicates that the amounts in the accounting records may not be recoverable. An impairment loss is recognized for the excess of the book value of the asset over its recoverable amount.

The recoverable amount of an asset is the higher between the fair value of an asset or cash generating unit (“CGU”) less costs of sales and its value in use, and is determined for an individual asset unless the asset does not generate any cash inflows that are clearly independent from other assets or groups of assets.

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

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

To determine the fair value less costs to sell, an appropriate valuation model is used.

Impairment losses from continuing operations are recognized with a debit to profit or loss in the categories of expenses associated with the impaired asset function, except for properties reevaluated previously where the revaluation was taken to equity.

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

**3.28 Impairment of non-financial assets, continued**

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

**3.29 Minimum dividend**

As required by the Shareholders' Corporations Act, unless decided otherwise by the unanimous vote by the shareholders of subscribed and paid shares, a public company must distribute dividends as agreed by the shareholders at the General Shareholders' Meeting held each year with a minimum of 30% of its profit, except when the Company records unabsorbed losses from prior years. However, the Company defines as policy the distribution of 50% of its profit for the year.

**3.30 Earnings per share**

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

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

**3.31 Trade and other payables**

Trade and other payables are measured at fair value plus all costs associated with the transaction. Subsequently, these are carried at amortized cost using the effective interest rate method.

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

3.32 Interest-bearing borrowings

At initial recognition, interest-bearing borrowings are measured at fair value. Subsequently, they are measured at amortized cost using the effective interest rate method. Amortized cost is calculated considering any premium or discount from the acquisition and includes costs of transactions which are an integral part of the effective interest rate.

These are recorded as non-current when their expiration period exceeds twelve months and as current when the term is lower than such term. Interest expense is calculated in the year in which they are accrued following a financial criterion.

3.33 Other provisions

Provisions are recognized when:

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

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

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

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

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

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

3.34 Obligations related to employee termination benefits and pension commitments

Obligations with the Company's employees are in accordance with that established in the collective bargaining agreements in force, formalized through collective employment agreements and individual employment contracts, except for the United States that is regulated in accordance with employment plans in force up to 2002.

These obligations are valued using actuarial calculations, according to the projected unit credit method which considers such assumptions as the mortality rate, employee turnover, interest rates, retirement dates, effects related to increases in employees' salaries, as well as the effects on variations in services derived from variations in the inflation rate. This, considering criteria in force contained in the revised IAS 19.

Actuarial gains and losses that may be generated by variations in defined, pre-established obligations are directly recorded in other comprehensive income.

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

The discount rate used by the Company for calculating the obligation was 4.511% and 4.89% for the periods ended September 30, 2016 and December 31, 2015, respectively.

The Company's subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation using a net salary progressive rate net of adjustments for inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 5.5% interest rate for 2016 and 2015. The net balance of this obligation is presented under the non-current provisions for employee benefits.



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

3.36

Revenue recognition

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

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

**3.36 Revenue recognition, continued**

Revenue is recognized when its amount can be stated reliably. It is possible that the future economic rewards will flow to the entity and the specific conditions for each type of activity related revenue are complied with, as follows:

*(a) Sale of goods*

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

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

*(b) Sale of services*

Revenue associated with the rendering of services is recognized considering the degree of completion of the service as of the date of presentation of the consolidated classified statement of financial position, provided that the result from the transaction can be estimated reliably.

*(c) Interest income*

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

*(d)Income from dividends*

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

3.37

Finance income and finance costs

Finance income is mainly composed of interest income in financial instruments such as term deposits and mutual fund deposits. Interest income is recognized in profit or loss at amortized cost, using the effective interest rate method.

Finance costs are mainly composed of interest on bank borrowing expenses, interest on bonds issued and interest capitalized for borrowing costs for the acquisition, construction or production or qualifying assets.

Borrowing costs and bonds issued are recognized in profit or loss using the effective interest rate method.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

**3.37 Finance income and finance costs, continued**

For finance costs accrued during the construction period that are directly attributable to the acquisition, construction or production of qualifying assets, the effective interest rate related to the project's specific financing is used. If none exist, the average financing rate of the subsidiary that makes the investment is utilized. Borrowing and financing costs that are directly attributable to the acquisition, construction or production of an asset are capitalized as part of that asset's cost.

3.38

Income tax and deferred taxes

Corporate income tax for the year is determined as the sum of current taxes from the different consolidated companies.

Current taxes are based on the application of the various types of taxes attributable to taxable income for the year.

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

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

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

At each reporting period, the carrying amount of deferred tax assets has been reviewed and reduced to the extent there will not be sufficient taxable income to allow the recovery of all or a portion of the deferred tax assets. Likewise, as of the date of the consolidated financial statements, deferred tax assets that are not recognized were evaluated and not recognized as it was more likely than not that future taxable income will allow for recovery of the deferred tax asset.

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

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

**3.38 Income tax and deferred taxes, continued**

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

3.39

Segment reporting

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

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

For assets and liabilities the allocation to each segment is not possible given that these are associated with more than one segment, except for depreciation, amortization and impairment of assets, which are directly allocated to the applicable segments, in accordance with the criteria established in the costing process for product inventories.

The following operating segments have been identified by the Company:

|   |                           |
|---|---------------------------|
| - | Specialty plant nutrients |
| - | Industrial chemicals      |
| - | Iodine and derivatives    |

|   |                             |
|---|-----------------------------|
| - | Lithium and derivatives     |
| - | Potassium                   |
| - | Other products and services |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

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

3.40

Environment

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

**Note 4 Financial risk management**

4.1

Financial risk management policy

The Company's financial risk management policy is focused on safeguarding the stability and sustainability of Sociedad Química y Minera de Chile S.A. and its subsidiaries with regard to all such relevant financial uncertainty components.

The Company's operations are subject to certain financial risk factors that may affect its financial position or results. The most significant risk exposures are market risk, liquidity risk, currency risk, doubtful accounts risk, and interest rate risk, among others.

Potentially, additional known or unknown risks may exist, of which we currently deem not to be significant, which could also affect the Company's business operations, its business, financial position, or profit or loss.

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

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**Note 4 Financial risk management, continued**

4.2 Risk factors

**4.2.1 Market risk**

Market risk refers to the uncertainty associated with fluctuations in market variables affecting the Company's assets and liabilities, including:

Country risk: The economic situation of the countries where the Company operates may affect its financial position. For example, sales conducted in emerging markets expose SQM to risks related to economic conditions and trends in those countries. In addition, inventories may also be affected by the economic scenario in such countries and/or the global economy, among other probable economic impacts.

Price risk: The Company's product prices are affected by the fluctuations in international prices of fertilizers and chemicals, as well as changes in productive capacities or market demand, all of which might affect the Company's business, financial position and results of operations.

Commodity price risk: The Company is exposed to changes in commodity prices and energy which may have an impact on its production costs that may cause unstable results.

As of to-date, the SQM Group incurs an annual expenditure of approximately US\$99 million associated with fuel, gas, energy and equivalents from which US\$61 million related to direct electrical supply consumption. A change of 10% in the prices of energy required for the Company's operations may involve costs of approximately US\$10 million in short-term movements.

The markets in which the Company operates are unpredictable, exposed to significant fluctuations in supply and demand, and price high volatility. Additionally, the supply of certain fertilizers or chemicals, including certain products which the Company trades, vary mainly depending on the production of top producers and their related business strategies. Accordingly, the Company cannot forecast with certainty changes in demand, responses from competitors or fluctuations in the final price of its products. These factors can lead to significant impacts on the Company's product sales volumes, financial position and share price.

Quality standards: In the markets in which we operate, customers might impose quality standards on our products and/or governments could enact more stringent standards for the distribution and/or use of our products.

- d) Consequently, we might not be able to sell our products if we are not able to meet those new standards. In addition, our production costs might increase to meet such new standards. Not being able to sell our products in one or more markets or to key customers might significantly affect our business, financial position or the results of our operations.

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#### **Note 4 Financial risk management, continued**

##### **4.2.2**

##### **Credit risk**

A contraction of the global economy and the potentially adverse effects in the financial position of our customers may extend the receivables recovery period for SQM, increasing its exposure to doubtful account risk. While measures have been taken to minimize such risk, the global economic situation may result in losses that might have a material adverse effect on the Company's business, financial position or results of operations.

To mitigate these risks, SQM actively controls debt collection and has established certain safeguards which include loan insurance, letters of credit, and prepayments for a portion of receivables.

Financial investments correspond to time deposits with maturities exceeding 90 days and less than 360 days from the investment date, so they are not exposed to significant market risks.

##### **4.2.3 Currency risk**

As a result of its influence on price level determination as well as its relationship with cost of sales, and since a significant portion of the Company's business transactions are performed in that foreign currency, the functional currency of SQM is the United States dollar. However, the global business activities of the Company expose it to the foreign exchange fluctuations of several currencies with respect to the value of the U.S. dollar. Accordingly, SQM has entered into hedge contracts to mitigate the exposure generated by its main mismatches (assets, net of liabilities) in currencies other than the U.S. dollar against the foreign exchange fluctuation. These contracts are periodically updated depending on the mismatch amount to be hedged in such currencies. Occasionally, and subject to the Board of Directors' approval, in the short-term the Company insures cash flows from certain specific items in currencies other than the U.S. dollar.

A significant portion of the Company's costs, particularly payroll, is denominated in Chilean pesos. Accordingly, an increase or decrease in the exchange rate against the U.S. dollar would affect the Company's profit for the period. Approximately US\$ 316 million of the Company's costs are denominated in Chilean pesos. A significant portion of the effect of such obligations on the statement of financial position is hedged by derivative instrument transactions on the balance mismatch in such currency.

As of September 30, 2016, the Company recorded derivative instruments classified as currency and interest rate hedges associated with all the bonds payable, denominated in UF, with a fair value of US\$41 million against SQM. As of December 31, 2015, this amounts to US\$75 million in against SQM.

As of September 30, 2016, the Chilean peso to U.S. dollar exchange rate was Ch\$658.02 per US\$1.00 (Ch\$ 710.16 per US\$ 1.00 as of December 31, 2015).

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#### **Note 4 Financial risk management, continued**

##### **4.2.4 Interest rate risk**

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

The Company has current and non-current debts valued at LIBOR, plus a spread. The Company is partially exposed to fluctuations in such rate, as SQM currently holds hedging derivative instruments to hedge a portion of its liabilities subject to the LIBOR rate fluctuations.

As of September 30, 2016, approximately 2% of the Company's financial liabilities are measured at LIBOR. Accordingly, any significant increase in this rate may have an impact on the Company's financial position. A 100 basic point variation in this rate may trigger variations in financial expenses of close to US\$ 0.03 million. However, this effect is significantly counterbalanced by the returns of the Company's investments that are also strongly related to LIBOR.

In addition, as of September 30, 2016, the Company's financial liabilities are mainly concentrated in the long-term and approximately 16% have maturities of less than 12 months, decreasing in the process the exposure to changes in interest rates.

##### **4.2.5 Liquidity risk**

Liquidity risk relates to the funds needed to comply with payment obligations. The Company's objective is to maintain financial flexibility through a comfortable balance between fund requirements and cash flows from regular business operations, bank borrowings, bonds, short term investments, and marketable securities, among others.

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

On the other hand, world financial markets go through periods of contraction and expansion that are unforeseeable in the long-term and may affect SQM's access to financial resources. Such factors may have a material adverse impact on the Company's business, financial position and results of operations.

SQM constantly monitors the matching of its obligations with its investments, taking due care of maturities of both, from a conservative perspective, as part of this financial risk management strategy. As of September 30, 2016, the Company had unused, available revolving credit facilities with banks, for a total of approximately US\$388 million.

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 4 Financial risk management, continued**

4.3

Risk measurement

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

Note 5 Changes in accounting estimates and policies (consistent presentation)

5.1

Changes in accounting estimates

The Company had no changes in the determination of accounting estimates at the closing date of the consolidated financial statements.

5.2

Changes in accounting policies

As of September 30, 2016, the Company's consolidated financial statements present no changes in accounting policies or estimates compared to the prior period.

The consolidated statements of financial position as of September 30, 2016 and December 31, 2015 and the statements of comprehensive income, changes in equity and cash flows for the periods ended September 30, 2016 and 2015, have been prepared in accordance with the Standards issued by the Chilean Superintendence of Securities and Insurance (SVS), which consider the International Financial Reporting Standards (IFRS), except for that indicated in Note 2.2, and the accounting principles and criteria have been applied consistently.

The accounting principles and criteria were applied consistently.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 6 Background of companies included in consolidation

6.1 Parent's stand-alone assets and liabilities

|             | 09/30/2016  | 12/31/2015  |
|-------------|-------------|-------------|
|             | ThUS\$      | ThUS\$      |
| Assets      | 3,792,792   | 4,012,556   |
| Liabilities | (1,505,480) | (1,672,771) |
| Equity      | 2,287,312   | 2,339,785   |

6.2

Parent entity

As provided in the Company's by-laws, no shareholder can concentrate more than 32% of the Company's voting right shares and therefore there is no controlling entity.

6.3

Joint arrangements of controlling interest

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Limitada, collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.97% as of September 30, 2016 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.12% of the total amount of issued, subscribed and fully-paid shares of SQM S.A.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

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

Group, and the Kowa Group into related parties of SQM S.A.

**Detail of effective concentration**

| Tax ID No.        | Name   | Ownership<br>interest % |
|-------------------|--|-------------------------|
| 96.511.530-7      | Sociedad de Inversiones Pampa Calichera S.A. | 19.72                   |
| 76.165.311-5      | Potasios de Chile S.A.                       | 6.91                    |
| 96.863.960-9      | Inversiones Global Mining (Chile) Limitada   | 3.34                    |
| Total Pampa Group |  | 29.97                   |
| 79.798.650-k      | Inversiones la Esperanza (Chile) Ltda.       | 1.43                    |
| 59.046.730-8      | Kowa Co Ltd.                                 | 0.30                    |
| 96.518.570-4      | Kochi S.A.                                   | 0.30                    |
| 59.023.690-k      | La Esperanza Delaware Corporation            | 0.09                    |
| Total Kowa Group  |  | 2.12                    |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)**

6.4

General information on consolidated subsidiaries

As of September 30, 2016 and December 31, 2015, the general information of the companies on which the Company exercises control and significant influence is as follows:

| Subsidiary   | Tax ID       | Address                               | Country of incorporation | Functional currency | Ownership interest |          | Total    |
|--|--------------|---------------------------------------|--------------------------|---------------------|--------------------|----------|----------|
|  |              |                                       |                          |                     | Direct             | Indirect |          |
| SQM Nitratos S.A.                                    | 96.592.190-7 | El Trovador 4285 Las Condes           | Chile                    | US\$                | 99.9999            | 0.0001   | 100.0000 |
| Proinsa Ltda.  | 78.053.910-0 | El Trovador 4285 Las Condes           | Chile                    | Ch\$                | -                  | 60.5800  | 60.5800  |
| SQMC Internacional Ltda.                             | 86.630.200-6 | El Trovador 4285 Las Condes           | Chile                    | Ch\$                | -                  | 60.6381  | 60.6381  |
| SQM Potasio S.A.                                     | 96.651.060-9 | El Trovador 4285 Las Condes           | Chile                    | US\$                | 99.9999            | -        | 99.9999  |
| Serv. Integrales de Tránsito y Transf. S.A.          | 79.770.780-5 | Arturo Prat 1060, Tocopilla           | Chile                    | US\$                | 0.0003             | 99.9997  | 100.0000 |
| Isapre Norte Grande Ltda.                            | 79.906.120-1 | Anibal Pinto 3228, Antofagasta        | Chile                    | Ch\$                | 1.0000             | 99.0000  | 100.0000 |
| Ajay SQM Chile S.A.                                  | 96.592.180-K | Av. Pdte. Eduardo Frei 4900, Santiago | Chile                    | US\$                | 51.0000            | -        | 51.0000  |
| Almacenes y Depósitos Ltda.                          | 79.876.080-7 | El Trovador 4285 Las Condes           | Chile                    | Ch\$                | 1.0000             | 99.0000  | 100.0000 |
| SQM Salar S.A.                                       | 79.626.800-K | El Trovador 4285 Las Condes           | Chile                    | US\$                | 18.1800            | 81.8200  | 100.0000 |
| SQM Industrial S.A.                                  | 79.947.100-0 | El Trovador 4285 Las Condes           | Chile                    | US\$                | 99.0470            | 0.9530   | 100.0000 |
| Exploraciones Mineras S.A. Sociedad                  | 76.425.380-9 | El Trovador 4285 Las Condes           | Chile                    | US\$                | 0.2691             | 99.7309  | 100.0000 |
| Prestadora de Servicios de Salud Cruz del Norte S.A. | 76.534.490-5 | Anibal Pinto 3228, Antofagasta        | Chile                    | Ch\$                | -                  | 100.0000 | 100.0000 |

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|   |              |  |                |      |          |          |          |
|---|--------------|--|----------------|------|----------|----------|----------|
| Soquimich Comercial S.A.                    | 79.768.170-9 | El Trovador 4285 Las Condes  | Chile          | US\$ | -        | 60.6383  | 60.6383  |
| Comercial Agrorama Ltda.                    | 76.064.419-6 | El Trovador 4285 Las Condes  | Chile          | Ch\$ | -        | 42.4468  | 42.4468  |
| Comercial Hydro S.A.                        | 96.801.610-5 | El Trovador 4285 Las Condes  | Chile          | Ch\$ | -        | 60.6383  | 60.6383  |
| Agrorama S.A.                               | 76.145.229-0 | El Trovador 4285 Las Condes  | Chile          | Ch\$ | -        | 60.6377  | 60.6377  |
| Orcoma Estudios SPA                         | 76.359.919-1 | Apoquindo 3721 Of.131 Las Condes   | Chile          | US\$ | 51.0000  | -        | 51.0000  |
| Orcoma SPA                                  | 76.360.575-2 | Apoquindo 3721 Of.131 Las Condes   | Chile          | US\$ | 100.0000 | -        | 100.0000 |
| SQM North America Corp.                     | Foreign      | 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA   | United States  | US\$ | 40.0000  | 60.0000  | 100.0000 |
| RS Agro Chemical Trading Corporation A.V.V. | Foreign      | Caya Ernesto O. Petronia 17, Oranjestad  | Aruba          | US\$ | 98.3333  | 1.6667   | 100.0000 |
| Nitratos Naturais do Chile Ltda.            | Foreign      | Al. Tocantis 75, 6° Andar, Conunto 608 Edif. West Gate, Alphaville Baruereri, CEP 06455-020, Sao Paulo                         | Brazil         | US\$ | -        | 100.0000 | 100.0000 |
| Nitrate Corporation of Chile Ltd.           | Foreign      | 1 More London Place London SE1 2AF   | United Kingdom | US\$ | -        | 100.0000 | 100.0000 |
| SQM Corporation N.V.                        | Foreign      | Pietermaai 123, P.O. Box 897, Willemstad, Curacao  | Netherlands    | US\$ | 0.0002   | 99.9998  | 100.0000 |
| SQM Peru S.A.                               | Foreign      | Avenida Camino Real N° 348 of. 702, San Isidro, Lima   | Peru           | US\$ | 0.9800   | 99.0200  | 100.0000 |
| SQM Ecuador S.A.                            | Foreign      | Av. José Orrantia y Av. Juan Tanca Marengo Edificio Executive Center Piso 2 Oficina 211 Al. Tocantis 75, 6° Andar, Conunto 608 | Ecuador        | US\$ | 0.0040   | 99.9960  | 100.0000 |
| SQM Brasil Ltda.                            | Foreign      | Edif. West Gate, Alphaville Baruereri, CEP 06455-020, Sao Paulo  | Brazil         | US\$ | 1.0900   | 98.9100  | 100.0000 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)****6.4 General information on consolidated subsidiaries, continued**

| Subsidiary                           | Tax ID  | Address   | Country of incorporation | Functional currency | Ownership interest |          | Total    |
|--------------------------------------|---------|---|--------------------------|---------------------|--------------------|----------|----------|
|                                      |         |   |                          |                     | Direct             | Indirect |          |
| SQI Corporation N.V.                 | Foreign | Pietermaai 123, P.O. Box 897, Willemstad, Curacao   | Netherlands              | US\$                | 0.0159             | 99.9841  | 100.0000 |
| SQMC Holding Corporation L.L.P.      | Foreign | 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta  | United States            | US\$                | 0.1000             | 99.9000  | 100.0000 |
| SQM Japan Co. Ltd.                   | Foreign | From 1 <sup>st</sup> Bldg 207, 5-3-10 Minami- Aoyama, Minato-ku, Tokyo                            | Japan                    | US\$                | 1.0000             | 99.0000  | 100.0000 |
| SQM Europe N.V.                      | Foreign | Houtdok-Noordkaai 25a B-2030 Antwerp, Belgium   | Belgium                  | US\$                | 0.5800             | 99.4200  | 100.0000 |
| SQM Italia SRL                       | Foreign | Via A. Meucci, 5 500 15 Grassina Firenze  | Italy                    | US\$                | -                  | 100.0000 | 100.0000 |
| SQM Indonesia S.A.                   | Foreign | Perumahan Bumi Dirgantara Permai, Jl Suryadarma Blok Aw No 15 Rt 01/09 17436 Jatisari Pondok Gede | Indonesia                | US\$                | -                  | 80.0000  | 80.0000  |
| North American Trading Company       | Foreign | 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA                                      | United States            | US\$                | -                  | 100.0000 | 100.0000 |
| SQM Virginia LLC                     | Foreign | 2727 Paces Ferry Road, Building Two, Suite 1425, Atlanta, GA                                      | United States            | US\$                | -                  | 100.0000 | 100.0000 |
| SQM Comercial de México S.A. de C.V. | Foreign | Av. Moctezuma 144-4 Ciudad del Sol. CP 45050, Zapopan, Jalisco México                             | Mexico                   | US\$                | 0.0010             | 99.9900  | 100.0000 |
| SQM Investment Corporation N.V.      | Foreign | Pietermaai 123, P.O. Box 897, Willemstad, Curacao   | Netherlands              | US\$                | 1.0000             | 99.0000  | 100.0000 |
|                                      | Foreign |   | Aruba                    | US\$                | 1.6700             | 98.3300  | 100.0000 |

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|   |         |   |               |      |   |          |          |  |
|---|---------|---|---------------|------|---|----------|----------|--|
| Royal Seed<br>Trading<br>Corporation<br>A.V.V.            |         | Caya Ernesto O. Petronia 17,<br>Orangestad                                  |               |      |   |          |          |  |
| SQM Lithium<br>Specialties<br>LLP                         | Foreign | 2727 Paces Ferry Road,<br>Building Two, Suite 1425,<br>Atlanta, GA          | United States | US\$ | - | 100.0000 | 100.0000 |  |
| Soquimich<br>SRL Argentina<br>Comercial                   | Foreign | Espejo 65 Oficina 6 – 5500<br>Mendoza                                       | Argentina     | US\$ | - | 100.0000 | 100.0000 |  |
| Caimán<br>Internacional<br>S.A.                           | Foreign | Edificio Plaza Bancomer Calle<br>50   | Panama        | US\$ | - | 100.0000 | 100.0000 |  |
| SQM France<br>S.A.  | Foreign | ZAC des<br>Pommiers 27930 FAUVILLE  | France        | US\$ | - | 100.0000 | 100.0000 |  |
| Administración<br>y Servicios<br>Santiago S.A.<br>de C.V. | Foreign | Av. Moctezuma 144-4 Ciudad<br>del Sol. CP 45050, Zapopan,<br>Jalisco México | Mexico        | US\$ | - | 100.0000 | 100.0000 |  |
| SQM Nitratos<br>México S.A.<br>de C.V.                    | Foreign | Av. Moctezuma 144-4 Ciudad<br>del Sol. CP 45050, Zapopan,<br>Jalisco México | Mexico        | US\$ | - | 100.0000 | 100.0000 |  |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)****6.4 General information on consolidated subsidiaries, continued**

| Subsidiary                      | Tax ID  | Address   | Country of incorporation | Functional currency | Ownership interest |          |
|---------------------------------|---------|---|--------------------------|---------------------|--------------------|----------|
|                                 |         |   |                          |                     | Direct             | Total    |
| Soquimich European Holding B.V. | Foreign | Loacalellikade 1 Parnassustoren<br>1076 AZ Amsterdam  | Netherlands              | US\$                | - 100.0000         | 100.0000 |
| SQM Iberian S.A                 | Foreign | Provenza 251 Principal 1a CP<br>08008, Barcelona  | Spain                    | US\$                | - 100.0000         | 100.0000 |
| SQM Africa Pty Ltd.             | Foreign | Tramore House, 3 Wterford Office<br>Park, Waterford Drive, 2191<br>Fourways, Johannesburg           | South Africa             | US\$                | - 100.0000         | 100.0000 |
| SQM Oceania Pty Ltd.            | Foreign | Level 9, 50 Park Street, Sydney<br>NSW 2000, Sydney   | Australia                | US\$                | - 100.0000         | 100.0000 |
| SQM Agro India Pvt. Ltd.        | Foreign | C 30 Chiragh Enclave New Delhi,<br>110048   | India                    | US\$                | - 100.0000         | 100.0000 |
| SQM Beijing Commercial Co. Ltd. | Foreign | Room 1001C, CBD International<br>Mansion N 16 Yong An Dong Li,<br>Jian Wai Ave Beijing 100022, P.R. | China                    | US\$                | - 100.0000         | 100.0000 |
| SQM Thailand Limited            | Foreign | Unit 2962, Level 29, N° 388,<br>Exchange Tower Sukhumvit Road,<br>Klongtoey Bangkok                 | Thailand                 | US\$                | - 99.996           | 99.996   |
| SQM Vitas Spain                 | Foreign | C/Manuel Echeverria Manzana 2<br>Muelle de la Cab (Puerto Real)                                     | Spain                    | Euro                | - 100.0000         | 100.0000 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)**

| 6.5                      |  | Information attributable to non-controlling interests   |                      |                                   |                      |   |                      |       |
|--------------------------|--|---|----------------------|-----------------------------------|----------------------|---|----------------------|-------|
| Subsidiary               | % of interests in the ownership held by non-controlling interests. | Profit (loss) attributable to non-controlling interests |                      | Equity, non-controlling interests |                      | Dividends paid to non-controlling interests |                      |       |
|                          |  | 09/30/2016<br>ThUS\$                                    | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$              | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$                        | 12/31/2015<br>ThUS\$ |       |
| Proinsa Ltda.            | 0.1  | % -   | -                    | -                                 | -                    | -   | -                    |       |
| SQM Potasio S.A.         | 0.0000001  | % -   | -                    | -                                 | -                    | -   | -                    |       |
| Ajay SQM Chile S.A.      | 49   | % 984   | 1,551                | 8,509                             | 8,107                | 582   | 1,946                |       |
| SQM Indonesia S.A.       | 20   | % -   | -                    | 1                                 | 1                    | -   | -                    |       |
| Soquimich Comercial S.A. | 39.3616784   | % 1,132   | 2,605                | 49,726                            | 49,897               | 634   | 1,303                |       |
| Comercial Agrorama Ltda. | 30   | % (152 )  | 3                    | 160                               | 292                  | -   | -                    |       |
| Agrorama S.A.            | 0.001  | % -   | -                    | -                                 | -                    | -   | -                    |       |
| Orcoma Estudios SPA      | 49   | % 1   | 5                    | 2,276                             | 2,274                | -   | -                    |       |
| SQM (Thailand) Limited.  | 0.004  | % -   | -                    | -                                 | -                    | -   | -                    |       |
| Total                    |  |   | 1,965                | 4,164                             | 60,672               | 60,571                                      | 1,216                | 3,249 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)**

6.6

## Information on consolidated subsidiaries

**09/30/2016**

| Subsidiary  | Assets            |                       | Liabilities       |                       | Revenue<br>ThUS\$ | Profit<br>(loss)<br>ThUS\$ | Comprehensive<br>income (loss)<br>ThUS\$ |
|---|-------------------|-----------------------|-------------------|-----------------------|-------------------|----------------------------|--|
|   | Current<br>ThUS\$ | Non-current<br>ThUS\$ | Current<br>ThUS\$ | Non-current<br>ThUS\$ |                   |                            |  |
| SQM Nitratos S.A.   | 618,269           | 56,061                | 616,425           | 4,118                 | 69,791            | 3,553                      | 3,561                                    |
| Proinsa Ltda.   | 156               | 1                     | -                 | -                     | -                 | (5)                        | (5)                                      |
| SQMC Internacional Ltda.  | 207               | -                     | -                 | -                     | -                 | (3)                        | (3)                                      |
| SQM Potasio S.A.  | 156,059           | 1,000,851             | 34,569            | 24,045                | 5,280             | 195,082                    | 195,409                                  |
| Serv. Integrales de Tránsito<br>y Transf. S.A.                      | 66,083            | 35,967                | 99,844            | 218                   | 21,703            | (20,113)                   | (20,285)                                 |
| Isapre Norte Grande Ltda.   | 620               | 759                   | 667               | 129                   | 2,298             | 17                         | 35                                       |
| Ajay SQM Chile S.A.   | 17,681            | 921                   | 855               | 381                   | 21,809            | 2,008                      | 2,008                                    |
| Almacenes y Depósitos<br>Ltda.                                      | 284               | 45                    | 1                 | -                     | -                 | (8)                        | 116                                      |
| SQM Salar S.A.  | 1,018,906         | 832,696               | 642,804           | 203,732               | 721,659           | 242,298                    | 242,418                                  |
| SQM Industrial S.A.   | 1,180,584         | 629,938               | 847,075           | 80,131                | 461,061           | (24,723)                   | (24,242)                                 |
| Exploraciones Mineras S.A.  | 550               | 31,576                | 5,968             | -                     | -                 | (209)                      | (207)                                    |
| Sociedad Prestadora de<br>Servicios de Salud Cruz del<br>Norte S.A. | 375               | 617                   | 672               | 256                   | 1,672             | 2                          | 4  |
| Soquimich Comercial S.A.  | 165,874           | 19,290                | 57,727            | 1,105                 | 93,788            | 2,876                      | 2,859                                    |
| Comercial Agrorama Ltda.  | 10,509            | 1,705                 | 11,647            | 34                    | 10,179            | (508)                      | (494)                                    |
| Comercial Hydro S.A.  | 9,316             | 62                    | 96                | 16                    | 35                | 287                        | 287                                      |
| Agrorama S.A.   | 14,159            | 906                   | 16,135            | 38                    | 10,768            | (759)                      | (762)                                    |
| Orcoma SpA  | -                 | 2,360                 | 14                | -                     | -                 | (1)                        | (1)                                      |
| Orcoma Estudio SpA  | 820               | 3,832                 | 6                 | 1                     | -                 | 2                          | 2  |
| SQM North America Corp.   | 192,902           | 15,527                | 215,616           | 485                   | 181,452           | (22,262)                   | (23,523)                                 |
| RS Agro Chemical Trading<br>Corporation A.V.V.                      | 5,180             | -                     | -                 | -                     | -                 | (14)                       | (14)                                     |
| Nitratos Naturais do Chile<br>Ltda.                                 | 3                 | 252                   | 3,451             | -                     | -                 | (172)                      | (172)                                    |
| Nitrate Corporation of Chile<br>Ltd.                                | 5,076             | -                     | -                 | -                     | -                 | -                          | -  |
| SQM Corporation N.V.  | 668               | 112,411               | 3,553             | -                     | -                 | (3,271)                    | (3,494)                                  |
| SQM Peru S.A.   | 343               | 1                     | 1,174             | -                     | 1                 | (76)                       | (76)                                     |

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|                                    |        |        |        |       |        |       |        |   |
|------------------------------------|--------|--------|--------|-------|--------|-------|--------|---|
| SQM Ecuador S.A.                   | 17,314 | 128    | 16,347 | 35    | 18,362 | 170   | 170    |   |
| SQM Brasil Ltda.                   | 188    | 1      | 732    | 2,264 | 188    | (201  | ) (201 | ) |
| SQI Corporation N.V.               | -      | 22     | 48     | -     | -      | (11   | ) (11  | ) |
| SQMC Holding Corporation<br>L.L.P. | 22,663 | 14,243 | 1,000  | -     | -      | 1,812 | 1,812  |   |
| SQM Japan Co. Ltd.                 | 3,017  | 251    | 343    | 591   | 2,331  | 530   | 530    |   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued****09/30/2016**

| Subsidiary  | Assets  |             | Liabilities |             | Revenue<br>ThUS\$ | Profit<br>(loss)<br>ThUS\$ | Comprehensive<br>income<br>(loss)<br>ThUS\$ |
|---|---------|-------------|-------------|-------------|-------------------|----------------------------|---|
|   | Current | Non-current | Current     | Non-current |                   |                            |   |
|   | ThUS\$  | ThUS\$      | ThUS\$      | ThUS\$      |                   |                            |   |
| SQM Europe N.V.   | 362,944 | 2,410       | 318,419     | -           | 518,016           | 2,290                      | 2,290                                       |
| SQM Italia SRL  | 1,158   | -           | 15          | -           | -                 | -                          | -   |
| SQM Indonesia S.A.  | 4       | -           | 1           | -           | -                 | -                          | -   |
| North American Trading<br>Company   | 158     | 145         | 39          | -           | -                 | -                          | -   |
| SQM Virginia LLC  | 14,811  | 14,357      | 14,811      | -           | -                 | (3 )                       | (3 )  |
| SQM Comercial de<br>México S.A. de C.V.                                   | 84,775  | 2,120       | 58,335      | -           | 137,715           | (140 )                     | (140 )                                      |
| SQM Investment<br>Corporation N.V.  | 60,268  | 124         | 15,327      | 861         | -                 | (7,338 )                   | (7,338 )                                    |
| Royal Seed Trading<br>Corporation A.V.V.                                  | 53,046  | -           | 73,517      | -           | -                 | (254 )                     | (64 )                                       |
| SQM Lithium Specialties<br>LLP  | 15,763  | 3           | 1,264       | -           | -                 | (3 )                       | (3 )  |
| Soquimich SRL<br>Argentina  | 215     | -           | 176         | -           | -                 | (6 )                       | (6 )  |
| Comercial Caimán<br>Internacional S.A.                                    | 262     | -           | 1,122       | -           | -                 | 1                          | 1   |
| SQM France S.A.<br>Administración y<br>Servicios Santiago S.A.<br>de C.V. | 345     | 6           | 114         | -           | -                 | -                          | -   |
| SQM Nitratos México<br>S.A. de C.V.                                       | 174     | 98          | 604         | 96          | 2,004             | 266                        | 266   |
| SQM Nitratos México<br>S.A. de C.V.                                       | 34      | 4           | 21          | 5           | 192               | -                          | -   |
| Soquimich European<br>Holding B.V.  | 59,130  | 108,097     | 66,692      | 840         | -                 | (4,001 )                   | (3,224 )                                    |
| SQM Iberian S.A.  | 77,517  | 1,600       | 74,979      | 33          | 98,498            | (2,361 )                   | (2,232 )                                    |
| SQM Africa Pty Ltd.   | 107,059 | 1,291       | 102,587     | -           | 45,442            | (8,598 )                   | (8,598 )                                    |
| SQM Oceania Pty Ltd.  | 2,371   | -           | 409         | -           | 1,845             | 46                         | 46  |
| SQM Agro India Pvt, Ltd.  | 1       | -           | 1           | -           | -                 | (3 )                       | (3 )  |
|   | 1,863   | 30          | 343         | -           | 2,661             | (629 )                     | (629 )                                      |

SQM Beijing

Commercial Co. Ltd.

|                      |           |           |           |         |           |         |   |         |   |
|----------------------|-----------|-----------|-----------|---------|-----------|---------|---|---------|---|
| SQM Thailand Limited | 8,089     | 5         | 5,487     | -       | 2,562     | (19     | ) | (19     | ) |
| SQM Vitas Spain S.A. | 2,871     | 662       | 2,100     | -       | 12,179    | 220     |   | 295     |   |
| Total                | 4,365,664 | 2,891,375 | 3,318,132 | 319,415 | 2,443,492 | 355,772 |   | 356,360 |   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued****12/31/2015**

| Subsidiary  | Assets    |             | Liabilities |             | Revenue<br>ThUS\$ | Profit<br>(loss)<br>ThUS\$ | Comprehensive<br>income<br>(loss)<br>ThUS\$ |
|---|-----------|-------------|-------------|-------------|-------------------|----------------------------|---|
|   | Current   | Non-current | Current     | Non-current |                   |                            |   |
|   | ThUS\$    | ThUS\$      | ThUS\$      | ThUS\$      |                   |                            |   |
| SQM Nitratos S.A.   | 521,948   | 69,159      | 531,903     | 7,913       | 146,731           | (715 )                     | (739 )                                      |
| Proinsa Ltda.   | 149       | -           | -           | -           | -                 | -                          | -   |
| SQMC Internacional Ltda.  | 195       | -           | -           | -           | -                 | (1 )                       | (1 )  |
| SQM Potasio S.A.  | 90,230    | 843,842     | 7,748       | 23,438      | 10,785            | 184,315                    | 184,533                                     |
| Serv. Integrales de Tránsito y<br>Transf. S.A.                      | 46,646    | 63,973      | 81,703      | 6,642       | 44,045            | (12,450 )                  | (12,316 )                                   |
| Isapre Norte Grande Ltda.   | 791       | 540         | 664         | 143         | 3,883             | -                          | 6   |
| Ajay SQM Chile S.A.   | 17,044    | 942         | 879         | 563         | 38,414            | 3,165                      | 3,165                                       |
| Almacenes y Depósitos Ltda.   | 264       | 41          | -           | -           | -                 | (12 )                      | (77 )                                       |
| SQM Salar S.A.  | 639,804   | 871,339     | 474,225     | 201,581     | 762,058           | 193,367                    | 193,300                                     |
| SQM Industrial S.A.   | 1,030,937 | 702,192     | 741,820     | 83,751      | 685,634           | 19,144                     | 11,224                                      |
| Exploraciones Mineras S.A.  | 482       | 31,443      | 5,560       | -           | -                 | (666 )                     | (666 )                                      |
| Sociedad Prestadora de<br>Servicios de Salud Cruz del<br>Norte S.A. | 296       | 550         | 423         | 364         | 2,299             | (130 )                     | 12  |
| Soquimich Comercial S.A.  | 138,413   | 22,447      | 33,058      | 1,037       | 162,582           | 6,618                      | 6,301                                       |
| Comercial Agrorama Ltda.  | 10,231    | 1,554       | 10,796      | 16          | 13,806            | 11                         | 12  |
| Comercial Hydro S.A.  | 9,014     | 87          | 122         | -           | 50                | 460                        | 460   |
| Agrorama S.A.   | 12,848    | 595         | 13,759      | 16          | 15,131            | (380 )                     | (380 )                                      |
| Orcoma SpA  | -         | 2,356       | 9           | -           | -                 | (8 )                       | (8 )  |
| Orcoma Estudio SpA  | 2,059     | 2,931       | 347         | -           | -                 | 9                          | 9   |
| SQM North America Corp.   | 200,156   | 16,348      | 201,343     | -           | 255,455           | (12,774 )                  | (12,774 )                                   |
| RS Agro Chemical Trading<br>Corporation A.V.V.                      | 5,194     | -           | -           | -           | -                 | (7 )                       | (7 )  |
| Nitratos Naturais do Chile<br>Ltda.                                 | 2         | 229         | 3,255       | -           | -                 | 618                        | 618   |
| Nitrate Corporation of Chile<br>Ltd.                                | 5,076     | -           | -           | -           | -                 | -                          | -   |
| SQM Corporation N.V.  | 668       | 115,720     | 3,539       | -           | -                 | 4,882                      | 303   |
| SQM Peru S.A.   | 421       | 1           | 1,176       | -           | 22                | (104 )                     | (104 )                                      |
| SQM Ecuador S.A.  | 19,660    | 147         | 18,883      | 35          | 16,778            | 447                        | 447   |

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|------------------------------------|--------|--------|-------|-------|-------|----------|----------|
| SQM Brasil Ltda.                   | 121    | 1      | 585   | 2,142 | 375   | (2,694 ) | (2,694 ) |
| SQI Corporation N.V.               | -      | 23     | 38    | -     | -     | 53       | 52       |
| SQMC Holding Corporation<br>L.L.P. | 21,296 | 13,873 | 1,000 | -     | -     | 2,044    | 2,044    |
| SQM Japan Co. Ltd.                 | 2,327  | 211    | 239   | 495   | 2,861 | 159      | 159      |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)****6.6 Information on consolidated subsidiaries, continued**

12/31/2015

| Subsidiary   | Assets  |             | Liabilities |             | Revenue<br>ThUS\$ | Profit<br>(loss)<br>ThUS\$ | Comprehensive<br>income<br>(loss)<br>ThUS\$ |
|--|---------|-------------|-------------|-------------|-------------------|----------------------------|---|
|  | Current | Non-current | Current     | Non-current |                   |                            |   |
|  | ThUS\$  | ThUS\$      | ThUS\$      | ThUS\$      |                   |                            |   |
| SQM Europe N.V.  | 315,642 | 2,111       | 273,123     | -           | 530,912           | (5,536)                    | (5,536)                                     |
| SQM Italia SRL   | 1,124   | -           | 14          | -           | -                 | -                          | -   |
| SQM Indonesia S.A.                                     | 3       | -           | 1           | -           | -                 | -                          | -   |
| North American Trading<br>Company                      | 158     | 145         | 39          | -           | -                 | (1)                        | (1)   |
| SQM Virginia LLC                                       | 14,814  | 14,360      | 14,814      | -           | -                 | (7)                        | (7)   |
| SQM Comercial de<br>México S.A. de C.V.                | 87,686  | 1,710       | 61,589      | -           | 183,374           | (3,399)                    | (3,399)                                     |
| SQM Investment<br>Corporation N.V.                     | 81,328  | 130         | 29,054      | 861         | -                 | 17,865                     | 17,865                                      |
| Royal Seed Trading<br>Corporation A.V.V.               | 72,828  | -           | 93,235      | -           | -                 | (3,490)                    | (3,089)                                     |
| SQM Lithium Specialties<br>LLP                         | 15,766  | 3           | 1,264       | -           | -                 | (7)                        | (7)   |
| Soquimich SRL<br>Argentina                             | 243     | -           | 199         | -           | -                 | (135)                      | (135)                                       |
| Comercial Caimán<br>Internacional S.A.                 | 261     | -           | 1,122       | -           | -                 | (5)                        | (5)   |
| SQM France S.A.  | 345     | 6           | 114         | -           | -                 | -                          | -   |
| Administración y<br>Servicios Santiago S.A.<br>de C.V. | 167     | -           | 635         | 227         | 3,094             | (90)                       | (90)  |
| SQM Nitratos México<br>S.A. de C.V.                    | 40      | 4           | 25          | 6           | 291               | 4                          | 4   |
| Soquimich European<br>Holding B.V.                     | 71,166  | 112,488     | 79,906      | -           | -                 | 3,245                      | (1,881)                                     |
| SQM Iberian S.A.                                       | 55,444  | 65          | 50,169      | -           | 137,869           | 11                         | 11  |
| SQM Africa Pty Ltd.                                    | 94,508  | 1,372       | 81,552      | -           | 88,247            | 4,945                      | 4,945                                       |
| SQM Oceania Pty Ltd.                                   | 2,357   | -           | 440         | -           | 2,378             | (192)                      | (192)                                       |
| SQM Agro India Pvt, Ltd.                               | 3       | -           | -           | -           | -                 | (1)                        | (1)   |
|  | 2,827   | 43          | 608         | -           | 5,373             | (58)                       | (58)  |

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|                      |           |           |           |         |           |         |         |
|----------------------|-----------|-----------|-----------|---------|-----------|---------|---------|
| SQM Thailand Limited | 9,765     | 27        | 6,991     | -       | 11,539    | 125     | 125     |
| Total                | 3,602,747 | 2,893,008 | 2,827,968 | 329,230 | 3,123,986 | 398,625 | 381,428 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 6 Background of companies included in consolidation (continued)**

6.7 Detail of transactions between consolidated companies

**a) Transactions conducted in 2016**

On May 12, 2016, the subsidiary SQM Iberian S.A. acquired 100% of interest in SQM Vitas Spain for ThUS\$ 1,710, generating al loss of ThUS\$104.

**b) Transactions conducted in 2015**

On August 5, 2015, the subsidiary SQM Brasil Ltda. made a capital contribution of ThUS\$572 in its subsidiary Nitratos Naturais do Chile Ltda. As a result of such transaction, SQM Brasil Ltda. increased its interest from 0.001% to 70.82% in such company. SQM Industrial S.A. was not involved in such capital increase, decreasing its interest from 99.99% to 29.18%. This generated no effects on the consolidated profit or loss of SQM S.A.

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Note 7 Cash and cash equivalents

7.1 Types of cash and cash equivalents

As of September 30, 2016 and December 31, 2015, cash and cash equivalents are detailed as follows:

|  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
| <b>a) Cash</b>   | ThUS\$     | ThUS\$     |
| Cash on hand   | 93         | 87         |
| Cash in banks  | 71,113     | 31,977     |
| Other demand deposits                                  | 6,257      | 9,042      |
| Total cash   | 77,463     | 41,106     |
|  |            |            |
|  | 09/30/2016 | 12/31/2015 |
| <b>b) Cash equivalents</b>                             | ThUS\$     | ThUS\$     |
| Short-term deposits, classified as cash equivalents    | 70,567     | 84,662     |
| Short-term investments, classified as cash equivalents | 424,378    | 401,491    |
| Total cash equivalents                                 | 494,945    | 486,153    |
|  |            |            |
| Total cash and cash equivalents                        | 572,408    | 527,259    |

7.2 Short-term investments, classified as cash equivalents

As of September 30, 2016 and December 31, 2015, short-term investments, classified as cash and cash equivalents relate to mutual funds (investment liquidity funds) for investments in:

| Institution  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | MUS\$      | MUS\$      |
| Legg Mason - Western Asset Institutional Cash Reserves | 211,242    | 204,082    |
| JP Morgan US dollar Liquidity Fund Institutional       | 213,136    | 197,409    |
| Total  | 424,378    | 401,491    |

Short-term investments are highly liquid fund manager accounts that are basically invested in short-term fixed rate notes in the U.S. market.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 7 Cash and cash equivalents (continued)**

7.3 Information on cash and cash equivalents by currency

As of September 30, 2016 and December 31, 2015, information on cash and cash equivalents by currency is detailed as follows:

|                    | 09/30/2016 | 12/31/2015 |
|--------------------|------------|------------|
| Original currency  | MUS\$      | MUS\$      |
| Chilean Peso (*)   | 20,857     | 2,656      |
| US Dollar          | 539,561    | 512,809    |
| Euro               | 8,025      | 4,245      |
| Mexican Peso       | 223        | 1,439      |
| South African Rand | 1,085      | 4,123      |
| Japanese Yen       | 2,314      | 1,690      |
| Peruvian Sol       | 2          | 1          |
| Brazilian Real     | 1          | 8          |
| Chinese Yuan       | 333        | 272        |
| Indian Rupee       | 2          | 14         |
| Thai Baht          | -          | 1          |
| Argentine Peso     | 3          | 1          |
| Pound Sterling     | 2          | -          |
| Total              | 572,408    | 527,259    |

(\*) The Company maintains financial derivative policies which allow dollarizing these term deposits in Chilean pesos.

7.4 Amount of significant restricted (unavailable) cash balances

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

As of September 30, 2016 and December 31, 2015, restricted cash balances are presented in Note 10.9.



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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 7 Cash and cash equivalents (continued)**

## 7.5 Short-term deposits, classified as cash equivalents

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

|      |                             |                 |                   |               |                | Principal       | Interest |    |    |
|------|-----------------------------|-----------------|-------------------|---------------|----------------|-----------------|----------|----|----|
|      |                             |                 |                   |               |                | accrued         | to-date  |    |    |
|      |                             |                 |                   |               |                | ThUS\$          | ThUS\$   |    |    |
| 2016 | Receiver of the deposit     | Type of deposit | Original Currency | Interest rate | Placement date | Expiration date |          |    |    |
|      | Banco Crédito e Inversiones | Fixed term      | Ch\$              | 0,33          | 9/22/2016      | 10/25/2016      | 19,954   | 17 | 19 |
|      | Banco Crédito e Inversiones | Fixed term      | US\$              | 0,75          | 8/29/2016      | 10/11/2016      | 10,000   | 7  | 10 |
|      | Banco Santander             | Fixed term      | US\$              | 0,73          | 8/29/2016      | 10/11/2016      | 10,000   | 6  | 10 |
|      | Corpbanca                   | Fixed term      | US\$              | 0,80          | 9/14/2016      | 10/14/2016      | 9,000    | 3  | 9, |
|      | Banco Security              | Fixed term      | US\$              | 0,60          | 9/14/2016      | 10/14/2016      | 2,000    | 1  | 2, |
|      | Banco Crédito e Inversiones | Fixed term      | US\$              | 0,70          | 9/22/2016      | 10/24/2016      | 1,500    | -  | 1, |
|      | Banco de Chile              | Fixed term      | US\$              | 0,80          | 9/29/2016      | 12/28/2016      | 3,000    | -  | 3, |
|      | Banco de Chile              | Fixed term      | US\$              | 0,80          | 9/29/2016      | 12/28/2016      | 2,200    | -  | 2, |
|      | Citibank New York           | Overnight       | US\$              | 0,01          | 9/30/2016      | 10/1/2016       | 494      | -  | 49 |
|      | Citibank New York           | Overnight       | US\$              | 0,01          | 9/30/2016      | 10/1/2016       | 6,229    | -  | 6, |
|      | BBVA Banco Francés          | Fixed term      | US\$              | 0,21          | 9/23/2016      | 10/24/2016      | 207      | -  | 20 |
|      | Nedbank                     | On demand       | US\$              | -             | 9/30/2016      | 10/1/2016       | 5,949    | -  | 5, |
|      | Total                       |                 |                   |               |                |                 | 70,533   | 34 | 70 |

|      |                             |                 |                   |               |                | Principal       | Interest |   |    |
|------|-----------------------------|-----------------|-------------------|---------------|----------------|-----------------|----------|---|----|
|      |                             |                 |                   |               |                | accrued         | to-date  |   |    |
|      |                             |                 |                   |               |                | ThUS\$          | ThUS\$   |   |    |
| 2015 | Receiver of the deposit     | Type of deposit | Original Currency | Interest rate | Placement date | Expiration date |          |   |    |
|      | Banco Crédito e Inversiones | Fixed term      | US\$              | 0.50          | 12/23/2015     | 1/27/2016       | 50,000   | 6 | 50 |
|      | Corpbanca                   | Fixed term      | US\$              | 0.65          | 12/22/2015     | 1/21/2016       | 25,000   | 4 | 25 |
|      | Banco Crédito e Inversiones | Fixed term      | Ch\$              | 0.32          | 12/30/2015     | 1/14/2016       | 1,338    | - | 1, |
|      | Banco Santander Santiago    | Fixed term      | Ch\$              | 0.31          | 12/30/2015     | 1/14/2016       | 704      | - | 70 |
|      |                             | Fixed term      | US\$              | 0.30          | 12/11/2015     | 1/11/2016       | 1,000    | - | 1, |

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Banco Crédito e  
Inversiones

|                    |            |      |       |            |          |        |    |    |
|--------------------|------------|------|-------|------------|----------|--------|----|----|
| Citibank New York  | Overnight  | US\$ | 0.01  | 12/31/2015 | 1/2/2016 | 225    | -  | 22 |
| Citibank New York  | Overnight  | US\$ | 0.01  | 12/31/2015 | 1/2/2016 | 614    | -  | 61 |
| BBVA Banco Francés | Fixed term | US\$ | 19.00 | 12/2/2015  | 1/4/2016 | 236    | -  | 23 |
| ABN Amro Bank      | On demand  | Euro | -     | 12/31/2015 | 1/2/2016 | 1,240  | -  | 1, |
| Nedbank            | On demand  | US\$ | -     | 12/31/2015 | 1/2/2016 | 4,295  | -  | 4, |
| Total              |            |      |       |            |          | 84,652 | 10 | 84 |

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Note 8 Inventories

The composition of inventory at each period-end is as follows:

| Type of inventory                | <b>09/30/2016</b> | <b>12/31/2015</b> |
|----------------------------------|-------------------|-------------------|
|                                  | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Raw material reserves            | 8,969             | 4,844             |
| Supplies for production reserves | 28,376            | 29,353            |
| Products-in-progress reserves    | 468,113           | 478,627           |
| Finished product reserves        | 510,142           | 491,022           |
| Total                            | 1,015,600         | 1,003,846         |

As of September 30, 2016, the Company maintained inventories of caliche ore available for treatment for an amount of ThUS\$ 35,672 and of ThUS\$ 32,203 as of December 31, 2015.

As of September 30, 2016, the sum registered as cost of sale related to inventory in the statement of income amounts to ThUS\$811,673 and to ThUS\$780,082 as of September 30, 2015.

Inventory reserves recognized as of September 30, 2016 amount to ThUS\$78,915, and ThUS\$80,369 as of December 31, 2015. Inventory reserves have been made based on a technical study that covers the different variables affecting products in stock (density and humidity, among others). Additionally, reserves are recognized if goods are sold cheaper than the related cost, and for differences that arise from inventory counts.

The breakdown of inventory reserves is detailed as follows:

| Type of inventory     | <b>09/30/2016</b> | <b>12/31/2015</b> |
|-----------------------|-------------------|-------------------|
|                       | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Raw material reserves | 93                | 93                |

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|                                  |        |        |
|----------------------------------|--------|--------|
| Supplies for production reserves | 920    | 920    |
| Products-in-progress reserves    | 53,502 | 53,187 |
| Finished product reserves        | 24,400 | 26,169 |
| Total                            | 78,915 | 80,369 |

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

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Note 9 Related party disclosures

9.1 Related party disclosures

Balances pending at period-end are not guaranteed, accrue no interest and are settled in cash. No guarantees have been delivered or received for trade and other receivables due from related parties or trade and other payables due to related parties. For the period ended September 30, 2016, the Company has not recorded any impairment in accounts receivable related to amounts owed by related parties. This evaluation is conducted every year through an examination of the financial position of the related party in the market in which it operates.

9.2 Relationships between the parent and the entity

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

Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A., and Inversiones Global Mining (Chile) Ltda., collectively the Pampa Group, are the owners of a number of shares that are equivalent to 29.97% as of September 30, 2016 of the current total amount of shares issued, subscribed and fully-paid of the Company. In addition, Kowa Company Ltd., Inversiones La Esperanza (Chile) Limitada, Kochi S.A. and La Esperanza Delaware Corporation, collectively the Kowa Group, are the owners of a number of shares equivalent to 2.12% of the total amount of shares of SQM S.A. issued, subscribed and fully-paid.

The Pampa Group and the Kowa Group have informed SQM S.A., the Chilean SVS and the relevant stock exchanges in Chile and abroad that they are not and have never been related parties between them. In addition, this is regardless of the fact that both Groups on December 21, 2006 have entered into a Joint Action Agreement (JAA) related to those shares. Consequently, the Pampa Group, by itself, does not concentrate more than 32% of the voting right capital of SQM S.A., and the Kowa Group does not concentrate by itself more than 32% of the voting right capital of SQM S.A.

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

**Detail of effective concentration**

| Tax ID No.        | Name   | Ownership<br>interest % |
|-------------------|--|-------------------------|
| 96.511.530-7      | Sociedad de Inversiones Pampa Calichera S.A. | 19.72                   |
| 76.165.311-5      | Potasios de Chile S.A.                       | 6.91                    |
| 96.863.960-9      | Inversiones Global Mining (Chile) Ltda.      | 3.34                    |
| Total Pampa Group |  | 29.97                   |
| 79.798.650-k      | Inversiones la Esperanza (Chile) Ltda.       | 1.43                    |
| 59.046.730-8      | Kowa Co Ltd.                                 | 0.30                    |
| 96.518.570-4      | Kochi S.A.                                   | 0.30                    |
| 59.023.690-k      | La Esperanza Delaware Corporation            | 0.09                    |
| Total Kowa Group  |  | 2.12                    |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 9 Related party disclosures (continued)**

9.3 Detailed identification of the link between the Parent and subsidiary

As of September 30, 2016 and December 31, 2015, the detail of entities that are related parties of the SQM S.A. Group is as follows:

| <b>Tax ID No.</b> | <b>Name</b>                                      | <b>Country of origin</b> | <b>Functional currency</b> | <b>Nature</b> |
|-------------------|--|--------------------------|----------------------------|---------------|
| Foreign           | Nitratos Naturais Do Chile Ltda.                 | Brazil                   | US\$                       | Subsidiary    |
| Foreign           | Nitrate Corporation Of Chile Ltd.                | United Kingdom           | US\$                       | Subsidiary    |
| Foreign           | SQM North America Corp.                          | United States            | US\$                       | Subsidiary    |
| Foreign           | SQM Europe N.V.                                  | Belgium                  | US\$                       | Subsidiary    |
| Foreign           | Soquimich S.R.L. Argentina                       | Argentina                | US\$                       | Subsidiary    |
| Foreign           | Soquimich European Holding B.V.                  | The Netherlands          | US\$                       | Subsidiary    |
| Foreign           | SQM Corporation N.V.                             | The Netherlands          | US\$                       | Subsidiary    |
| Foreign           | SQI Corporation N.V.                             | The Netherlands          | US\$                       | Subsidiary    |
| Foreign           | SQM Comercial De México S.A. de C.V.             | Mexico                   | US\$                       | Subsidiary    |
| Foreign           | North American Trading Company                   | United States            | US\$                       | Subsidiary    |
| Foreign           | Administración y Servicios Santiago S.A. de C.V. | Mexico                   | US\$                       | Subsidiary    |
| Foreign           | SQM Peru S.A.                                    | Peru                     | US\$                       | Subsidiary    |
| Foreign           | SQM Ecuador S.A.                                 | Ecuador                  | US\$                       | Subsidiary    |
| Foreign           | SQM Nitratos Mexico S.A. de C.V.                 | Mexico                   | US\$                       | Subsidiary    |
| Foreign           | SQMC Holding Corporation L.L.P.                  | United States            | US\$                       | Subsidiary    |
| Foreign           | SQM Investment Corporation N.V.                  | The Netherlands          | US\$                       | Subsidiary    |
| Foreign           | SQM Brasil Limitada                              | Brazil                   | US\$                       | Subsidiary    |
| Foreign           | SQM France S.A.                                  | France                   | US\$                       | Subsidiary    |
| Foreign           | SQM Japan Co. Ltd.                               | Japan                    | US\$                       | Subsidiary    |
| Foreign           | Royal Seed Trading Corporation A.V.V.            | Aruba                    | US\$                       | Subsidiary    |
| Foreign           | SQM Oceania Pty Limited                          | Australia                | US\$                       | Subsidiary    |
| Foreign           | Rs Agro-Chemical Trading Corporation A.V.V.      | Aruba                    | US\$                       | Subsidiary    |
| Foreign           | SQM Indonesia S.A.                               | Indonesia                | US\$                       | Subsidiary    |
| Foreign           | SQM Virginia L.L.C.                              | United States            | US\$                       | Subsidiary    |
| Foreign           | SQM Italia SRL                                   | Italy                    | US\$                       | Subsidiary    |
| Foreign           | Comercial Caiman Internacional S.A.              | Panamá                   | US\$                       | Subsidiary    |
| Foreign           | SQM Africa Pty. Ltd.                             | South Africa             | US\$                       | Subsidiary    |
| Foreign           | SQM Lithium Specialties LLC                      | United States            | US\$                       | Subsidiary    |
| Foreign           | SQM Iberian S.A.                                 | Spain                    | US\$                       | Subsidiary    |
| Foreign           | SQM Agro India Pvt. Ltd.                         | India                    | US\$                       | Subsidiary    |
| Foreign           | SQM Beijing Commercial Co. Ltd.                  | China                    | US\$                       | Subsidiary    |



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|              |                      |          |              |            |
|--------------|----------------------|----------|--------------|------------|
| Foreign      | SQM Thailand Limited | Thailand | US\$         | Subsidiary |
| Foreign      | SQM Vitas Spain (2)  | Spain    | US\$         | Subsidiary |
| 96.801.610-5 | Comercial Hydro S.A. | Chile    | Chilean peso | Subsidiary |
| 96.651.060-9 | SQM Potasio S.A.     | Chile    | US\$         | Subsidiary |
| 96.592.190-7 | SQM Nitratos S.A.    | Chile    | US\$         | Subsidiary |
| 96.592.180-K | Ajay SQM Chile S.A.  | Chile    | US\$         | Subsidiary |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 9 Related party disclosures (continued)**

**9.3 Detailed identification of the link between the Parent and subsidiary, continued**

As of September 30, 2016 and December 31, 2015, the detail of entities that are a related parties of the SQM S.A. Group is as follows:

| <b>Tax ID No.</b> | <b>Name</b>   | <b>Country of origin</b> | <b>Functional currency</b> | <b>Nature</b> |
|-------------------|---|--------------------------|----------------------------|---------------|
| 86.630.200-6      | SQMC Internacional Ltda.                                      | Chile                    | Chilean peso               | Subsidiary    |
| 79.947.100-0      | SQM Industrial S.A.   | Chile                    | US\$                       | Subsidiary    |
| 79.906.120-1      | Isapre Norte Grande Ltda.                                     | Chile                    | Chilean peso               | Subsidiary    |
| 79.876.080-7      | Almacenes y Depósitos Ltda.                                   | Chile                    | Chilean peso               | Subsidiary    |
| 79.770.780-5      | Servicios Integrales de Tránsitos y Transferencias S.A.       | Chile                    | US\$                       | Subsidiary    |
| 79.768.170-9      | Soquimich Comercial S.A.                                      | Chile                    | US\$                       | Subsidiary    |
| 79.626.800-K      | SQM Salar S.A.  | Chile                    | US\$                       | Subsidiary    |
| 78.053.910-0      | Proinsa Ltda.   | Chile                    | Chilean peso               | Subsidiary    |
| 76.534.490-5      | Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | Chile                    | Chilean peso               | Subsidiary    |
| 76.425.380-9      | Exploraciones Mineras S.A.                                    | Chile                    | US\$                       | Subsidiary    |
| 76.064.419-6      | Comercial Agrorama Ltda.                                      | Chile                    | Chilean peso               | Subsidiary    |
| 76.145.229-0      | Agrorama S.A.   | Chile                    | Chilean peso               | Subsidiary    |
| 76.359.919-1      | Orcoma Estudios SPA   | Chile                    | US\$                       | Subsidiary    |
| 76.360.575-2      | Orcoma SPA  | Chile                    | US\$                       | Subsidiary    |
| 77.557.430-5      | Sales de Magnesio Ltda.                                       | Chile                    | Chilean peso               | Associate     |
| Foreign           | Abu Dhabi Fertilizer Industries WWL                           | Arab Emirates            | Arab Emirates dirham       | Associate     |
| Foreign           | Doktor Tarsa Tarim Sanayi AS                                  | Turkey                   | Turkish lira               | Associate     |
| Foreign           | Ajay North America  | United States            | US\$                       | Associate     |
| Foreign           | Ajay Europe SARL  | France                   | Euro                       | Associate     |
| Foreign           | SQM Eastmed Turkey  | Turkey                   | Euro                       | Associate     |
| Foreign           | Charlee SQM Thailand Co. Ltd.                                 | Thailand                 | Thai baht                  | Associate     |
| Foreign           | Sichuan SQM Migao Chemical Fertilizers Co Ltda.               | China                    | US\$                       | Joint venture |
| Foreign           | Coromandel SQM India  | India                    | Indian rupee               | Joint venture |
| Foreign           | SQM Vitas Fzco.   | Arab Emirates            | Arab Emirates dirham       | Joint venture |

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|              |   |                |              |  |
|--------------|---|----------------|--------------|--|
| Foreign      | SQM Star Qingdao Corp Nutrition Co., Ltd. | China          | US\$         | Joint venture                          |
| Foreign      | SQM Vitas Holland B.V.                    | Dutch Antilles | Euro         | Joint venture                          |
| Foreign      | Kowa Company Ltd.                         | Japan          | US\$         | Joint control                          |
| 96.511.530-7 | Sociedad de Inversiones Pampa Calichera   | Chile          | US\$         | Joint control                          |
| 96.529.340-k | Norte Grande S.A.                         | Chile          | Chilean peso | Other related parties                  |
| 79.049.778-9 | Callegari Agricola S.A.                   | Chile          | Chilean peso | Other related parties                  |
| Foreign      | Coromandel Internacional                  | India          | Indian rupee | Other related parties                  |
| Foreign      | Vitas Roullier SAS                        | France         | Euro         | Other related parties                  |
| Foreign      | SQM Vitas Brazil Agroindustria            | Brazil         | US\$         | Joint control or significant influence |
| Foreign      | SQM Vitas Peru S.A.C.                     | Peru           | US\$         | Joint control or significant influence |
| Foreign      | SQM Vitas Plantacote B.V                  | Dutch Antilles | Euro         | Joint control or significant influence |
| Foreign      | Minera Exar S.A.                          | Argentina      | US\$         | Joint venture                          |
| Foreign      | SQM Vitas Southern Africa Pty.(1)         | South Africa   | US\$         | Joint control or significant influence |

(1) During June 2015, SQM Vitas Fzco. sold the ownership it had in SQM Vitas Southern Africa Pty., generating a loss of ThUS\$450.

During May 2016, SQM Vitas Holland B.V. sold the interest it had in SQM Vitas Spain, to SQM Iberian S.A. (2)resulting in the latter obtaining 100% of the interest through such transaction, which generated a loss of ThUS\$ 104.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 9 Related party disclosures (continued)**

9.4 Detail of related parties and related party transactions

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

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

As of September 30, 2016 and December 31, 2015, there are no allowances for doubtful accounts related to balances pending of transactions with related parties as there is no impairment in them.

As of September 30, 2016 and December 31, 2015, the detail of significant transactions with related parties is as follows:

| Tax ID No. | Company                             | Nature    | Country of origin    | Transaction      | 09/30/2016 | 12/31/2015 |
|------------|-------------------------------------|-----------|----------------------|------------------|------------|------------|
|            |                                     |           |                      |                  | ThUS\$     | ThUS\$     |
| Foreign    | Doktor Tarsa Tarim Sanayi As        | Associate | Turkey               | Sale of products | 11.619     | 17,842     |
| Foreign    | Ajay Europe S.A.R.L.                | Associate | France               | Sale of products | 13.747     | 23,545     |
| Foreign    | Ajay Europe S.A.R.L.                | Associate | France               | Dividends        | 1.269      | 1,748      |
| Foreign    | Ajay North America LLC.             | Associate | United States        | Sale of products | 10.387     | 15,618     |
| Foreign    | Ajay North America LLC.             | Associate | United States        | Dividends        | 1.954      | 5,185      |
| Foreign    | Abu Dhabi Fertilizer Industries WWL | Associate | United Arab Emirates | Sale of products | 6.730      | 7,902      |
| Foreign    | Charlee SQM Thailand Co. Ltd.       | Associate | Thailand             | Sale of products | 3.225      | 5,557      |
| Foreign    | Charlee SQM Thailand Co. Ltd.       | Associate | Thailand             | Dividends        | -          | 296        |

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|              |   |  |                      |                   |        |        |
|--------------|---|--|----------------------|-------------------|--------|--------|
| 77.557.430-5 | Sales de Magnesio Ltda.                         | Associate                              | Chile                | Sale of products  | 995    | 1,187  |
| 77.557.430-5 | Sales de Magnesio Ltda.                         | Associate                              | Chile                | Dividends         | 409    | 286    |
| 77.557.430-5 | Sales de Magnesio Ltda.                         | Associate                              | Chile                | Sale of services  | -      | 34     |
| Foreign      | Kowa Company Ltd.                               | Other related parties                  | Japan                | Sale of products  | 60.696 | 62,543 |
| Foreign      | Kowa Company Ltd.                               | Other related parties                  | Japan                | Services received | -      | (933 ) |
| Foreign      | SQM Vitas Brasil Agroindustria                  | Joint control or significant influence | Brazil               | Sale of products  | 18.224 | 32,019 |
| Foreign      | SQM Vitas Peru S.A.C.                           | Joint control or significant influence | Peru                 | Sale of products  | 16.138 | 34,586 |
| Foreign      | SQM Vitas Southern Africa Pty.                  | Joint control or significant influence | South Africa         | Sale of products  | -      | 2,187  |
| Foreign      | SQM Vitas Fzco.                                 | Joint venture                          | United Arab Emirates | Sale of products  | 965    | 1,060  |
| Foreign      | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | Joint venture                          | China                | Sale of products  | 9.950  | 22,624 |
| Foreign      | Sichuan SQM Migao Chemical Fertilizers Co Ltda. | Joint venture                          | China                | Sale of services  | 197    | -      |
| Foreign      | Coromandel SQM India                            | Joint venture                          | India                | Sale of products  | 3.899  | 4,012  |
| Foreign      | SQM Vitas Spain                                 | Joint venture                          | Spain                | Sale of products  | 5.528  | 8,587  |
| Foreign      | SQM Vitas Plantacote B.V.                       | Joint venture                          | Netherlands          | Sale of products  | 49     | 27     |
| Foreign      | SQM Star Qingdao Corp Nutrition Co., Ltd.       | Joint venture                          | China                | Sale of products  | 125    | -      |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 9 Related party disclosures (continued)**

## 9.5 Trade receivables due from related parties, current:

| Tax ID N°    | Company                                   | Nature                    | Country of origin    | Currency             | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|--------------|---|---------------------------|----------------------|----------------------|----------------------|----------------------|
| 77.557.430-5 | Sales de Magnesio Ltda.                   | Associate                 | Chile                | Ch\$                 | 1.669                | 377                  |
| Foreign      | Charlee SQM Thailand Co. Ltd.             | Associate                 | Thailand             | US\$                 | 2.025                | 2,338                |
| Foreign      | Ajay Europe S.A.R.L.                      | Associate                 | France               | Euro                 | 3.409                | 3,031                |
| Foreign      | Ajay North America LLC.                   | Associate                 | United States        | US\$                 | 3.792                | 2,538                |
| Foreign      | Abu Dhabi Fertilizer Industries WWL       | Associate                 | United Arab Emirates | Arab Emirates dirham | 42                   | 772                  |
| Foreign      | Doktor Tarsa Tarim Sanayi AS              | Associate                 | Turkey               | YTL                  | -                    | 9,314                |
| Foreign      | Kowa Company Ltd.                         | Jointly controlled entity | Japan                | US\$                 | 26.348               | 23,465               |
| 96.511.530-7 | Soc.de Inversiones Pampa Calichera        | Jointly controlled entity | Chile                | US\$                 | 6                    | 6                    |
| Foreign      | SQM Vitas Brasil Agroindustria            | Joint venture             | Brazil               | US\$                 | 15.633               | 19,156               |
| Foreign      | SQM Vitas Peru S.A.C.                     | Joint venture             | Peru                 | US\$                 | 13.375               | 16,026               |
| Foreign      | Coromandel SQM India Sichuan SQM Migao    | Joint venture             | India                | Indian rupee         | 2.677                | 750                  |
| Foreign      | Chemical Fertilizers Co Ltda.             | Joint venture             | China                | US\$                 | 24.951               | 21,464               |
| 79.049.778-9 | Callegari Agrícola S.A.                   | Other related parties     | Chile                | Ch\$                 | 42                   | 52                   |
| Foreign      | SQM Vitas Fzco.                           | Joint venture             | United Arab Emirates | Arab Emirates dirham | 5                    | -                    |
| Foreign      | SQM Vitas Spain                           | Joint venture             | Spain                | Euro                 |                      | 566                  |
| Foreign      | SQM Vitas Plantacote B.V.                 | Joint venture             | Holland              | Euro                 | 211                  | -                    |
| Foreign      | SQM Star Qingdao Corp Nutrition Co., Ltd. | Joint venture             | China                | US\$                 | 41                   | 52                   |
| Total        |   |                           |                      |                      | 94.226               | 99,907               |

## 9.6 Trade payables due to related parties, current:

| Tax ID<br>No.          | Company.                        | Nature           | Country of<br>origin | Currency                | 09/30/2016 12/31/2015 |        |
|------------------------|---------------------------------|------------------|----------------------|-------------------------|-----------------------|--------|
|                        |                                 |                  |                      |                         | ThUS\$                | ThUS\$ |
| Foreign                | Doktor Tarsa Tarim Sanayi<br>AS | Associate        | Turkey               | YTL                     | 8                     | -      |
| Foreign                | SQM Vitas Fzco.                 | Joint<br>venture | Arab<br>Emirates     | Arab Emirates<br>dirham | -                     | 251    |
| Foreign                | SQM Vitas Plantacote B.V.       | Joint<br>venture | Holland              | Euro                    | -                     | 184    |
| Foreign                | Plantacote N.V.                 | Associate        | Belgium              | Euro                    | 47                    | -      |
| Total as of<br>to-date |                                 |                  |                      |                         | 55                    | 435    |

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**Note 9 Related party disclosures (continued)**

9.7 Board of Directors and Senior Management

1) Board of directors

SQM S.A. is managed by a Board of Directors which is composed of 8 regular directors, 2 of which are independent directors, who are elected for a three-year period. The present Board of Directors was elected by the shareholders at the Ordinary Shareholders' Meeting of April 26, 2016.

As of September 30, 2016, the Company has the following Committees:

Directors' Committee: composed of Hans Dieter Linneberg A. and Edward J. Waitzer, Julio Rebolledo D. Such Committee performs the duties contained in Article 50 bis of Law No. 18.046, the Chilean "Securities Act".

- Audit Committee: composed of Hans Dieter Linneberg A. and Edward J. Waitzer, Julio Rebolledo D.

Health, Safety and Environmental Matters Committee: composed of Mrs. Joanne L. Boyes, Gonzalo Guerrero Y. and Arnfinn F. Prugger.

Corporate Governance Committee: composed of Edward J. Waitzer, Robert A. Kirkpatrick, and Hans Dieter Linneberg A.

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

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**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

2) Directors' Compensation

Directors' compensation is detailed as follows:

a) The payment of a fixed, gross and monthly amount of three hundred Unidades de Fomento (inflation-adjusted units) in favor the Chairman of the Board of Directors of SQM S.A. and of two hundred Unidades de Fomento in favor of each of the remaining seven directors of SQM S.A. regardless of the number of Meetings held or not held during the related month and for the periods between May 1, 2016 and April 30, 2017.

b) A payment in domestic currency in favor of the Chairman of the Company's Board of Directors consisting of a variable and gross amount equivalent to 0.135% of profit for the period effectively earned by the Company during fiscal year 2016.

c) A payment in domestic currency in favor of each Company's directors excluding the Chairman of the Board, consisting of a variable and gross amount equivalent to 0.06% of profit for the period effectively earned by the Company during fiscal years 2016.

d) The fixed and variable amounts indicated above will not be subject to any challenge between them and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2016.

e) The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate with which the dividend declared for the commercial year 2016 is paid.

f) Therefore, the remunerations and profit sharing paid to members of the Board of Directors and Audit Committee during 2016 amount to ThUS\$2,106 (ThUS\$ 2,769 as of December 31, 2015).

3) Audit Committee

The remuneration of Directors Committee is composed of:

The payment of a fixed, gross and monthly amount of three seventy-five Unidades de Fomento (inflation-adjusted a) units) in favor the three Directors that are members of the Director's Committee regardless of the number of Meetings held or not held during the related month and for the periods between May 1, 2016 and April 30, 2017.

A payment in domestic currency in favor of each of the three Directors consisting of a variable and gross amount equivalent to 0.02% of profit for the period effectively earned by the Company during fiscal year 2016 resulting b) after deducting the relevant amount for the concept of the amortization of gain from bargain purchase and regardless of the number of Meetings held or not held by the Directors' Committee during such year.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

The fixed and variable amounts indicated above will not be subject to any challenge between them and those expressed in percentages will be paid after the related General Shareholders' Meeting of SQM S.A. approves the Balance Sheet, Financial Statements, Annual Report, the Account Inspectors' Report and Independent Auditor's Report of SQM S.A. for the commercial year ended December 31, 2016.

The amounts expressed in UF will be paid in accordance with the value determined by the Chilean Superintendence of Banks and Financial Institutions (SBIF), the Central Bank of Chile (Banco Central de Chile) or another relevant institution replacing them during the last day of the calendar year applicable. The amounts reflected in or referred to in U.S. dollars will be converted to Chilean pesos and paid in Chilean pesos in accordance with the exchange rate with which the dividend declared for the commercial year 2016 is paid.

4) Corporate Governance Committee, Health, Safety and Environmental Matters Committee and other Company's Committees

Remuneration of such committees is composed of the payment of a fixed, gross, monthly amount of UF 50 for each director comprising such committees, regardless of the number of meetings held or not held during the related month or year.

5) No guarantees have been constituted in favor of the directors.

6) Senior management compensation:

As of September 30, 2016, the global compensation paid to the 105 main executives amounts to ThUS\$16,393 and the global compensation paid to the 103 main executives as of December 31, 2015 amounted to ThUS\$19,355. This includes monthly fixed salary and variable performance bonuses.

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

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**Note 9 Related party disclosures (continued)**

**9.7 Board of Directors and Senior Management, continued**

7) Additionally, the Company has retention bonuses for the Company's executives. The amount of these bonuses is linked to the price of the Company's share and is payable in cash between 2012 and 2016 (see Note 16).

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

9) The Company's Managers and Directors do not receive or have not received any benefit during the period ended September 30, 2016 and the year ended December 31, 2015 or compensation for the concept of pensions, life insurance, paid time off, profit sharing, incentives, or benefits due to disability other than those mentioned in the preceding points.

**9.8 Key management personnel compensation**

|                                       | 09/30/2016 | 12/31/2015 |
|---------------------------------------|------------|------------|
|                                       | ThUS\$     | ThUS\$     |
| Key management personnel compensation | 16,393     | 19,355     |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 10 Financial instruments

Financial instruments in accordance with IAS 39 are detailed as follows:

| 10.1                                     | Types of other financial assets |            |
|--|---------------------------------|------------|
|  | 09/30/2016                      | 12/31/2015 |
| Description of other financial assets    | ThUS\$                          | ThUS\$     |
| Other current financial assets (1)       | 382,202                         | 617,267    |
| Derivatives (2)                          | 1,057                           | 19,058     |
| Hedging assets                           | 1,179                           | -          |
| Total other current financial assets     | 384,438                         | 636,325    |
| Other non-current financial assets (3)   | 9,160                           | 486        |
| Total other non-current financial assets | 9,160                           | 486        |

(1) Relates to term deposits with maturities exceeding 90 days and less than 360 days from the investment date.

(2) Relate to forwards and options that were not classified as hedging instruments (see detail in Note 10.3).

(3) The detail of other financial assets, non-current is as follows:

|   | 09/30/2016 | 12/31/2015 |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| Non-current investments not accounted for using the equity method of accounting | 2,692      | 444        |
| Hedging assets  | 6,418      | -          |
| Other financial assets, non-current   | 50         | 42         |
| Total other financial assets, non-current                                       | 9,160      | 486        |

**Detail of other current financial assets**

| Institution                    | 09/30/2016 | 12/31/2015 |
|--------------------------------|------------|------------|
|                                | ThUS\$     | ThUS\$     |
| Banco Santander                | 40,192     | 175,433    |
| Banco de Crédito e Inversiones | 55,777     | 97,739     |
| Banco de Chile                 | -          | 20,049     |
| Corpbanca                      | 62,067     | 122,951    |
| Banco Itaú                     | 81,783     | 80,830     |
| Banco Security                 | -          | 24,861     |
| Morgan Stanley                 | 2,180      | 8,200      |
| Scotiabank Sud Americano       | 140,203    | 78,180     |
| HSBC Bank Chile                | -          | 9,024      |
| Total                          | 382,202    | 617,267    |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments, (continued)****10.2 Trade and other receivables**

|                                   | 09/30/2016        |                       |                 | 12/31/2015        |                       |                 |
|-----------------------------------|-------------------|-----------------------|-----------------|-------------------|-----------------------|-----------------|
|                                   | Current<br>ThUS\$ | Non-current<br>ThUS\$ | Total<br>ThUS\$ | Current<br>ThUS\$ | Non-current<br>ThUS\$ | Total<br>ThUS\$ |
| Trade receivables                 | 304,217           | -                     | 304,217         | 279,590           | -                     | 279,590         |
| Prepayments                       | 18,971            | -                     | 18,971          | 9,155             | -                     | 9,155           |
| Other receivables                 | 10,133            | 2,117                 | 12,250          | 13,480            | 1,050                 | 14,530          |
| Total trade and other receivables | 333,321           | 2,117                 | 335,438         | 302,225           | 1,050                 | 303,275         |

|   | 09/30/2016                              |   |  | 12/31/2015                              |   |  |
|---|---|---|--|---|---|--|
|   | Assets<br>before<br>allowance<br>ThUS\$ | Allowance<br>for<br>doubtful<br>receivables<br>ThUS\$ | Assets for<br>trade<br>receivables,<br>net<br>ThUS\$ | Assets<br>before<br>allowance<br>ThUS\$ | Allowance<br>for<br>doubtful<br>receivables<br>ThUS\$ | Assets for<br>trade<br>receivables,<br>net<br>ThUS\$ |
| Receivables related to credit operations, current | 319,207                                 | (14,990)  | ) 304,217  | 294,525                                 | (14,935)  | ) 279,590  |
| Trade receivables, current                        | 319,207                                 | (14,990)  | ) 304,217  | 294,525                                 | (14,935)  | ) 279,590  |
| Prepayments, current                              | 21,771                                  | (2,800)   | ) 18,971   | 11,955                                  | (2,800)   | ) 9,155  |
| Other receivables, current                        | 12,121                                  | (1,988)   | ) 10,133   | 15,476                                  | (1,996)   | ) 13,480   |
| Current trade and other receivables               | 353,099                                 | (19,778)  | ) 333,321  | 321,956                                 | (19,731)  | ) 302,225  |
| Other receivables, non-current                    | 2,117                                   | -   | ) 2,117  | 1,050                                   | -   | ) 1,050  |
| Non-current receivables                           | 2,117                                   | -   | ) 2,117  | 1,050                                   | -   | ) 1,050  |
| Total trade and other receivables                 | 355,216                                 | (19,778)  | ) 335,438  | 323,006                                 | (19,731)  | ) 303,275  |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments, (continued)**

**10.2 Trade and other receivables, continued**

**Portfolio stratification, continued**

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

**Unsecuritized portfolio**

As of September 30, 2016 and December 31, 2015, the detail of the unsecuritized portfolio is as follows:

09/30/2016

|   | Not<br>overdue | 1 - 30<br>days | 31 -<br>60<br>days | 61 - 90<br>days | 91 -<br>120<br>days | 121 -<br>150<br>days | 151 -<br>180<br>days | 181 -<br>210<br>days | 211 -<br>250<br>days | Over<br>250<br>days | Total   |
|---|----------------|----------------|--------------------|-----------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------|
|   | ThUS\$         | ThUS\$         | ThUS\$             | ThUS\$          | ThUS\$              | ThUS\$               | ThUS\$               | ThUS\$               | ThUS\$               | ThUS\$              | ThUS\$  |
| Number of<br>customers,<br>portfolio<br>under no<br>renegotiated<br>terms | 2,022          | 1,227          | 913                | 887             | 1,085               | 506                  | 407                  | 331                  | 472                  | 1,884               | 9,734   |
| Portfolio<br>under no<br>renegotiated<br>terms                            | 241,173        | 17,493         | 9,376              | 15,041          | 2,820               | 4,420                | 7,107                | 5,257                | 3,125                | 9,505               | 315,317 |
| Number of<br>customers<br>under<br>renegotiated<br>terms                  | 18             | 126            | 31                 | 13              | 28                  | 13                   | 7                    | 9                    | 10                   | 125                 | 380     |

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|   |         |        |       |        |       |       |       |       |       |        |         |
|---|---------|--------|-------|--------|-------|-------|-------|-------|-------|--------|---------|
| portfolio<br>Portfolio<br>under<br>renegotiated<br>terms, gross | 507     | 481    | 126   | 74     | 60    | 70    | 36    | 48    | 76    | 2,412  | 3,890   |
| Total gross<br>portfolio  | 241,680 | 17,974 | 9,502 | 15,115 | 2,880 | 4,490 | 7,143 | 5,305 | 3,201 | 11,917 | 319,207 |

12/31/2015

|  | Not<br>overdue | 1 - 30<br>days | 31 -<br>60<br>days | 61 -<br>90<br>days | 91 -<br>120<br>days | 121 -<br>150<br>days | 151 -<br>180<br>days | 181 -<br>210<br>days | 211 -<br>250<br>days | Over<br>250<br>days | Total   |
|--|----------------|----------------|--------------------|--------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------|
|  | ThUS\$         | ThUS\$         | ThUS\$             | ThUS\$             | ThUS\$              | ThUS\$               | ThUS\$               | ThUS\$               | ThUS\$               | ThUS\$              | ThUS\$  |
| Number of<br>customers,<br>portfolio under<br>no renegotiated<br>terms | 3,653          | 698            | 388                | 2,617              | 565                 | 241                  | 253                  | 667                  | 311                  | 1,836               | 11,229  |
| Portfolio under<br>no renegotiated<br>terms                            | 249,892        | 13,268         | 1,484              | 9,572              | 2,720               | 19                   | 264                  | 6,159                | 1,067                | 6,340               | 290,785 |
| Number of<br>customers<br>under<br>renegotiated<br>terms portfolio     | 17             | 1              | 551                | 38                 | 8                   | 1                    | 3                    | 7                    | 6                    | 235                 | 867     |
| Portfolio under<br>renegotiated<br>terms, gross                        | 540            | 10             | 625                | 13                 | 170                 | 15                   | 259                  | 35                   | 293                  | 1,780               | 3,740   |
| Total gross<br>portfolio   | 250,432        | 13,278         | 2,109              | 9,585              | 2,890               | 34                   | 523                  | 6,194                | 1,360                | 8,120               | 294,525 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments, (continued)**

**10.2 Trade and other receivables, continued**

The detail of allowances is as follows:

|   | <b>09/30/2016</b> | <b>12/31/2015</b> |
|---|-------------------|-------------------|
|   | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Provision and write-offs                            |                   |                   |
| Allowance for portfolio under no renegotiated terms | 17,449            | 18,980            |
| Allowance for portfolio with renegotiated terms     | 2,334             | 2,356             |
| Write-offs for the period                           | (5 )              | (1,605 )          |
| Total   | 19,778            | 19,731            |

**Credit risk concentration**

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

**10.3**

**Hedging assets and liabilities**

The balance represents derivative instruments measured at fair value which have been classified as hedges from exchange and interest rate risks related to the total obligations associated with bonds of the Company in Chilean pesos and UF (and the exchange risk in Chilean pesos of the Company's investment plans). As of September 30, 2016, the face value of cash flows in Cross Currency Swap contracts agreed upon in US dollars amounted to ThUS\$320,155 and as of December 31, 2015 such contracts amounted to ThUS\$331,853.

| Hedging assets with underlying debt | Derivative instruments (Fwds) | <b>Effect on profit or loss for the period</b> | Hedging reserve in gross equity | Deferred tax hedging reserve in equity | Hedging reserve in equity |
|-------------------------------------|-------------------------------|--|---------------------------------|--|---------------------------|
|-------------------------------------|-------------------------------|--|---------------------------------|--|---------------------------|

|   | ThUS\$                                     | <b>Derivative<br/>instruments</b><br>ThUS\$                             | ThUS\$                             | ThUS\$  | ThUS\$                          |
|---|--|---|------------------------------------|---|---------------------------------|
| September 30, 2016                                    | 985  | 982   | 3                                  | -   | 3                               |
|   |  |   |                                    |   |                                 |
|   |  | <b>Effect on profit or<br/>loss for the period</b>                      |                                    |   |                                 |
| Hedging liabilities<br>with underlying debt           | Derivative<br>instruments<br>(CCS)         | <b>Derivative<br/>instruments</b>                                       | Hedging reserve<br>in gross equity | Deferred tax<br>hedging<br>reserve in<br>equity | Hedging<br>reserve in<br>equity |
|   | ThUS\$                                     | ThUS\$  | ThUS\$                             | ThUS\$  | ThUS\$                          |
| September 30, 2016                                    | 39,019                                     | 32,681  | 8,466                              | 510   | 8,976                           |
|   |  |   |                                    |   |                                 |
| Hedging liabilities with<br>underlying<br>investments | <b>Derivative<br/>instruments</b><br>(CCS) | Effect on profit or<br>loss for the period<br>Derivative<br>instruments | Hedging reserve<br>in gross equity | Deferred tax<br>hedging<br>reserve in<br>equity | Hedging<br>reserve in<br>equity |
|   | ThUS\$                                     | ThUS\$  | ThUS\$                             | ThUS\$  | ThUS\$                          |
| September 30, 2016                                    | 2,299                                      | (30   | ) 296                              | 701   | 95                              |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.3 Hedging assets and liabilities, continued**

| Hedging liabilities | Derivative instruments (CCS) | Effect on profit or loss for the period | Hedging reserve in gross equity | Deferred tax hedging reserve in equity | Hedging reserve in equity |
|---------------------|------------------------------|---|---------------------------------|--|---------------------------|
|                     |                              | Derivative instruments                  |                                 | ThUS\$                                 | ThUS\$                    |
|                     | ThUS\$                       | ThUS\$                                  | ThUS\$                          | ThUS\$                                 | ThUS\$                    |
| December 31, 2015   | 74,786                       | (29,245 )                               | 86                              | 96                                     | 182                       |

The balances in the “effect on profit or loss” column consider the interim effects of the contracts in force As of September 30, 2016 and December 31, 2015.

Derivative contract maturities are detailed as follows:

| Series | Contract amount | Currency | Maturity date |
|--------|-----------------|----------|---------------|
|        | ThUS\$          |          |               |
| C      | 53,881          | UF       | 12/01/2026    |
| H      | 191,638         | UF       | 01/05/2018    |
| M      | 46,463          | UF       | 02/01/2017    |
| O      | 68,339          | UF       | 02/01/2017    |

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

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

## **Hedge Accounting**

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

### **a) Fair value hedge**

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.3 Hedging assets and liabilities, continued**

The Company documents the relationship between hedge instruments and the hedged item along with the objectives of its risk management and strategy to carry out different hedging transactions. In addition, upon commencement of the period hedged and then on a quarterly basis the Company documents whether hedge instruments have been efficient and met the objective of hedging market fluctuations for the purpose of which we use the effectiveness test. A hedge instrument is deemed effective if the effectiveness test result is between 80% and 125%.

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

**b) Cash flow hedges**

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

**10.4 Financial liabilities**

**Other current and non-current financial liabilities**

As of September 30, 2016 and December 31, 2015, the detail is as follows:

| 09/30/2016 |             |        | 12/31/2015 |             |        |
|------------|-------------|--------|------------|-------------|--------|
| Current    | Non-current | Total  | Current    | Non-current | Total  |
| ThUS\$     | ThUS\$      | ThUS\$ | ThUS\$     | ThUS\$      | ThUS\$ |

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|                             |         |           |           |         |           |           |
|-----------------------------|---------|-----------|-----------|---------|-----------|-----------|
| Bank borrowings             | 161,757 | -         | 161,757   | 178,183 | 140,000   | 318,183   |
| Obligations with the public | 60,677  | 1,065,688 | 1,126,365 | 221,092 | 1,077,172 | 1,298,264 |
| Derivatives                 | 2,243   | -         | 2,243     | 981     | -         | 981       |
| Hedging liabilities         | 17,924  | 32,168    | 50,092    | 1,774   | 73,031    | 74,805    |
| Total                       | 242,601 | 1,097,856 | 1,340,457 | 402,030 | 1,290,203 | 1,692,233 |

**Current and non-current borrowings**

As of September 30, 2016 and December 31, 2015, the detail is as follows:

|  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Long-term borrowings   | -          | 140,000    |
| Short-term borrowings  | 101,292    | 97,079     |
| Current portion of long-term borrowings                      | 60,465     | 81,104     |
| Short-term loans and current portion of long-term borrowings | 161,757    | 178,183    |
| Total borrowings assumed                                     | 161,757    | 318,183    |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

## Note 10 Financial instruments (continued)

### 10.4 Financial liabilities, continued

a) Bank loans, current:

As of September 30, 2016 and December 31, 2015, the detail of this caption is as follows:

| Debtor       |                                       | Creditor |              | Currency or adjustment                            |               | Repayment | Effective     | Nominal       |
|--------------|---------------------------------------|----------|--------------|---|---------------|-----------|---------------|---------------|
| Tax ID No    | Company                               | Country  | Tax ID No.   | Financial institution                             | Country       | Index     | rate          | rate          |
| 93.007.000-9 | SQM.S.A.                              | Chile    | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$      | Upon maturity | 0.94 % 0.82 % |
| 93.007.000-9 | SQM.S.A.                              | Chile    | 97.030.000-7 | Banco Estado                                      | Chile         | US\$      | Upon maturity | 4.3 % 4.3 %   |
| 93.007.000-9 | SQM.S.A.                              | Chile    | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$      | Upon maturity | 0.74 % 0.85 % |
| 93.007.000-9 | SQM.S.A.                              | Chile    | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$      | Upon maturity | 0.74 % 0.84 % |
| 79.626.800-K | SQM Salar S.A.                        | Chile    | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$      | Upon maturity | 1.02 % 0.84 % |
| 79.947.100-0 | SQM Industrial S.A.                   | Chile    | 97.030.000-7 | Banco Estado                                      | Chile         | US\$      | Upon maturity | 1.20 % 1.20 % |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba    | Foreign      | Bank of America                                   | United States | US\$      | Upon maturity | 0.60 % 1.80 % |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba    | Foreign      | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | United States | US\$      | Upon maturity | 1.30 % 1.54 % |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba    | Foreign      | Export Development Canada                         | Canada        | US\$      | Upon maturity | 1.24 % 1.87 % |

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| Debtor                                | Creditor  | 09/30/2016      |           |         | 09/30/2016      |         |          | Borrowing costs | Total   |
|---------------------------------------|---|-----------------|-----------|---------|-----------------|---------|----------|-----------------|---------|
|                                       |   | Nominal amounts |           |         | Current amounts |         |          |                 |         |
| Company                               | Financial institution                             | Up to           | 90 days   | Total   | Up to           | 90 days | Subtotal |                 |         |
|                                       |   | 90 days         | to 1 year | ThUS\$  | 90 days         | 1 year  | ThUS\$   | ThUS\$          | ThUS\$  |
|                                       |   | ThUS\$          | ThUS\$    |         | ThUS\$          | ThUS\$  |          |                 |         |
| SQM.S.A.                              | Scotiabank Sud Americano                          | -               | 20,000    | 20,000  | 27              | 20,000  | 20,027   | -               | 20,027  |
| SQM.S.A.                              | Banco Estado                                      | -               | 20,767    | 20,767  | -               | 21,055  | 21,055   | -               | 21,055  |
| SQM.S.A.                              | Scotiabank Sud Americano                          | -               | 17,000    | 17,000  | -               | 17,025  | 17,025   | -               | 17,025  |
| SQM.S.A.                              | Scotiabank Sud Americano                          | -               | 3,000     | 3,000   | -               | 3,004   | 3,004    | -               | 3,004   |
| SQM Salar S.A.                        | Scotiabank Sud Americano                          | 20,000          | -         | 20,000  | 20,030          | -       | 20,030   | -               | 20,030  |
| SQM Industrial S.A.                   | Banco Estado                                      | -               | 20,000    | 20,000  |                 | 20,151  | 20,151   | -               | 20,151  |
| Royal Seed Trading Corporation A.V.V. | Bank of America                                   | 40,000          | -         | 40,000  | 40,355          | -       | 40,355   | -               | 40,355  |
| Royal Seed Trading Corporation A.V.V. | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | 10,000          | -         | 10,000  | 10,073          | -       | 10,073   | (2 )            | 10,071  |
| Royal Seed Trading Corporation A.V.V. | Export Development Canada                         | 10,000          | -         | 10,000  | 10,053          | -       | 10,053   | (14 )           | 10,039  |
| Total                                 |   | 80,000          | 80,767    | 160,767 | 80,538          | 81,235  | 161,773  | (16 )           | 161,757 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

| Debtor       |                                       |         | Creditor     |   |               | Currency or adjustment | Repayment     | Effective rate | Non |
|--------------|---------------------------------------|---------|--------------|---|---------------|------------------------|---------------|----------------|-----|
| Tax ID No    | Company                               | Country | Tax ID No.   | Financial institution                             | Country       | index                  | maturity      | rate           | rat |
| 93.007.000-9 | SQM.S.A.                              | Chile   | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$                   | Upon maturity | 0.57%          | 0.5 |
| 93.007.000-9 | SQM.S.A.                              | Chile   | 97.030.000-7 | Banco Estado                                      | Chile         | US\$                   | Upon maturity | 0.70%          | 0.7 |
| 93.007.000-9 | SQM.S.A.                              | Chile   | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$                   | Upon maturity | 0.58%          | 0.5 |
| 93.007.000-9 | SQM S.A.                              | Chile   | Foreign      | Banco Estado NY Branch                            | United States | US\$                   | Upon maturity | 1.94%          | 2.5 |
| 79.626.800-K | SQM Salar S.A.                        | Chile   | 97.018.000-1 | Scotiabank Sud Americano                          | Chile         | US\$                   | Upon maturity | 0.57%          | 0.5 |
| 79.947.100-0 | SQM Industrial S.A.                   | Chile   | 97.030.000-7 | Banco Estado                                      | Chile         | US\$                   | Upon maturity | 0.44%          | 0.4 |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba   | Foreign      | Bank of America                                   | United States | US\$                   | Upon maturity | 1.43%          | 1.3 |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba   | Foreign      | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | United States | US\$                   | Upon maturity | 1.18%          | 1.0 |
| Foreign      | Royal Seed Trading Corporation A.V.V. | Aruba   | Foreign      | Export Development Canada                         | Canada        | US\$                   | Upon maturity | 1.75%          | 1.3 |

| Debtor  | Creditor              | 12/31/2015      |               |                   | 12/31/2015 |               |                   | Subtotal | Borrowing costs | Total  |
|---------|-----------------------|-----------------|---------------|-------------------|------------|---------------|-------------------|----------|-----------------|--------|
|         |                       | Nominal amounts | Up to 90 days | 90 days to 1 year | Total      | Up to 90 days | 90 days to 1 year |          |                 |        |
| Company | Financial institution | ThUS\$          | ThUS\$        | ThUS\$            | ThUS\$     | ThUS\$        | ThUS\$            | ThUS\$   | ThUS\$          | ThUS\$ |

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|                                       |   |        |         |         |        |         |         |        |         |
|---------------------------------------|---|--------|---------|---------|--------|---------|---------|--------|---------|
| SQM.S.A.                              | Scotiabank Sud Americano                          | -      | 20,000  | 20,000  | 13     | 20,000  | 20,013  | -      | 20,013  |
| SQM.S.A.                              | Banco Estado                                      | -      | 20,000  | 20,000  | 9      | 20,000  | 20,009  | -      | 20,009  |
| SQM.S.A.                              | Scotiabank Sud Americano                          | -      | 17,000  | 17,000  | 8      | 17,000  | 17,008  | -      | 17,008  |
| SQM S.A.                              | Banco Estado NY Branch                            | -      | -       | -       | 1,067  | -       | 1,067   | -      | 1,067   |
| SQM Salar S.A.                        | Scotiabank Sud Americano                          | -      | 20,000  | 20,000  | 16     | 20,000  | 20,016  | -      | 20,016  |
| SQM Industrial S.A.                   | Banco Estado                                      | 20,000 | -       | 20,000  | 20,032 | -       | 20,032  | -      | 20,032  |
| Royal Seed Trading Corporation A.V.V. | Bank of America                                   | -      | 40,000  | 40,000  | -      | 40,137  | 40,137  | (49 )  | 40,088  |
| Royal Seed Trading Corporation A.V.V. | The Bank of Tokyo-Mitsubishi UFJ, Lda. (New York) | -      | 20,000  | 20,000  | -      | 20,052  | 20,052  | (54 )  | 19,998  |
| Royal Seed Trading Corporation A.V.V. | Export Development Canada                         | -      | 20,000  | 20,000  | -      | 20,010  | 20,010  | (58 )  | 19,952  |
| Total                                 |   | 20,000 | 157,000 | 177,000 | 21,145 | 157,199 | 178,344 | (161 ) | 178,183 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

## Note 10 Financial instruments (continued)

### 10.4 Financial liabilities, continued

b) Unsecured obligations, current:

As of September 30, 2016 and December 31, 2015, the detail of current unsecured interest-bearing obligations is composed of promissory notes and bonds, as follows:

#### Bonds

| Debtor                  | Number of registration or ID of the instrument | Series | Maturity date | Currency or adjustment index | Periodicity         | Effective rate | Nominal rate  |               |
|-------------------------|--|--------|---------------|------------------------------|---------------------|----------------|---------------|---------------|
| Tax ID No. Company País |  |        |               |                              | Payment of interest | Repayment      |               |               |
| 93.007.000-9 SQM S.A.   | Chile  | -      | ThUS\$250,000 | 10/21/2016                   | US\$                | Semiannual     | Upon maturity | 2.23 % 5.50 % |
| 93.007.000-9 SQM S.A.   | Chile  | -      | ThUS\$250,000 | 1/28/2017                    | US\$                | Semiannual     | Upon maturity | 3.61 % 4.38 % |
| 93.007.000-9 SQM S.A.   | Chile  | -      | ThUS\$300,000 | 10/3/2016                    | US\$                | Semiannual     | Upon maturity | 2.66 % 3.63 % |
| 93.007.000-9 SQM S.A.   | Chile  | 446    | C             | 12/1/2016                    | UF                  | Semiannual     | Semiannual    | 1.74 % 4.00 % |
| 93.007.000-9 SQM S.A.   | Chile  | 564    | H             | 1/5/2017                     | UF                  | Semiannual     | Semiannual    | 2.47 % 4.90 % |
| 93.007.000-9 SQM S.A.   | Chile  | 700    | M             | 2/1/2017                     | UF                  | Semiannual     | Upon maturity | 0.69 % 3.30 % |
| 93.007.000-9 SQM S.A.   | Chile  | 699    | O             | 2/1/2017                     | UF                  | Semiannual     | Upon maturity | 3.00 % 3.80 % |

| Company | Country | Series | 09/30/2016<br>Nominal maturities | Total | 09/30/2016<br>Current maturities | Subtotal | Total |
|---------|---------|--------|----------------------------------|-------|----------------------------------|----------|-------|
|---------|---------|--------|----------------------------------|-------|----------------------------------|----------|-------|

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|                |               | Up to<br>90<br>days | 91 days to<br>1<br>year |        | Up to<br>90<br>days | 91 days to<br>1<br>year |        | Bond<br>issuance<br>costs |        |
|----------------|---------------|---------------------|-------------------------|--------|---------------------|-------------------------|--------|---------------------------|--------|
|                |               | ThUS\$              | ThUS\$                  | ThUS\$ | ThUS\$              | ThUS\$                  | ThUS\$ | ThUS\$                    | ThUS\$ |
| SQM S,A, Chile | ThUS\$250,000 | -                   | -                       | -      | 6,073               | -                       | 6,073  | (386 )                    | 5,687  |
| SQM S,A, Chile | ThUS\$250,000 | -                   | -                       | -      | -                   | 1,884                   | 1,884  | (433 )                    | 1,451  |
| SQM S,A, Chile | ThUS\$300,000 | -                   | -                       | -      | 5,347               | -                       | 5,347  | (615 )                    | 4,732  |
| SQM S,A, Chile | C             | 2,989               | 2,989                   | 5,978  | 3,811               | 2,989                   | 6,800  | -                         | 6,800  |
| SQM S,A, Chile | H             | -                   | -                       | -      | -                   | 1,822                   | 1,822  | (139 )                    | 1,683  |
| SQM S,A, Chile | M             | -                   | 39,853                  | 39,853 | -                   | 40,067                  | 40,067 | (45 )                     | 40,022 |
| SQM S,A, Chile | O             | -                   | -                       | -      | -                   | 369                     | 369    | (67 )                     | 302    |
| Total          |               | 2,989               | 42,842                  | 45,831 | 15,231              | 47,131                  | 62,362 | (1,685 )                  | 60,677 |

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

| Debtor       | Number of registration or ID of the instrument | Series | Maturity date | Currency or adjustment index | Periodicity         | Effective rate | Nominal rate |               |       |       |
|--------------|--|--------|---------------|------------------------------|---------------------|----------------|--------------|---------------|-------|-------|
| Tax ID No.   | Company  | País   |               |                              | Payment of interest | Repayment      |              |               |       |       |
| 93.007.000-9 | SQM S.A.                                       | Chile  | -             | ThUS\$200,000                | 4/15/2016           | US\$           | Semiannual   | Upon maturity | 9.19% | 6.13% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | -             | ThUS\$250,000                | 4/21/2016           | US\$           | Semiannual   | Upon maturity | 5.89% | 5.50% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | -             | ThUS\$250,000                | 1/28/2016           | US\$           | Semiannual   | Upon maturity | 4.61% | 4.38% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | -             | ThUS\$300,000                | 4/3/2016            | US\$           | Semiannual   | Upon maturity | 3.93% | 3.63% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | 446           | C                            | 6/1/2016            | UF             | Semiannual   | Semiannual    | 6.52% | 4.00% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | 564           | H                            | 1/5/2016            | UF             | Semiannual   | Semiannual    | 5.20% | 4.90% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | 700           | M                            | 2/1/2016            | UF             | Semiannual   | Upon maturity | 4.32% | 3.30% |
| 93.007.000-9 | SQM S.A.                                       | Chile  | 699           | O                            | 2/1/2016            | UF             | Semiannual   | Upon maturity | 3.97% | 3.80% |

| Company        | Country | Series        | 12/31/2015         |                         | 12/31/2015         |                         | Subtotal | Bond issuance costs | Total   |
|----------------|---------|---------------|--------------------|-------------------------|--------------------|-------------------------|----------|---------------------|---------|
|                |         |               | Nominal maturities | Total                   | Current maturities | Total                   |          |                     |         |
|                |         |               | Up to 90 days      | Up to 91 days to 1 year | Up to 90 days      | Up to 91 days to 1 year |          |                     |         |
| SQM S,A, Chile |         | ThUS\$200,000 | -                  | 200,000                 | -                  | 202,586                 | 202,586  | (73 )               | 202,513 |

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|                |               |   |         |         |       |         |         |        |   |         |
|----------------|---------------|---|---------|---------|-------|---------|---------|--------|---|---------|
| SQM S,A, Chile | ThUS\$250,000 | - | -       | -       | -     | 2,674   | 2,674   | (386   | ) | 2,288   |
| SQM S,A, Chile | ThUS\$250,000 | - | -       | -       | 4,648 | -       | 4,648   | (433   | ) | 4,215   |
| SQM S,A, Chile | ThUS\$300,000 | - | -       | -       | -     | 2,658   | 2,658   | (614   | ) | 2,044   |
| SQM S,A, Chile | C             | - | 5,413   | 5,413   | -     | 5,610   | 5,610   | -      |   | 5,610   |
| SQM S,A, Chile | H             | - | -       | -       | 3,417 | -       | 3,417   | (139   | ) | 3,278   |
| SQM S,A, Chile | M             | - | -       | -       | 492   | -       | 492     | (130   | ) | 362     |
| SQM S,A, Chile | O             | - | -       | -       | 849   | -       | 849     | (67    | ) | 782     |
| Total          |               | - | 205,413 | 205,413 | 9,406 | 213,528 | 222,934 | (1,842 | ) | 221,092 |

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

c) Types of interest-bearing borrowings, non-current

Non-current interest-bearing borrowings as of September 30, 2016 and December 31, 2015 are detailed as follows:

| Debtor       |                        | Creditor              |            | Currency or adjustment                    | Repayment     | Effective rate | Nominal rate                      |              |              |                  |          |        |         |
|--------------|------------------------|-----------------------|------------|---|---------------|----------------|-----------------------------------|--------------|--------------|------------------|----------|--------|---------|
| Tax ID No.   | Company                | Country               | Tax ID No. | Financial institution                     | Country       | index          |                                   |              |              |                  |          |        |         |
| 93.007.000-9 | SQM S.A.               | Chile                 | Foreign    | Banco Estado NY Branch                    | United States | US\$           | Upon maturity 1.94% 2.54%         |              |              |                  |          |        |         |
| Company      |                        | Financial institution |            | Nominal non-current maturities 12/31/2015 |               |                | Non-current maturities 12/31/2015 |              |              | Borrowings costs |          |        |         |
|              |                        |                       |            | Over 1 years                              | Over 2 years  | Over 3 years   | Total                             | Over 1 years | Over 2 years | Over 3 years     | Subtotal | Total  |         |
|              |                        |                       |            | to 2                                      | to 3          | to 4           | ThUS\$                            | to 2         | to 3         | to 4             | ThUS\$   | ThUS\$ |         |
| SQM S.A.     | Banco Estado NY Branch |                       |            | 140,000                                   | -             | -              | 140,000                           | 140,000      | -            | -                | 140,000  | -      | 140,000 |
| Total        |                        |                       |            | 140,000                                   | -             | -              | 140,000                           | 140,000      | -            | -                | 140,000  | -      | 140,000 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

d) Non-current unsecured interest-bearing bonds

The breakdown of non-current unsecured interest-bearing bonds as of September 30, 2016 and December 31, 2015 is detailed as follows:

| Tax ID No.   | Company  | Country | Number of registration or ID of the instrument | Series        | Maturity date | Currency or adjustment index | Periodicity | Payment of interest | Repayment | Effective rate | ra |
|--------------|----------|---------|--|---------------|---------------|------------------------------|-------------|---------------------|-----------|----------------|----|
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$250,000 | 04/21/2020    | US\$                         | Semiannual  | Upon maturity       |           | 5.94%          | 5  |
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$250,000 | 01/28/2025    | US\$                         | Semiannual  | Upon maturity       |           | 4.62%          | 4  |
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$300,000 | 04/03/2023    | US\$                         | Semiannual  | Upon maturity       |           | 3.95%          | 3  |
| 93.007.000-9 | SQM S.A. | Chile   | 446  | C             | 12/01/2026    | UF                           | Semiannual  | Semiannual          |           | 5.57%          | 4  |
| 93.007.000-9 | SQM S.A. | Chile   | 564  | H             | 01/05/2030    | UF                           | Semiannual  | Semiannual          |           | 5.22%          | 4  |
| 93.007.000-9 | SQM S.A. | Chile   | 699  | O             | 02/01/2033    | UF                           | Semiannual  | Upon maturity       |           | 3.97%          | 3  |

**Nominal non-current maturities**

**09/30/2016**

| Series | Over 1 year to 2 | Over 2 years to 3 | Over 3 Years to 4 | Over 4 Years to 5 | Over 5 years | Total |
|--------|------------------|-------------------|-------------------|-------------------|--------------|-------|
|        |                  |                   |                   |                   |              |       |

**Non-current maturities**

**09/30/2016**

| Series | Over 1 year to 2 | Over 2 years to 3 | Over 3 Years to 4 | Over 4 Years to 5 | Over 5 years | Subtotal |
|--------|------------------|-------------------|-------------------|-------------------|--------------|----------|
|        |                  |                   |                   |                   |              |          |

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|           | ThUS\$ | ThUS\$  | ThUS\$ | ThUS\$ | ThUS\$  | ThUS\$    | ThUS\$ | ThUS\$  | ThUS\$ | ThUS\$ | ThUS\$  | ThUS\$    |
|-----------|--------|---------|--------|--------|---------|-----------|--------|---------|--------|--------|---------|-----------|
| MMUS\$250 | -      | 250,000 | -      | -      | -       | 250,000   | -      | 250,000 | -      | -      | -       | 250,000   |
| MMUS\$250 | -      | -       | -      | -      | 250,000 | 250,000   | -      | -       | -      | -      | 250,000 | 250,000   |
| MMUS\$300 | -      | -       | -      | -      | 300,000 | 300,000   | -      | -       | -      | -      | 300,000 | 300,000   |
| C         | 5,978  | 5,978   | 5,978  | 5,978  | 32,879  | 56,791    | 5,978  | 5,978   | 5,978  | 5,978  | 32,879  | 56,791    |
| H         | -      | -       | -      | -      | 159,413 | 159,413   | -      | -       | -      | -      | 159,413 | 159,413   |
| O         | -      | -       | -      | -      | 59,780  | 59,780    | -      | -       | -      | -      | 59,780  | 59,780    |
| Total     | 5,978  | 255,978 | 5,978  | 5,978  | 802,072 | 1,075,984 | 5,978  | 255,978 | 5,978  | 5,978  | 802,072 | 1,075,984 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

## Note 10 Financial instruments (continued)

### 10.4 Financial liabilities, continued

#### d) Non-current unsecured interest-bearing bonds, continued

As of September 30, 2016 and December 31, 2015, the breakdown of unsecured interest-bearing liabilities, non-current is as follows:

| Tax ID No.   | Company  | Country | Number of registration or ID of the instrument | Series        | Maturity date | Currency or adjustment index | Periodicity | Payment of interest | Repayment |
|--------------|----------|---------|--|---------------|---------------|------------------------------|-------------|---------------------|-----------|
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$200,000 | 04/15/2016    | US\$                         | Semiannual  | Upon ma             |           |
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$250,000 | 04/21/2020    | US\$                         | Semiannual  | Upon ma             |           |
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$250,000 | 01/28/2025    | US\$                         | Semiannual  | Upon ma             |           |
| 93.007.000-9 | SQM S.A. | Chile   | -  | ThUS\$300,000 | 04/03/2023    | US\$                         | Semiannual  | Upon ma             |           |
| 93.007.000-9 | SQM S.A. | Chile   | 446  | C             | 12/01/2026    | UF                           | Semiannual  | Semiann             |           |
| 93.007.000-9 | SQM S.A. | Chile   | 564  | H             | 01/05/2030    | UF                           | Semiannual  | Semiann             |           |
| 93.007.000-9 | SQM S.A. | Chile   | 700  | M             | 02/01/2017    | UF                           | Semiannual  | Upon ma             |           |
| 93.007.000-9 | SQM S.A. | Chile   | 699  | O             | 02/01/2033    | UF                           | Semiannual  | Upon ma             |           |

#### Nominal non-current maturities

12/31/2015

| Series    | Over 1    | Over 2     | Over 3     | Over 4     | Over 5  | Total     | Non-current maturities |        |         |        |         |           |           |
|-----------|-----------|------------|------------|------------|---------|-----------|------------------------|--------|---------|--------|---------|-----------|-----------|
|           | year to 2 | years to 3 | Years to 4 | Years to 5 | years   |           | ThUS\$                 | ThUS\$ | ThUS\$  | ThUS\$ | ThUS\$  | Sub       |           |
| MMUS\$250 | -         | -          | 250,000    | -          | -       | 250,000   | -                      | -      | 250,000 | -      | -       | 250,000   | 250,000   |
| MMUS\$250 | -         | -          | -          | -          | 250,000 | 250,000   | -                      | -      | -       | -      | -       | 250,000   | 250,000   |
| MMUS\$300 | -         | -          | -          | -          | 300,000 | 300,000   | -                      | -      | -       | -      | -       | 300,000   | 300,000   |
| C         | 5,413     | 5,413      | 5,413      | 5,413      | 32,482  | 54,134    | 5,413                  | 5,413  | 5,413   | 5,413  | 32,482  | 54,134    | 54,134    |
| H         | -         | -          | -          | -          | 144,357 | 144,357   | -                      | -      | -       | -      | -       | 144,357   | 144,357   |
| M         | 36,089    | -          | -          | -          | -       | 36,089    | 36,089                 | -      | -       | -      | -       | -         | 36,089    |
| O         | -         | -          | -          | -          | 54,134  | 54,134    | -                      | -      | -       | -      | -       | 54,134    | 54,134    |
| Total     | 41,502    | 5,413      | 255,413    | 5,413      | 780,973 | 1,088,714 | 41,502                 | 5,413  | 255,413 | 5,413  | 780,973 | 1,088,714 | 1,088,714 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

e) Additional information

**Bonds**

On the 30 of September 2016 and the 31st of December 2015, short term bonds of MUS\$58,824 and MUS\$221,092 respectively were classified as short-term, consisting of the current portion due plus accrued interest to date, excluding bond issue costs. The non-current portion consisted of MUS\$1,062,078 on the 30 of September 2016 and MUS\$1,077,172 on the 31<sup>st</sup> December 2015, corresponding to the issuance of series C bonds, Single series bonds (ThUS\$200), series H bonds second issue single series bonds (ThUS\$250), series M bonds, series O bonds, third issue single series bonds (ThUS\$300) and fourth issue single series bonds (ThUS\$250) excluding debt issue costs.

As of September 30, 2016 and December 31, 2015, the details of each issuance are as follows:

**Series “C” bonds**

On January 24, 2006, the Company placed Series C bonds for UF 3,000,000 (ThUS\$101,918) at an annual rate of 4.00%.

As of September 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Series C bonds:

| Payments made     | 09/30/2016 | 12/31/2015 |
|-------------------|------------|------------|
|                   | MUS\$      | MUS\$      |
| Principal payment | 2,826      | 5,729      |
| Interest payment  | 1,676      | 3,570      |

**Single series first issue ThUS\$200,000**

On April 5, 2006, the Company placed Single Series bonds for ThUS\$200,000 at an annual rate of 6.125% under "Rule 144 and regulation S of the U.S. Securities Act of 1933."

As of September 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Single series bonds:

|                            | <b>09/30/2016</b> | <b>12/31/2015</b> |
|----------------------------|-------------------|-------------------|
|                            | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Payments made              |                   |                   |
| Payments of principal owed | 200,000           | -                 |
| Payments of interest       | 6,125             | 12,250            |

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**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

**Series “G” and “H” bonds**

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

As of September 30, 2016 and December 31, 2015, the Company has made the following payments with a charge to the Series G and H bonds:

|                                      | <b>09/30/2016</b> | <b>12/31/2015</b> |
|--------------------------------------|-------------------|-------------------|
| Payments made                        |                   |                   |
|                                      | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Payments of interest, Series H bonds | 7,289             | 7,696             |

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**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

**Single series bonds, second issue ThUS\$250,000**

On April 21, 2010, the Company informed the Chilean Superintendence of Securities and Insurance of its placement in international markets of an unsecured bond of ThUS\$250,000 with a maturity of 10 years beginning on the aforementioned date with an annual interest rate of 5.5% and destined to refinance long-term liabilities.

As of September 30, 2016 and December 31, 2015, the detail of payments charged to the line of single series bonds, second issue is as follows:

|                  | <b>09/30/2016</b> | <b>12/31/2015</b> |
|------------------|-------------------|-------------------|
| Payments made    |                   |                   |
|                  | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Interest payment | 6,875             | 13,750            |

**Series “M” and “O” bonds**

On April 4, 2012, the Company placed two bond series in the domestic market. Series M for UF 1,000,000 (ThUS\$46,601) was placed at a term of 5 years with a single payment at the maturity of the term and an annual interest rate of 3.3%, and Series O for UF 1,500,000 (ThUS\$69,901) was placed at a term of 21 years with a single payment at the maturity of the term and an annual interest rate of 3.80%

As of September 30, 2016, and December 31, 2015 the Company has made the following payments with a charge to the Series M and O bonds:

|               | <b>09/30/2016</b> | <b>12/31/2015</b> |
|---------------|-------------------|-------------------|
| Payments made |                   |                   |

|                                     | <b>ThUS\$</b> | <b>ThUS\$</b> |
|-------------------------------------|---------------|---------------|
| Payment of interest, Series M bonds | 1,242         | 1,248         |
| Payment of interest, Series O bonds | 2,142         | 2,153         |

**Single series bonds, third issue ThUS\$300,000**

On April 3, 2013 in the United States, the Company issued a non-guaranteed bond with a value of US\$ 300 million. The bond is for a 10 year term with an annual coupon rate of 3.625% and an annual yield of 3.716%. This rate equates to a difference of 180 basis points to comparable US Treasury bonds. The funds raised will be used to refinance long term liabilities and finance general corporate objectives.

As of September 30, 2016 and December 31, 2015, the following payments have been made with a debit to the line of single-series bonds, third issue:

|                     | <b>09/30/2016</b> | <b>12/31/2015</b> |
|---------------------|-------------------|-------------------|
| Payments made       |                   |                   |
|                     | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Payment of interest | 5,438             | 10,875            |

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**Note 10 Financial instruments (continued)**

**10.4 Financial liabilities, continued**

**Single series bonds, fourth issuance ThUS\$ 250**

On October 23, 2014, the Company informed the Chilean Superintendence of Securities and Insurance that Sociedad Química y Minera de Chile S.A. agreed to issue and place unsecured bonds of ThUS\$ 250,000 in international markets. This, essentially, maturing in 2025 with a cover annual interest rate of 4.375% equivalent to a spread of 215 basis points on comparable US Treasury bonds, which were offered to the investors at a price of 99.410% with respect to capital. The aforementioned agreement was agreed on October 23, 2014 and the issuance and placement of such bonds was performed in conformity with the provisions of Rule 144A of the US Securities Act of 1933 and these bonds will not be publicly offered in Chile.

As of September 30, 2016 and December 31, 2015, the following payments have been made.

|                     | <b>09/30/2016</b> | <b>12/31/2015</b> |
|---------------------|-------------------|-------------------|
| Payments made       |                   |                   |
|                     | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Payment of interest | 10,938            | 8,203             |

10.5

Trade and other payables

|                        | 09/30/2016 |             |         | 12/31/2015 |             |         |
|------------------------|------------|-------------|---------|------------|-------------|---------|
|                        | Current    | Non-current | Total   | Current    | Non-current | Total   |
|                        | ThUS\$     | ThUS\$      | ThUS\$  | ThUS\$     | ThUS\$      | ThUS\$  |
| Accounts payable       | 166,896    | -           | 166,896 | 136,668    | -           | 136,668 |
| Other accounts payable | 234        | -           | 234     | 172        | -           | 172     |
| Total                  | 167,130    | -           | 167,130 | 136,840    | -           | 136,840 |

Purchase commitments held by the Company are recognized as liabilities when the goods and services are received by the Company. As of September 30, 2016, the Company has purchase orders amounting to ThUS\$25,581 (ThUS\$15,888 as of December 31, 2015).

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

10.6 Financial liabilities at fair value through profit or loss

This balance relates to derivative instruments measured at their fair value, which has generated balances against the Company. The detail of this type of instrument is as follows:

| Financial liabilities at fair value<br>through profit or loss | 09/30/2016 | Effect on profit<br>or loss as of | 12/31/2015 | Effect on profit<br>or loss as of |
|---|------------|-----------------------------------|------------|-----------------------------------|
|   | ThUS\$     | 09/30/2016<br>ThUS\$              | ThUS\$     | 12/31/2015<br>ThUS\$              |
| Current   |            |                                   |            |                                   |
| Derivative instruments (IRS)                                  | 113        | (204 )                            | 283        | (242 )                            |
|   | 113        | (204 )                            | 283        | (242 )                            |

Balances in the column effect on profit or loss consider the effects of agreements which were in force as of September 30, 2016, including derivatives, received during the year.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

10.7 Financial asset and liability categories

a) Financial Assets

| Description of financial assets                         | 09/30/2016 |             |         | 12/31/2015 |             |         |
|---|------------|-------------|---------|------------|-------------|---------|
|   | Current    | Non-current | Total   | Current    | Non-current | Total   |
|   | Amount     | Amount      | Amount  | Amount     | Amount      | Amount  |
|   | ThUS\$     | ThUS\$      | ThUS\$  | ThUS\$     | ThUS\$      | ThUS\$  |
| Financial assets measured at amortized cost             | 382,202    | -           | 382,202 | 617,267    | -           | 617,267 |
| Investments held-to-maturity measured at amortized cost | -          | 2,742       | 2,742   | -          | 486         | 486     |
| Loans and receivables measured at amortized cost        | 338,321    | 2,117       | 340,438 | 302,225    | 1,050       | 303,275 |
| Total financial assets measured at amortized cost       | 720,523    | 4,859       | 725,382 | 919,492    | 1,536       | 921,028 |
| Financial assets at fair value through profit or loss   | 2,236      | 6,418       | 8,654   | 19,058     | -           | 19,058  |
| Total financial assets at fair value                    | 2,236      | 6,418       | 8,654   | 19,058     | -           | 19,058  |
| Total financial assets                                  | 722,759    | 11,277      | 734,036 | 938,550    | 1,536       | 940,086 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

**10.7 Financial asset and liability categories (continued)**

b) Financial liabilities

| Description of financial liabilities                       | 09/30/2016 |             |           | 12/31/2015 |             |           |
|--|------------|-------------|-----------|------------|-------------|-----------|
|  | Current    | Non-current | Total     | Current    | Non-current | Total     |
|  | Amount     | Amount      | Amount    | Amount     | Amount      | Amount    |
|  | ThUS\$     | ThUS\$      | ThUS\$    | ThUS\$     | ThUS\$      | ThUS\$    |
| Financial liabilities at fair value through profit or loss | 20,167     | 32,168      | 52,335    | 2,755      | 73,031      | 75,786    |
| Financial liabilities at fair value through profit or loss | 20,167     | 32,168      | 52,335    | 2,755      | 73,031      | 75,786    |
| Financial liabilities measured at amortized cost           | 394,564    | 1,065,688   | 1,460,252 | 536,115    | 1,217,172   | 1,753,287 |
| Total financial liabilities measured at amortized cost     | 394,564    | 1,065,688   | 1,460,252 | 536,115    | 1,217,172   | 1,753,287 |
| Total financial liabilities                                | 414,731    | 1,097,856   | 1,512,587 | 538,870    | 1,290,203   | 1,829,073 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

10.8 Fair value measurement of assets and liabilities

Financial assets and liabilities measured at fair value consist of Options and Forwards hedging the mismatch in the balance sheet and cash flows, Cross Currency Swaps (CCS) to hedge bonds issued in local currency (\$/UF), and Interest Rate Swaps (IRS) to hedge LIBOR rate debt issued.

The value of the Company's assets and liabilities recognized by CCS contracts is calculated as the difference between the present value of discounted cash flows of the asset (pesos/UF) and liability (US\$) parts of the derivative. In the case of the IRS, the asset value recognized is calculated as the difference between the discounted cash flows of the asset (variable rate) and liability (fixed rate) parts of the derivative. Forwards: Are calculated as the difference between the strike price of the contract and the spot price plus the forwards points at the date of the contract. Options: The value recognized is calculated using the Black-Scholes method.

In the case of CCS, the entry data used for the valuation models are UF, peso, and basis swap rates. In the case of fair value calculations for IRS, the FRA (Forward Rate Agreement) rate and ICVS 23 Curve (Bloomberg: cash/deposits rates, futures, swaps). In the case of forwards, the forwards curve for the currency in question is used. Finally, with options, the spot price, risk-free rate and volatility of exchange rate are used, all in accordance with the currencies used in each valuation. The financial information used as entry data for the Company's valuation models is obtained from Bloomberg, the well-known financial software company. Conversely, the fair value provided by the counterparties of derivatives contracts is used only as a control and not for valuation.

The effects on profit or loss of movements in these amounts may be recognized in the caption Finance costs, foreign currency translation gain (loss) or cash flow hedges in the statement of comprehensive income, depending on each particular case.

The fair value measurement of debt is only performed to determine the present market value of secured and unsecured long-term obligations; bonds denominated in local currency (Ch\$/UF) and foreign currency (US\$), credits denominated in foreign currency (US\$), which is classified under Level 2 in the fair value hierarchy established by IFRS.

The value of the Company's reported liabilities is calculated as the present value of discounted cash flows at market rates at the time of valuation, taking into account the maturity date and exchange rate. The entry data used for the model includes the UF and peso rates, which are obtained using Bloomberg, the well-known financial software company and the 'Asociación de Bancos e Instituciones Financieras' (ABIF) (Association of Banks and Financial Institutions').

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 10 Financial instruments (continued)**

10.9 Financial assets pledged as guarantee

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

As of September 30, 2016 and December 31, 2015, assets pledged as guarantees are as follows:

|                           | <b>09/30/2016</b> | <b>12/31/2015</b> |
|---------------------------|-------------------|-------------------|
| Restricted cash           |                   |                   |
|                           | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Isapre Norte Grande Ltda. | 695               | 496               |
| Total                     | 695               | 496               |

10.10 Estimated fair value of financial instruments and financial derivatives

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

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

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

- Cash equivalent approximates fair value due to the short-term maturities of these instruments.

-

The fair value of trade receivables, current is considered to be equal to the carrying amount due to the maturity of such accounts at short-term.

- Other current financial liabilities are considered at fair value equal to their carrying values.

For interest-bearing liabilities with original maturity of more than a year, fair values are calculated at discounting contractual cash flows at their original current market with similar terms.

- The fair value of debt is considered in Level 2.

For forward and swap contracts, fair value is determined using quoted market prices of financial instruments with similar characteristics.

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**Note 10 Financial instruments (continued)**

**10.10 Estimated fair value of financial instruments and financial derivatives, continued**

The detail of the Company's instruments at carrying value and estimated fair value is as follows:

|   | 09/30/2016     |            | 12/31/2015     |            |
|---|----------------|------------|----------------|------------|
|   | Carrying value | Fair value | Carrying value | Fair value |
|   | ThUS\$         | ThUS\$     | ThUS\$         | ThUS\$     |
| Cash and cash equivalents                     | 572,408        | 572,408    | 527,259        | 527,259    |
| Current trade and other receivables           | 338,321        | 338,321    | 302,225        | 302,225    |
| Receivables due from related parties, current | 94,226         | 94,226     | 99,907         | 99,907     |
| Other financial assets, current:              |                |            |                |            |
| - Time deposits                               | 382,202        | 382,202    | 617,267        | 617,267    |
| - Derivative instruments                      | 1,057          | 1,057      | 19,058         | 19,058     |
| - Hedging assets                              | 1,179          | 1,179      | -              | -          |
| Total other current financial assets          | 384,438        | 384,438    | 636,325        | 636,325    |
| Non-Current Trade Receivables                 | 2,117          | 2,117      | 1,050          | 1,050      |
| Other non-current financial assets:           | 9,160          | 9,160      | 486            | 486        |
| Other non-current financial assets:           | 9,160          | 9,160      | 486            | 486        |
| Other financial liabilities, current:         |                |            |                |            |
| - Bank loans                                  | 161,757        | 161,757    | 178,183        | 178,183    |
| - Derivative instruments                      | 2,243          | 2,243      | 981            | 981        |
| - Hedging liabilities                         | 17,924         | 17,924     | 1,774          | 1,774      |
| - Unsecured obligations                       | 60,677         | 60,677     | 221,092        | 221,092    |
| Other financial liabilities, current          | 242,601        | 242,601    | 402,030        | 402,030    |
| Current and non-current accounts payable      | 172,130        | 172,130    | 136,840        | 136,840    |
| Payables due to related parties, non-current  | -              | -          | 435            | 435        |
| Other non-current financial liabilities:      |                |            |                |            |
| - Bank loans                                  | -              | -          | 140,000        | 160,265    |
| - Unsecured obligations                       | 1,065,688      | 1,257,113  | 1,077,172      | 1,221,002  |
| - Non-current hedging liabilities             | 32,168         | 70,759     | 73,031         | 73,031     |
| Other non-current financial liabilities:      | 1,097,856      | 1,097,856  | 1,290,203      | 1,454,298  |

**Fair value hierarchy**

Fair value hierarchies are as follows:

- a) Level 1: When only quoted (unadjusted) prices have been used in active markets.
- b) Level 2: When in a phase in the valuation process variable other than prices quoted in Level 1 have been used which are directly observable in markets.
- c) Level 3: When in a phase in the valuation process variable which are not based in observable market data have been used.

The valuation technique used to determine the fair value of our hedging instruments is that indicated for Level 2.

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**Note 10 Financial instruments (continued)**

10.11 Nature and scope of risks arising from financing instruments

As indicated in paragraphs 33 to 42 of IFRS 7 the disclosure of information associated with the nature and scope of risks arising from financial instruments is presented in Note 4 - Financial Risk Management.

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Note 11 Equity-accounted investees

11.1 Investments in associates recognized according to the equity method of accounting

As of September 30, 2016 and December 31, 2015, in accordance with criteria established in Note 3.19, investment in associates recognized according to the equity method of accounting and joint ventures are as follows:

| Associates                          | Equity-accounted investees |                      | Share on profit (loss) of associates and joint ventures accounted for using the equity method |                      | Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax |                      | Share on total other comprehensive income of associates and joint ventures accounted for using the equity method |                      |
|-------------------------------------|----------------------------|----------------------|---|----------------------|--|----------------------|--|----------------------|
|                                     | 09/30/2016<br>ThUS\$       | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$  | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ |
| Sales de Magnesio Ltda.             | 1,886                      | 1,535                | 615   | 819                  | -  | -                    | 615  | 819                  |
| Abu Dhabi Fertilizer Industries WWL | 12,542                     | 11,766               | 744   | 1,455                | -  | 455                  | 744  | 1,910                |
| Doktor Tarsa Tarim Sanayi AS        | 19,511                     | 15,032               | 4,964   | 2,505                | 358  | -                    | 5,322  | 2,505                |
| Ajay North America                  | 13,555                     | 12,913               | 2,450   | 3,600                | -  | -                    | 2,450  | 3,600                |
| Ajay Europe SARL                    | 7,589                      | 7,202                | 849   | 1,732                | 6  | (21)                 | 855  | 1,711                |
| SQM Eastmed Turkey                  | -                          | 70                   | (215)   | (4)                  | -  | -                    | (215)  | (4)                  |
| Charlee SQM                         | 1,602                      | 1,318                | 83  | 122                  | -  | 89                   | 83   | 210                  |
| Thailand Co. Ltd.                   | 56,685                     | 49,836               | 9,490   | 10,229               | 364  | 523                  | 9,854  | 10,751               |
| Total                               |                            |                      |   |                      |  |                      |  |                      |

| Associate               | Description of the nature of the relationship                          | Domicile                     | Country of incorporation | Share of ownership in associates | Dividends received | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|-------------------------|--|------------------------------|--------------------------|----------------------------------|--------------------|----------------------|----------------------|
| Sales de Magnesio Ltda. | Commercialization of magnesium salts.                                  | El Trovador 4285, Las Condes | Chile                    | 50 %                             |                    | 409                  | 286                  |
| Abu Dhabi Fertilizer    | Distribution and commercialization of specialty plant nutrients in the | PO Box 71871, Abu Dhabi      | United Arab Emirates     | 37 %                             |                    | -                    | -                    |

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|  |  |  |               |    |   |       |       |  |
|--|--|--|---------------|----|---|-------|-------|--|
| Industries<br>WWL                      | Middle East.   |  |               |    |   |       |       |  |
| Doktor<br>Tarsa Tarim<br>Sanayi AS     | Distribution and commercialization<br>of specialty plant nutrients in<br>Turkey. | Organize Sanayi<br>Bolgesi, Ikinci<br>Kisim, 22 cadde<br>TR07100 Antalya<br>1400 Industry RD       | Turkey        | 50 | % | -     | -     |  |
| Ajay North<br>America                  | Production and distribution of iodine<br>derivatives.                            | Power Springs<br>GA 30129<br>Z.I. du Grand   | United States | 49 | % | 1.954 | 5,185 |  |
| Ajay Europe<br>SARL                    | Production and commercialization<br>of iodine derivatives.                       | Verger BP 227<br>53602 Evron<br>Cedex  | France        | 50 | % | 1,269 | 1,748 |  |
| SQM<br>Eastmed<br>Turkey               | Production and commercialization<br>of specialty products.                       | Organize Sanayi<br>Bolgesi, Ikinci<br>Kisim, 22 cadde<br>TR07100 Antalya<br>31 Soi 138<br>(Meesuk) | Turkey        | 50 | % | -     | -     |  |
| Charlee<br>SQM<br>Thailand Co.<br>Ltd. | Distribution and commercialization<br>of specialty plant nutrients.              | LLapdrawrd,<br>Bangkapi, 10240<br>Bangkok  | Thailand      | 40 | % | -     | 296   |  |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 11 Equity-accounted investees (continued)**

## 11.2 Assets, liabilities, revenue and expenses of associates

09/30/2016

|                                     | <b>Assets</b>  |                    | <b>Liabilities</b> |                    | <b>Revenue</b> | <b>Gain (loss)</b>                |                                   | <b>Comprehensive income</b> |
|-------------------------------------|----------------|--------------------|--------------------|--------------------|----------------|-----------------------------------|-----------------------------------|-----------------------------|
|                                     | <b>Current</b> | <b>Non-current</b> | <b>Current</b>     | <b>Non-current</b> |                | <b>from continuing operations</b> | <b>Other comprehensive income</b> |                             |
|                                     | ThUS\$         | ThUS\$             | ThUS\$             | ThUS\$             | ThUS\$         | ThUS\$                            | ThUS\$                            | ThUS\$                      |
| Sales de Magnesio Ltda.             | 4,911          | 1,534              | 2,623              | 50                 | 9,448          | 1,230                             | -                                 | 1,230                       |
| Abu Dhabi Fertilizer Industries WWL | 35,290         | 2,337              | 3,729              | -                  | 22,208         | 2,010                             | -                                 | 2,010                       |
| Doktor Tarsa Tarim Sanayi AS        | 83,613         | 8,540              | 53,129             | -                  | 75,000         | 9,929                             | 716                               | 10,645                      |
| Ajay North America                  | 20,583         | 11,275             | 4,195              | -                  | 27,894         | 5,000                             | -                                 | 5,000                       |
| Ajay Europe SARL                    | 19,071         | 1,550              | 5,444              | -                  | 26,353         | 1,697                             | 11                                | 1,708                       |
| SQM Eastmed Turkey                  | 613            | 2,477              | 918                | 2,471              | 67             | (430)                             | -                                 | (430)                       |
| Charlee SQM Thailand Co. Ltd.       | 7,807          | 559                | 4,362              | -                  | 5,786          | 208                               | -                                 | 208                         |
| <b>Total</b>                        | <b>171,888</b> | <b>28,272</b>      | <b>74,400</b>      | <b>2,521</b>       | <b>166,756</b> | <b>19,644</b>                     | <b>727</b>                        | <b>20,371</b>               |

12/31/2015

|                                     | <b>Assets</b>  |                    | <b>Liabilities</b> |                    | <b>Revenue</b> | <b>Gain (loss)</b> | <b>Other comprehensive income</b> | <b>Comprehensive income</b> |
|-------------------------------------|----------------|--------------------|--------------------|--------------------|----------------|--------------------|-----------------------------------|-----------------------------|
|                                     | <b>Current</b> | <b>Non-current</b> | <b>Current</b>     | <b>Non-current</b> |                |                    |                                   |                             |
|                                     | ThUS\$         | ThUS\$             | ThUS\$             | ThUS\$             | ThUS\$         | ThUS\$             | ThUS\$                            | ThUS\$                      |
| Sales de Magnesio Ltda.             | 4,141          | 825                | 1,881              | 16                 | 11,982         | 1,638              | -                                 | 1,638                       |
| Abu Dhabi Fertilizer Industries WWL | 33,770         | 2,529              | 4,499              | -                  | 46,609         | 3,932              | 1,230                             | 5,162                       |
| Doktor Tarsa Tarim Sanayi AS        | 103,099        | 7,555              | 80,588             | -                  | 64,374         | 5,009              | -                                 | 5,009                       |
| Ajay North America                  | 18,651         | 10,619             | 2,917              | -                  | 43,453         | 7,347              | -                                 | 7,347                       |

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|                               |         |        |         |       |         |        |       |   |        |   |
|-------------------------------|---------|--------|---------|-------|---------|--------|-------|---|--------|---|
| Ajay Europe SARL              | 18,979  | 1,661  | 6,239   | -     | 40,484  | 3,464  | (42   | ) | 3,422  |   |
| SQM Eastmed Turkey            | 976     | 380    | 27      | 1,189 | -       | (8     | )     | - | (8     | ) |
| Charlee SQM Thailand Co. Ltd. | 7,418   | 566    | 4,687   | -     | 12,524  | 304    | 222   |   | 526    |   |
| Total                         | 187,034 | 24,135 | 100,838 | 1,205 | 219,516 | 21,686 | 1,410 |   | 23,096 |   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 11 Investment in Associates (continued)**

11.3

Other information

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

The Company presents no investments unaccounted for according to the equity method of accounting.

The equity method was applied to the Statement of Financial Position as of September 30, 2016 and December 31, 2015.

The basis of preparation of the financial information of associates corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

**Note 12 Joint Ventures**

12.1

Policy for the accounting of equity accounted investment in joint ventures

The method for the recognition of joint ventures is that in which participation is initially recorded at cost, and subsequently adjusted, considering changes after the acquisition in the portion of the entity's net assets of the entity which correspond to the investor. Profit or loss for the period of the investor will collect the portion which belongs to it in the results of the controlled entity as a whole.

12.2

Disclosures of interest in joint ventures

a) Operations conducted in 2016

On March 28, 2016, Sociedad Química y Minera de Chile S.A. entered into an agreement to enter a joint venture with Lithium Americas Corp to develop the Cauchari-Olaroz lithium project in Argentina.

SQM S.A. made a capital contribution of ThUS\$25,000 in exchange for 50% of the ownership of Minera Exar S.A.

During May 2016, SQM Vitas Holland B.V. sold its interest in SQM Vitas Spain, to SQM Iberian S.A. resulting in the latter obtaining 100% in this transaction generating a loss of ThUS\$ 104.

b) Operations conducted in 2015

During June 2015, SQM Vitas Fzco. sold the ownership it had in SQM Vitas Southern Africa Pty., generating a loss of ThUS\$450.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 12 Joint Ventures (continued)**

## 12.3 Investment in joint ventures accounted for under the equity method of accounting

| Joint venture                                    | Description of the nature of the relationship  | Domicile  | Country of incorporation | Share of interest in ownership | Dividends received | 09/30/2016 | 09/30/2015 |
|--|--|---|--------------------------|--------------------------------|--------------------|------------|------------|
|  |  |   |                          |                                |                    | ThUS\$     | ThUS\$     |
| Sichuan SQM Migao Chemical Fertilizers Co. Ltda. | Production and distribution of soluble fertilizers.  | Huangjing Road, Dawan Town, Qingbaijiang District, Chengdu Municipality, Sichuan Province | China                    | 50 %                           | -                  | -          | -          |
| Coromandel SQM India                             | Production and distribution of potassium nitrate.  | 1-2-10, Sardar Patel Road, Secunderabad – 500003 Andhra Pradesh                           | India                    | 50 %                           | -                  | -          | -          |
| SQM Vitas Fzco.                                  | Production and commercialization of specialty plant and animal nutrition and industrial hygiene. | Jebel ALI Free Zone P.O. Box 18222, Dubai   | United Arab Emirates     | 50 %                           | -                  | -          | -          |
| SQM Star Qingdao Corp Nutrition. Co. Ltd.        | Production and distribution of nutrient plant solutions with specialties NPK soluble             | Longquan Town, Jimo City, Qingdao Municipality, Shangdong Province                        | China                    | 50 %                           | -                  | -          | -          |
| SQM Vitas Brazil Agroindustria                   | Production and commercialization of specialty plant and animal nutrition and industrial hygiene. | Via Cndeias, Km. 01 Sem Numero, Lote 4, Bairro Cia Norte, Candeias, Bahia.                | Brazil                   | 49.99 %                        | -                  | -          | -          |
| SQM Vitas Southern Africa Pty.                   | Production and commercialization of specialty plant and animal nutrition and industrial hygiene  | 33 Waterford Office Park Waterford Drive Fourways, 2055                                   | South Africa             | 50 %                           | -                  | -          | -          |



|                           |   |   |           |    |   |   |   |
|---------------------------|---|---|-----------|----|---|---|---|
| SQM Vitas Peru S.A.C.     | Production and commercialization of specialty plant and animal nutrition and industrial hygiene | South Africa<br>Av. Juan de Arona 187,<br>Torre B, Oficina 301-II, San Isidro, Lima C/Manuel Echeverria | Peru      | 50 | % | - | - |
| SQM Vitas Spain(1)        | Production and commercialization of specialty plant nutrition                                   | Manzana 2 Muelle de la Cab ( Puerto Real ) Herikerbergweg   | Spain     | 50 | % | - | - |
| SQM Vitas Holland B.V     | Without information   | 238, 1101 CM Amsterdam Zuidoost   | Holland   | 50 | % | - | - |
| SQM Vitas Plantacote B.V. | Production and commercialization of controlled-released fertilizers                             | Herikerbergweg 238, 1101 CM Amsterdam Zuidoost  | Holland   | 50 | % | - | - |
| Minera Exar S.A.          | Exploration and exploitation of minerals, processing and trading of such minerals               | Dr. Sabín 1082 Ciudad de Nieva – San Salvador de Jujuy- Jujuy- República Argentina                      | Argentina | 50 | % | - | - |

- (1) During May 2016, SQM Vitas Holland B.V. sold its interest in SQM Vitas Spain, to SQM Iberian S.A. resulting in the latter obtaining 100% in this transaction generating a loss of ThUS\$ 104.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 12 Joint Ventures (continued)****12.3 Investment in joint ventures accounted for under the equity method of accounting, continued:**

| Joint Venture                                   | Equity-accounted investees |                      | Share on profit (loss) of associates and joint ventures accounted for using the equity method |                      | Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax |                      | Share on total other comprehensive income of associates and joint ventures accounted for using the equity method |                      |
|---|----------------------------|----------------------|---|----------------------|--|----------------------|--|----------------------|
|   | 09/30/2016<br>ThUS\$       | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$  | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ |
| Sichuan SQM Migao Chemical Fertilizers Co. Ltd. | 11,860                     | 13,257               | (808 )  | (845 )               | -  | (12 )                | (808 )   | (857 )               |
| Coromandel SQM India                            | 1,251                      | 962                  | 253   | 88                   | -  | -                    | 253  | 88                   |
| SQM Vitas Fzco,                                 | 15,642                     | 11,604               | 3,103   | 369                  | 424  | 9,686                | 3,527  | 10,055               |
| SQM Star Qingdao Corp. Nutrition Co. Ltd.       | 2,617                      | 2,462                | 160   | 495                  | -  | -                    | 160  | 495                  |
| SQM Vitas Holland                               | 1,413                      | 1,181                | 243   | (10 )                | -  | -                    | 243  | (11 )                |
| Minera Exar S.A.                                | 25,000                     | -                    | -   | -                    | -  | -                    | -  | -                    |
| Total   | 57,783                     | 29,466               | 2,951   | 97                   | 424  | 9,674                | 3,375  | 9,770                |

| Joint Venture                     | Equity-accounted investees |                      | Share on profit (loss) of associates and joint ventures accounted for using the equity method |                      | Share on other comprehensive income of associates and joint ventures accounted for using the equity method, net of tax |                      | Share on total other comprehensive income of associates and joint ventures accounted for using the equity method |                      |
|-----------------------------------|----------------------------|----------------------|---|----------------------|--|----------------------|--|----------------------|
|                                   | 09/30/2016<br>ThUS\$       | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$  | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ | 09/30/2016<br>ThUS\$   | 12/31/2015<br>ThUS\$ |
| SQM Vitas Brazil Agroindustria(1) | 8,835                      | 3,722                | 4,151   | (72 )                | 2,802  | -                    | 4,878  | (36 )                |
| SQM Vitas Peru S.A.C (1)          | 5,755                      | 5,061                | 668   | 786                  | -  | -                    | 334  | 393                  |
| SQM Vitas Spain (2)               | -                          | 1,182                | -   | (251 )               | -  | -                    | -  | 109                  |
| SQM Vitas Plantacote B.V. (2)     | 740                        | 3,598                | (55 )   | 215                  | -  | -                    | (28 )  | (125 )               |
| Total                             | 15,330                     | 13,563               | 4,764   | 678                  | 2,,802   | -                    | 5,184  | 341                  |

The following companies are subsidiaries of

- |     |                   |
|-----|-------------------|
| (1) | SQM Vitas Fzco.   |
| (2) | SQM Vitas Holland |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 12 Joint Ventures (continued)**

12.4

Assets, liabilities, revenue and expenses from joint ventures:

| Joint Venture  | 09/30/2016        |                       |                   |                       |                   |   |  |                                   |
|--|-------------------|-----------------------|-------------------|-----------------------|-------------------|---|--|-----------------------------------|
|  | Assets            |                       | Liabilities       |                       | Revenue<br>ThUS\$ | Gain (loss)<br>from<br>continuing<br>operations<br>ThUS\$ | Other<br>comprehensive<br>income<br>ThUS\$ | Comprehensive<br>income<br>ThUS\$ |
|  | Current<br>ThUS\$ | Non-current<br>ThUS\$ | Current<br>ThUS\$ | Non-current<br>ThUS\$ |                   |   |  |                                   |
| Sichuan SQM Migao<br>Chemical Fertilizers Co.<br>Ltda. | 44,112            | 7,440                 | 27,832            | -                     | 14,138            | (1,617 )  | -  | (1,617 )                          |
| Coromandel SQM India                                   | 4,868             | 861                   | 3,226             | -                     | 5,349             | 505   | -  | 505                               |
| SQM Vitas Fzco,  | 16,712            | 15,827                | 1,257             | -                     | 12,402            | 6,207   | 847  | 7,054                             |
| SQM Star Qingdao Corp.<br>Nutrition Co. Ltd.           | 5,373             | 209                   | 348               | -                     | 5,614             | 320   | -  | 320                               |
| SQM Vitas Brazil<br>Agroindustria                      | 28,431            | 8,491                 | 28,086            | -                     | 47,729            | 4,151   | 5,604                                      | 9,755                             |
| SQM Vitas Peru S.A.C                                   | 22,133            | 8,958                 | 19,154            | 6,182                 | 25,393            | 668   | -  | 668                               |
| SQM Vitas Holland B.V                                  | 2,105             | 740                   | 20                | -                     | -                 | 486   | -  | 486                               |
| SQM Vitas Plantacote<br>B.V.                           | 750               | -                     | 11                | -                     | -                 | (55 )   | -  | (55 )                             |
| Total  | 124,484           | 42,526                | 79,934            | 6,182                 | 110,625           | 10,665  | 6,451                                      | 17,116                            |

12/31/2015

| Joint Venture  | 12/31/2015        |                       |                   |                       |                   |   |  |                                   |
|--|-------------------|-----------------------|-------------------|-----------------------|-------------------|---|--|-----------------------------------|
|  | Assets            |                       | Liabilities       |                       | Revenue<br>ThUS\$ | Gain (loss)<br>from<br>continuing<br>operations<br>ThUS\$ | Other<br>comprehensive<br>income<br>ThUS\$ | Comprehensive<br>income<br>ThUS\$ |
|  | Current<br>ThUS\$ | Non-current<br>ThUS\$ | Current<br>ThUS\$ | Non-current<br>ThUS\$ |                   |   |  |                                   |
| Sichuan SQM Migao<br>Chemical Fertilizers Co.<br>Ltda. | 56,053            | 8,023                 | 37,563            | -                     | 65,929            | (1,689 )  | (24 )                                      | (1,713 )                          |
| Coromandel SQM India                                   | 3,738             | 924                   | 2,668             | 70                    | 5,816             | 176   | -  | 176                               |
| SQM Vitas Fzco.  | 14,096            | 10,575                | 1,464             | -                     | 17,893            | 738   | 19,371                                     | 20,109                            |
| SQM Star Qingdao Corp.<br>Nutrition Co. Ltd.           | 5,100             | 202                   | 377               | -                     | 10,539            | 990   | -  | 990                               |

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|                                   |         |        |         |    |         |        |        |        |
|-----------------------------------|---------|--------|---------|----|---------|--------|--------|--------|
| SQM Vitas Brazil<br>Agroindustria | 32,449  | 6,638  | 35,365  | -  | 67,870  | (72 )  | -      | (72 )  |
| SQM Vitas Peru S.A.C              | 24,432  | 6,562  | 25,933  | -  | 45,739  | 786    | -      | 786    |
| SQM Vitas Spain                   | 1,662   | 729    | 1,208   | -  | 11,875  | 218    | -      | 218    |
| SQM Vitas Holland B.V             | 428     | 1,955  | 18      | -  | -       | (21 )  | -      | (21 )  |
| SQM Vitas Plantacote<br>B.V.      | 802     | -      | 30      | -  | -       | (250 ) | -      | (250 ) |
| Total                             | 138,760 | 35,608 | 104,626 | 70 | 225,661 | 876    | 19,347 | 20,223 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 12 Joint Ventures (continued)**

12.5

Other Joint Venture disclosures:

|  | Cash and cash equivalents |            | Other current financial liabilities |            | Other non-current financial liabilities |            |
|--|---------------------------|------------|-------------------------------------|------------|---|------------|
|  | 09/30/2016                | 12/31/2015 | 09/30/2016                          | 12/31/2015 | 09/30/2016                              | 12/31/2015 |
|  | ThUS\$                    | ThUS\$     | ThUS\$                              | ThUS\$     | ThUS\$                                  | ThUS\$     |
| Sichuan SQM Migao Chemical Fertilizers Co. Ltda. | 4,195                     | 737        | -                                   | 13,955     | -                                       | -          |
| Coromandel SQM India                             | 90                        | 63         | -                                   | 1,027      | -                                       | -          |
| SQM Vitas Fzco,                                  | 11,130                    | 7,574      | -                                   | -          | -                                       | -          |
| SQM Star Qingdao Corp. Nutrition Co. Ltd.        | 3,536                     | 3,870      | -                                   | -          | -                                       | -          |
| SQM Vitas Brazil Agroindustria                   | 1,201                     | 827        | 10,403                              | 11,215     | -                                       | -          |
| SQM Vitas Peru S.A.C.                            | 567                       | 160        | 3,169                               | -          | 1,830                                   | -          |
| SQM Vitas Spain                                  | -                         | 272        | -                                   | -          | -                                       | -          |
| SQM Vitas Holland B.V                            | 750                       | 428        | -                                   | -          | -                                       | -          |
| SQM Vitas Plantacote B.V.                        | 763                       | 802        | -                                   | -          | -                                       | -          |
| Total  | 22,232                    | 14,733     | 13,572                              | 26,197     | 1,830                                   | -          |

|  | Depreciation and amortization expense |            | Interest expense |            | Income tax expense, continuing operations |            |
|--|---------------------------------------|------------|------------------|------------|---|------------|
|  | 09/30/2016                            | 12/31/2015 | 09/30/2016       | 12/31/2015 | 09/30/2016                                | 12/31/2015 |
|  | ThUS\$                                | ThUS\$     | ThUS\$           | ThUS\$     | ThUS\$                                    | ThUS\$     |
| Sichuan SQM Migao Chemical Fertilizers Co. Ltda. | (481 )                                | (687 )     | (433 )           | (241 )     | 142                                       | 233        |
| Coromandel SQM India                             | (75 )                                 | (69 )      | (45 )            | (73 )      | -   | (89 )      |
| SQM Vitas Fzco.                                  | (568 )                                | (1,067 )   | (12 )            | (10 )      | -   | -          |
| SQM Star Qingdao Corp. Nutrition Co. Ltd.        | (48 )                                 | (66 )      | -                | (2 )       | (146 )                                    | (378 )     |
| SQM Vitas Brazil Agroindustria                   | (328 )                                | (29 )      | (1,437)          | (1,651 )   | (71 )                                     | (49 )      |
| SQM Vitas Peru S.A.C.                            | (49 )                                 | (29 )      | (198 )           | -          | (192 )                                    | (370 )     |
| SQM Vitas Spain                                  | -                                     | (116 )     | -                | (4 )       | -   | (73 )      |
| SQM Vitas Holland B.V                            | -                                     | -          | -                | (2 )       | -   | -          |
| SQM Vitas Plantacote B.V.                        | -                                     | -          | (1 )             | (3 )       | -   | -          |
| Total  | (1,549 )                              | (2,063 )   | (2,126)          | (1,986 )   | (267 )                                    | (726 )     |

The basis of preparation of the financial information of joint ventures corresponds to the amounts included in the financial statements in conformity with the entity's IFRS.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 13 Intangible assets and goodwill

|                                       | 13.1       |            | Balances |  |
|---------------------------------------|------------|------------|----------|--|
|                                       | 09/30/2016 | 12/31/2015 |          |  |
|                                       | ThUS\$     | ThUS\$     |          |  |
| Intangible assets other than goodwill | 110,396    | 110,428    |          |  |
| Goodwill (1)                          | 38,088     | 38,388     |          |  |
| Total                                 | 148,484    | 148,816    |          |  |

(1) The recoverable amount of the cash-generating unit has been determined based on a calculation of the value in use which used cash flow projections for a 5-year period.

The present value of the future cash flows generated by these assets has been estimated given a variance in sales volumes, market prices and costs, discounted at weighted average cost of capital (WACC).

13.2 Disclosures on intangible assets and goodwill

Intangible assets relate to goodwill, water rights, trademarks, industrial patents, rights of way, software, and mining claims which correspond to exploitation rights acquired from third-parties.

Balances and movements in the main classes of intangible assets as of September 30, 2016 and December 31, 2015 are detailed as follows:

|   |             | 09/30/2016             |                                       |                     |
|---|-------------|------------------------|---------------------------------------|---------------------|
|   | Useful life | Gross amount<br>ThUS\$ | Accumulated<br>Amortization<br>ThUS\$ | Net Value<br>ThUS\$ |
| Intangible assets and goodwill  |             |                        |                                       |                     |
| Software  | Finite      | 23,266                 | (15,590 )                             | 7,676               |
| Intellectual property rights, patents and other industrial property rights, service | Finite      | 1,485                  | (1,014 )                              | 471                 |



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|   |            |         |           |         |
|---|------------|---------|-----------|---------|
| Intellectual property rights, patents and other industrial property rights, service | Indefinite | 98,597  | -         | 98,597  |
| Other intangible assets   | Indefinite | 3,652   | -         | 3,652   |
| Intangible assets other than goodwill   |            | 127,000 | (16,604 ) | 110,396 |
| Goodwill  | Indefinite | 38,088  | -         | 38,088  |
| Total intangible assets and goodwill  |            | 165,088 | (16,604 ) | 148,484 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 13 Intangible assets and goodwill (continued)**

**13.2 Disclosures on intangible assets and goodwill, continued**

| Intangible assets and goodwill  | Useful life | 12/31/2015             |                                       | Net Value<br>ThUS\$ |
|---|-------------|------------------------|---------------------------------------|---------------------|
|   |             | Gross amount<br>ThUS\$ | Accumulated<br>Amortization<br>ThUS\$ |                     |
| Trademarks  | Finite      | 3,821                  | (3,821 )                              | -                   |
| Software  | Finite      | 23,251                 | (13,438 )                             | 9,813               |
| Intellectual property rights, patents and other industrial property rights, service | Finite      | 1,448                  | (984 )                                | 464                 |
| Intellectual property rights, patents and other industrial property rights, service | Indefinite  | 96,500                 | -                                     | 96,500              |
| Other intangible assets   | Indefinite  | 3,651                  | -                                     | 3,651               |
| Intangible assets other than goodwill   |             | 128,671                | (18,243 )                             | 110,428             |
| Goodwill  | Indefinite  | 38,388                 | -                                     | 38,388              |
| Total intangible assets and goodwill  |             | 167,059                | (18,243 )                             | 148,816             |

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

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

The estimated useful life for software is 3 and 6 years, for other finite useful life assets the period in which they are amortized relates to periods defined by contracts or rights which generate them.

Intellectual property rights, patents and other industrial property rights, service and exploitation rights, mainly relate to water rights and are obtained as indefinite.

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

The method used to express the amortization is useful life, and estimated tons to be extracted in the case of mining claims.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 13 Intangible assets and goodwill (continued)**

**13.2 Disclosures on intangible assets and goodwill, continued**

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

| Estimated useful lives or amortization rate   | Minimum life or rate | Maximum life or rate |
|---|----------------------|----------------------|
| Intellectual property rights, patents and other industrial property rights, service and exploitation rights | Indefinite           | Indefinite           |
| Intangible assets other than goodwill   | Indefinite           | Indefinite           |
| Intellectual property rights, patents and other industrial property rights, service and exploitation rights | 1 year               | 16 years             |
| Trademarks  | 1 year               | 5 years              |
| Software  | 2 years              | 6 years              |

**d) Information to be disclosed on assets generated internally**

The Company has no intangible assets generated internally.

**e) Other information to disclose on intangible assets**

SQM has property rights and mining concessions of the Chilean Government, intended for the exploration and exploitation of saltpeter and brine. Such rights, have had no initial cost over registration costs, which are insignificant.

Also, SQM has acquired from third-parties other than the Chilean Government, mining concessions, which have been recognized at acquisition cost, which are amortized as the corresponding area is exploited based on the tons estimated to be extracted.

Expenses prior to obtaining the mining concessions are recognized in profit or loss for the year as incurred.

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**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****f) Movements in identifiable intangible assets as of September 30, 2016:**

| Movements in identifiable intangible assets, gross                    | Trademark | Software  | Intellectual  | Intellectual  | Other intangible assets | Goodwill | Identifiable intangible assets |
|---|-----------|-----------|---|---|-------------------------|----------|--------------------------------|
|   |           |           | property rights, patents and other industrial property rights, service, rights of way | property rights, patents and other industrial property rights, service, rights of way |                         |          |                                |
|   | ThUS\$    | ThUS\$    | ThUS\$  | ThUS\$  | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance   | 3,821     | 23,251    | 1,448   | 96,500  | 3,651                   | 38,388   | 167,059                        |
| Additions   | -         | 98        | 23  | 2,100   | -                       | -        | 2,221                          |
| Other increases (decreases)   | (3,821 )  | (83 )     | 14  | (3 )  | 1                       | (300 )   | (4,192 )                       |
| Final balance   | -         | 23,266    | 1,485   | 98,597  | 3,652                   | 38,088   | 165,088                        |
| Movements in identifiable intangible assets, accumulated amortization | Trademark | Software  | Intellectual  | Intellectual  | Other intangible assets | Goodwill | Identifiable intangible assets |
|   |           |           | property rights, patents and other industrial property rights, service, rights of way | property rights, patents and other industrial property rights, service, rights of way |                         |          |                                |
|   | ThUS\$    | ThUS\$    | ThUS\$  | ThUS\$  | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance   | (3,821 )  | (13,438 ) | (984 )  | -   | -                       | -        | (18,243 )                      |
| Additions   | -         | -         | -   | -   | -                       | -        | -                              |
| Amortization  | -         | (2,147 )  | (30 )   | -   | -                       | -        | (2,177 )                       |
| Other increases (decreases)   | 3,821     | (5 )      | -   | -   | -                       | -        | 3,816                          |
| Final balance   | -         | (15,590 ) | (1,014 )  | -   | -                       | -        | (16,604 )                      |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****f) Movements in identifiable intangible assets as of September 30, 2016, continued**

| Movements in identifiable intangible assets, net | Trademark |          | Software |        | Intellectual property rights, patents and other industrial property rights, service, rights of way | Intellectual property rights, patents and other industrial property rights, service rights of way | Other intangible assets | Goodwill | Identifiable intangible assets |
|--|-----------|----------|----------|--------|--|---|-------------------------|----------|--------------------------------|
|  | ThUS\$    | ThUS\$   | ThUS\$   | ThUS\$ | ThUS\$   | ThUS\$  | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance                                  | -         | 9,813    | 464      |        | 96,500   |   | 3,651                   | 38,388   | 148,816                        |
| Additions  | -         | 98       | 23       |        | 2,100  |   | -                       | -        | 2,221                          |
| Amortization                                     | -         | (2,147 ) | (30 )    |        | -  |   | -                       | -        | (2,177 )                       |
| Other increases (decreases)                      | -         | (88 )    | 14       |        | (3 )   |   | 1                       | (300 )   | (376 )                         |
| Final balance                                    | -         | 7,676    | 471      |        | 98,597   |   | 3,652                   | 38,088   | 148,484                        |

**g) Movements in identifiable intangible assets as of December 31, 2015:**

| Movements in identifiable intangible assets, gross | Trademark |        | Software |        | Intellectual property rights, patents and other industrial property rights, service, rights of way | Intellectual property rights, patents and other industrial property rights, service, rights of way | Other intangible assets | Goodwill | Identifiable intangible assets |
|--|-----------|--------|----------|--------|--|--|-------------------------|----------|--------------------------------|
|  | ThUS\$    | ThUS\$ | ThUS\$   | ThUS\$ | ThUS\$   | ThUS\$   | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance                                    | 3,821     | 23,062 | 1,524    |        | 97,386   |  | 3,698                   | 38,388   | 167,879                        |
| Additions  | -         | 189    | 15       |        | -  |  | -                       | -        | 204                            |
| Other increases (decreases)                        | -         | -      | (91 )    |        | (886 )   |  | (47 )                   | -        | (1,024 )                       |
| Final balance                                      | 3,821     | 23,251 | 1,448    |        | 96,500   |  | 3,651                   | 38,388   | 167,059                        |



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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 13 Intangible assets and goodwill (continued)****13.2 Disclosures on intangible assets and goodwill, continued****g) Movements in identifiable intangible assets as of December 31, 2015:**

| Movements in identifiable intangible assets, accumulated amortization | Trademarks | Software  | Intellectual  | Intellectual  | Other intangible assets | Goodwill | Identifiable intangible assets |
|---|------------|-----------|---|---|-------------------------|----------|--------------------------------|
|   |            |           | property rights, patents and other industrial property rights, service, rights of way | property rights, patents and other industrial property rights, service, rights of way |                         |          |                                |
|   | ThUS\$     | ThUS\$    | ThUS\$  | ThUS\$  | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance   | (3,821 )   | (9,996 )  | (939 )  | -   | -                       | -        | (14,756 )                      |
| Additions   | -          | -         | -   | -   | -                       | -        | -                              |
| Amortization  | -          | (3,432 )  | (45 )   | -   | -                       | -        | (3,477 )                       |
| Other increases (decreases)   | -          | (10 )     | -   | -   | -                       | -        | (10 )                          |
| Final balance   | (3,821 )   | (13,438 ) | (984 )  | -   | -                       | -        | (18,243 )                      |
| Movements in identifiable intangible assets, net                      | Trademarks | Software  | Intellectual  | Intellectual  | Other intangible assets | Goodwill | Identifiable intangible assets |
|   |            |           | property rights, patents and other industrial property rights, service, rights of way | property rights, patents and other industrial property rights, service, rights of way |                         |          |                                |
|   | ThUS\$     | ThUS\$    | ThUS\$  | ThUS\$  | ThUS\$                  | ThUS\$   | ThUS\$                         |
| Opening balance   | -          | 13,066    | 585   | 97,386  | 3,698                   | 38,388   | 153,123                        |
| Additions   | -          | 189       | 15  | -   | -                       | -        | 204                            |
| Amortization  | -          | (3,432 )  | (45 )   | -   | -                       | -        | (3,477 )                       |
| Other increases (decreases)   | -          | (10 )     | (91 )   | (886 )  | (47 )                   | -        | (1,034 )                       |
| Final balance   | -          | 9,813     | 464   | 96,500  | 3,651                   | 38,388   | 148,816                        |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 14 Property, plant and equipment

As of September 30, 2016 and December 31, 2015, the detail of property, plant and equipment is as follows:

| 14.1  | Types of property, plant and equipment |            |
|---|--|------------|
| Description of types of property, plant and equipment                                 | 09/30/2016                             | 12/31/2015 |
|   | ThUS\$                                 | ThUS\$     |
| Property, plant and equipment, net  |  |            |
| Land  | 32,710                                 | 34,589     |
| Buildings   | 118,865                                | 128,375    |
| Machinery   | 334,814                                | 393,461    |
| Transport equipment   | 1,800                                  | 14,766     |
| Furniture and fixtures  | 6,285                                  | 8,516      |
| Office equipment  | 5,909                                  | 6,168      |
| Production plants   | 91,407                                 | 80,027     |
| Mining assets   | 31,373                                 | 41,392     |
| Constructions in progress   | 194,322                                | 151,831    |
| Other property, plant and equipment (1)   | 732,477                                | 824,451    |
| Total   | 1,549,962                              | 1,683,576  |
| Property, plant and equipment, gross  |  |            |
| Land  | 32,710                                 | 34,589     |
| Buildings   | 267,761                                | 264,645    |
| Machinery   | 1,219,762                              | 1,211,927  |
| Transport equipment   | 79,979                                 | 79,979     |
| Furniture and fixtures  | 37,609                                 | 37,492     |
| Office equipment  | 39,132                                 | 38,285     |
| Production plants   | 199,547                                | 171,769    |
| Mining assets   | 229,269                                | 228,240    |
| Constructions in progress   | 194,322                                | 151,831    |
| Other property, plant and equipment   | 1,806,574                              | 1,804,515  |
| Total   | 4,106,665                              | 4,023,272  |
| Accumulated depreciation and value impairment of property, plant and equipment, total |  |            |
| Accumulated depreciation and impairment of buildings                                  | 148,896                                | 136,270    |
| Accumulated depreciation and impairment of machinery                                  | 884,948                                | 818,466    |
| Accumulated depreciation and impairment of transport equipment                        | 78,179                                 | 65,213     |
| Accumulated depreciation and impairment of furniture and fixtures                     | 31,324                                 | 28,976     |

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|  |           |           |
|--|-----------|-----------|
| Accumulated depreciation and impairment of office equipment                    | 33,223    | 32,117    |
| Accumulated depreciation and impairment of production plants                   | 108,140   | 91,742    |
| Accumulated depreciation and impairment of mining assets                       | 197,896   | 186,848   |
| Accumulated depreciation and impairment of other property, plant and equipment | 1,074,097 | 980,064   |
| Total  | 2,556,703 | 2,339,696 |

(1) The detail of other property, plant and equipment is as follows:

|  | <b>09/30/2016</b> | <b>31/12/2015</b> |
|--|-------------------|-------------------|
|  | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Other property, plant and equipment, net |                   |                   |
| Conveyor belt system in plant            | 34,502            | 39,666            |
| Tank (TK)                                | 20,252            | 26,046            |
| Geomembrane/liner                        | -                 | 155,409           |
| Electric facilities                      | 47,256            | 56,600            |
| Lights                                   | 1,247             | 2,252             |
| Other constructions                      | 105,310           | 109,478           |
| Piping                                   | -                 | 17,174            |
| Pool                                     | 293,689           | 160,869           |
| Well (water)                             | 39,259            | 44,432            |
| Pipes/HDPE lines                         | 126,586           | 131,431           |
| Railroad track                           | 2,453             | 11,001            |
| Other property, plant and equipment      | 61,923            | 70,093            |
| Total                                    | 732,477           | 824,451           |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 14 Property, plant and equipment (continued)**

## 14.2 Reconciliation of changes in property, plant and equipment by type:

| Reconciliation entries of changes in property, plant and equipment by type as of September 30, 2016, gross                    | Land    | Buildings | Machinery | Transport equipment | Furniture and fixtures | Office equipment | Production plants | Mineral assets |
|---|---------|-----------|-----------|---------------------|------------------------|------------------|-------------------|----------------|
|   | ThUS\$  | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$                 | ThUS\$           | ThUS\$            | ThUS\$         |
| Opening balance   | 34,589  | 264,645   | 1,211,927 | 79,979              | 37,492                 | 38,285           | 171,769           | 228,710        |
| Changes   |         |           |           |                     |                        |                  |                   |                |
| Additions   | -       | -         | 917       | -                   | -                      | 556              | -                 | -              |
| Divestitures  | -       | -         | (636)     | -                   | -                      | (1)              | -                 | -              |
| Increase(decrease) in foreign currency exchange   | 37      | 8         | 24        | 11                  | -                      | 74               | -                 | -              |
| Reclassification  | -       | 3,108     | 7,530     | -                   | 117                    | 585              | 27,778            | 1,000          |
| Other increases (decreases) (*)   | (25)    | -         | -         | (11)                | -                      | (367)            | -                 | -              |
| Decreases for classification as held-for-sale (1)   | (1,891) | -         | -         | -                   | -                      | -                | -                 | -              |
| Total changes   | (1,879) | 3,116     | 7,835     | -                   | 117                    | 847              | 27,778            | 1,000          |
| Final balance   | 32,710  | 267,761   | 1,219,762 | 79,979              | 37,609                 | 39,132           | 199,547           | 229,710        |
| Reconciliation entries of changes in property, plant and equipment by type as of September 30, 2016, Accumulated depreciation |         |           |           |                     |                        |                  |                   |                |
|   | ThUS\$  | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$                 | ThUS\$           | ThUS\$            | ThUS\$         |
| Opening balance   | -       | (136,270) | (818,466) | (65,213)            | (28,976)               | (32,117)         | (91,742)          | (18,710)       |
| Changes   |         |           |           |                     |                        |                  |                   |                |
| Divestitures  | -       | -         | 230       | -                   | -                      | -                | -                 | -              |
| Depreciation expense  | -       | (10,892)  | (62,829)  | (17,762)            | (2,570)                | (1,433)          | (16,401)          | (11,000)       |
| Increase(decrease) in foreign currency exchange   | -       | (13)      | -         | (8)                 | -                      | (36)             | -                 | -              |
| Reclassification  | -       | (1,721)   | (3,885)   | 4,796               | 222                    | (62)             | -                 | -              |
| Other increases (decreases) (*)   | -       | -         | 2         | 8                   | -                      | 425              | 3                 | -              |
| Decreases for classification as held-for-sale (1)   | -       | -         | -         | -                   | -                      | -                | -                 | -              |
| Total changes   | -       | (12,626)  | (66,482)  | (12,966)            | (2,348)                | (1,106)          | (16,398)          | (11,000)       |
| Final balance   | -       | (148,896) | (884,948) | (78,179)            | (31,324)               | (33,223)         | (108,140)         | (29,710)       |

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**Note 14 Property, plant and equipment (continued)**

**14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

| Reconciliation entries of changes in property, plant and equipment by type as of September 30, 2016, net | Land     | Buildings | Machinery | Transport equipment | Furniture fixtures | Office equipment | Production plants | Mining assets |
|--|----------|-----------|-----------|---------------------|--------------------|------------------|-------------------|---------------|
|  | ThUS\$   | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$             | ThUS\$           | ThUS\$            | ThUS\$        |
| Opening balance  | 34,589   | 128,375   | 393,461   | 14,766              | 8,516              | 6,168            | 80,027            | 41,392        |
| Changes  |          |           |           |                     |                    |                  |                   |               |
| Additions  | -        | -         | 917       | -                   | -                  | 556              | -                 | -             |
| Divestitures   | -        | -         | (406 )    | -                   | -                  | (1 )             | -                 | -             |
| Depreciation expense   | -        | (10,892 ) | (62,829 ) | (17,762)            | (2,570)            | (1,433)          | (16,401)          | (11,048)      |
| Increase(decrease) in foreign currency exchange  | 37       | (5 )      | 24        | 3                   | -                  | 38               | -                 | -             |
| Reclassification   | -        | 1,387     | 3,645     | 4,796               | 339                | 523              | 27,778            | 1,029         |
| Other increases (decreases) (*)  | (25 )    | -         | 2         | (3 )                | -                  | 58               | 3                 | -             |
| Decreases for classification as held-for-sale (1)  | (1,891 ) | -         | -         | -                   | -                  | -                | -                 | -             |
| Total changes  | (1,879 ) | (9,510 )  | (58,647 ) | (12,966)            | (2,231)            | (259 )           | 11,380            | (10,019)      |
| Final balance  | 32,710   | 118,865   | 334,814   | 1,800               | 6,285              | 5,909            | 91,407            | 31,373        |

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

(1) The Company classifies as non-current assets held-for-sale the property, plant and equipment (asset groups held-for-sale) whose date has been committed at the date of the consolidated financial statements or negotiations have started for such sale and the sale is estimated to occur within twelve months following such date.

These assets or asset groups held for sale are measured at the lower of carrying amount or the estimated sales value less costs to sell, and their amortization stops at the time they are classified as non-current assets held for sale.



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**Note 14 Property, plant and equipment (continued)****14.2 Reconciliation of changes in property, plant and equipment by type, continued:**

| Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, gross                    | Land   | Buildings | Machinery | Transport equipment | Furniture and fixtures | Office equipment | Production plants | Mineral assets |
|--|--------|-----------|-----------|---------------------|------------------------|------------------|-------------------|----------------|
|  | ThUS\$ | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$                 | ThUS\$           | ThUS\$            | ThUS\$         |
| Opening balance  | 34,622 | 240,356   | 1,145,426 | 78,402              | 32,082                 | 35,512           | 171,277           | 223,111        |
| Changes  |        |           |           |                     |                        |                  |                   |                |
| Additions  | 49     | 933       | 1,109     | 32                  | 28                     | 1,338            | -                 | -              |
| Divestitures   | -      | -         | (13)      | (5)                 | -                      | (1)              | -                 | -              |
| Increase(decrease) in foreign currency exchange  | (82)   | -         | (53)      | (23)                | -                      | (104)            | -                 | -              |
| Reclassification   | -      | 23,355    | 68,187    | 3,742               | 5,382                  | 1,585            | 491               | 2,311          |
| Other increases (decreases) (*)  | -      | 1         | (2,729)   | (2,169)             | -                      | (45)             | 1                 | (1,111)        |
| Total changes  | (33)   | 24,289    | 66,501    | 1,577               | 5,410                  | 2,773            | 492               | 2,311          |
| Final balance  | 34,589 | 264,645   | 1,211,927 | 79,979              | 37,492                 | 38,285           | 171,769           | 225,422        |
| Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, Accumulated depreciation | Land   | Buildings | Machinery | Transport equipment | Furniture and fixtures | Office equipment | Production plants | Mineral assets |
|  | ThUS\$ | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$                 | ThUS\$           | ThUS\$            | ThUS\$         |
| Opening balance  | -      | (115,954) | (791,878) | (64,227)            | (23,066)               | (29,147)         | (62,504)          | (14,111)       |
| Changes  |        |           |           |                     |                        |                  |                   |                |
| Divestitures   | -      | -         | -         | -                   | -                      | -                | -                 | -              |
| Depreciation expense   | -      | (13,945)  | (94,006)  | (15,575)            | (4,250)                | (3,051)          | (7,594)           | (15,111)       |
| Increase(decrease) in foreign currency exchange  | -      | 1         | -         | 16                  | -                      | 66               | -                 | -              |
| Reclassification   | -      | (5,348)   | 70,419    | 24,887              | (433)                  | 2                | (21,644)          | (29,111)       |
| Other increases (decreases) (*)  | -      | (1,024)   | (3,001)   | (10,314)            | (1,227)                | 13               | -                 | -              |
| Total changes  | -      | (20,316)  | (26,588)  | (986)               | (5,910)                | (2,970)          | (29,238)          | (44,222)       |
| Final balance  | -      | (136,270) | (818,466) | (65,213)            | (28,976)               | (32,117)         | (91,742)          | (58,333)       |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 14 Property, plant and equipment (continued)****14.3 Reconciliation of changes in property, plant and equipment by type, continued:**

| Reconciliation entries of changes in property, plant and equipment by type as of December 31, 2015, net | Land   | Buildings | Machinery | Transport equipment | Furniture fixtures | Office equipment | Production plants | Mining assets |
|---|--------|-----------|-----------|---------------------|--------------------|------------------|-------------------|---------------|
|   | ThUS\$ | ThUS\$    | ThUS\$    | ThUS\$              | ThUS\$             | ThUS\$           | ThUS\$            | ThUS\$        |
| Opening balance   | 34,622 | 124,402   | 353,548   | 14,175              | 9,016              | 6,365            | 108,773           | 83,332        |
| Changes   |        |           |           |                     |                    |                  |                   |               |
| Additions   | 49     | 933       | 1,109     | 32                  | 28                 | 1,338            | -                 | -             |
| Divestitures  | -      | -         | (13 )     | (5 )                | -                  | (1 )             | -                 | -             |
| Depreciation expense  | -      | (13,945 ) | (94,006 ) | (15,575 )           | (4,250 )           | (3,051 )         | (7,594 )          | (15,236 )     |
| Increase(decrease) in foreign currency exchange   | (82 )  | 1         | (53 )     | (7 )                | -                  | (38 )            | -                 | -             |
| Reclassification  | -      | 18,007    | 138,606   | 28,629              | 4,949              | 1,587            | (21,153 )         | (26,703 )     |
| Other increases (decreases) (*)   | -      | (1,023 )  | (5,730 )  | (12,483 )           | (1,227 )           | (32 )            | 1                 | (1 )          |
| Total changes   | (33 )  | 3,973     | 39,913    | 591                 | (500 )             | (197 )           | (28,746 )         | (41,940 )     |
| Final balance   | 34,589 | 128,375   | 393,461   | 14,766              | 8,516              | 6,168            | 80,027            | 41,392        |

(\*) The net balance of other increases (decreases) corresponds to: 1) investment plan expenses which are expensed to profit or loss (forming part of cost of sales and other expenses per function, as appropriate), 2) the variation representing the purchase and use of materials and spare parts 3) projects corresponding mainly to exploration expenditures and stain development and 4) impairment costs associated with the closure of the operations in the Pedro de Valdivia site, which are recognized in the caption Other expenses per function. The impairment amounted to ThUS\$ 36,823 (see Note 27.5 and Note 34).

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 14 Property, plant and equipment (continued)**

14.3 Detail of property, plant and equipment pledged as guarantee

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

14.4 Impairment of assets

As stated in Note 3.28, the recoverable amount of property, plant and equipment is measured whenever there is an indication that the asset may be impaired. As of September 30, 2016 and December 31, 2015, impairment adjustments were generated because of the closure of the railway stations for the transportation of products, see Note 34 and the closure of the Pedro de Valdivia mine site indicated in Note 33, respectively.

**Railway for transportation of products from the Coya Sur location and the Port of Tocopilla**

As a result of the rain storms that affected the Tocopilla Zone at the beginning of August 2015, SQM S.A. confirmed the existence of damages in several zones in the railway between the sites Coya Sur and Tocopilla. Accordingly, starting from such date the Company has used the transport of trucks replacing the transport through the railway. SQM has performed several internal and external studies with the purpose of determining the costs and terms necessary to repair the damages in the railway.

The analysis of the internal and external reports allows concluding that the costs associated with repairing the damages caused by the rain storms would imply long-terms and high costs, and accordingly, it is not convenient at short and medium-term to repair the railway. Such decision does not affect the production process or imply additional employee reductions.

Consequently, SQM has adjusted the value of the assets associated with the railway (fixed equipment, facilities and rolling equipment), which has translated into a charge of approximately US\$ 32 million which are reflected in the line other expenses by function in the consolidated statement of income for the period. Such amount approximately

represents 0.7% of SQM's total assets reported at the end of September 2016.

14.5

Additional information

Interest capitalized in construction-in-progress:

The amount capitalized for this concept amounted to ThUS\$4,056 as of September 30, 2016 and ThUS\$ 4,466 as of December 31, 2015.

Financing costs are not capitalized for periods which exceed the normal term of acquisition, construction or installation of the asset, such as the case of delays, interruptions or temporary suspension of the project due to technical, financial or other issues, which prevent that the asset is maintained in good conditions for its use.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 14 Property, plant and equipment (continued)**

**14.5**

**Additional information**

**Available for sale assets**

Non-current assets held for sale and the components of groups held for sale classified as held for sale are recorded in the Consolidated Statement of Financial Position in a single line under the following concept: "Non-current assets or asset groups for disposal classified as held for sale."

The main classes of assets of non-current assets held for sale are shown below.

| Available for sale assets | 09/30/2016 | 12/31/2015 |
|---------------------------|------------|------------|
|                           | ThUS\$     | ThUS\$     |
| Land                      | 1,891      | -          |
| Facilities and fixtures   | 165        | -          |
| Total                     | 2,056      | -          |

**Note 15 Employee benefits**

**15.1**

**Provisions for employee benefits**

| Classes of benefits and expenses by employee | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | MUS\$      | MUS\$      |
| Current                                      |            |            |
| Profit sharing and bonuses                   | 13,300     | 13,445     |
| Total  | 13,300     | 13,445     |
| Non-current                                  |            |            |
| Profit sharing and bonuses                   | -          | -          |



|                              |        |        |
|------------------------------|--------|--------|
| Severance indemnity payments | 21,824 | 21,995 |
| Total                        | 21,824 | 21,995 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 15 Employee benefits (continued)**

15.2

Policies on defined benefit plan

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

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

The Company only provides compensation and benefits to active employees, with the exemption of SQM North America which applies the definitions under 15.4 below.

SQM maintains incentive programs for its employees based on the personal performance, the Company's performance and other short-term, mid-term and long-term indicators.

For each incentive bonus delivered to the Company's employees, there will be a disbursement in the first quarter of the following year and this will be calculated based on profit for the period at the end of each period applying a factor obtained subsequent to the employee appraisal process.

Employee benefits include retention bonuses for the Company's executives, which are linked to the Company's share price and it is paid in cash. The short-term portion is presented as provision for current employee benefits and the long-term portion as non-current.

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

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

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

Law No. 19,728 published on May 14, 2001 which became effective on October 1, 2002 required “Compulsory Unemployment Insurance” in favor of all depending employees regulated by the Chilean Labor Code. Article 5 of this law provided the financing of this insurance through monthly contribution payments by both the employee and the employer.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 15 Employee benefits (continued)**

15.3 Other long-term benefits

The other long-term benefits relate to staff severance indemnities and are recorded at their actuarial value.

| Staff severance indemnities at actuarial value | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Staff severance indemnities, Chile             | 20,612     | 20,883     |
| Other obligations in companies elsewhere       | 1,212      | 1,112      |
| Total other non-current liabilities            | 21,824     | 21,995     |

Staff severance indemnities have been calculated under the actuarial assessment method of the Company's obligations with respect to staff severance indemnities, which relate to defined benefit plans which consist of days of remuneration per year served at the time of retirement under conditions agreed in the respective agreements established between the Company and its employees.

Under this benefit plan, the Company retains the obligation for the payment of staff severance indemnities related to retirements, without establishing a separate fund with specific assets, which is referred to as not funded. The discount interest rate of expected flows to be used was 4.511%.

*Benefit payment conditions*

The staff severance indemnity benefit relates to remuneration days for year worked for the Company with no limit of salary or years of services for the Company, when employees cease to work for the Company due to turnover or death. In this case, the maximum age for men is 65 years and 60 years old for women, which are the usual ages for retirement due to achieving the senior citizen age according to the Chilean pensions system provided in Decree Law 3,500 of 1,980.

*Methodology*

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

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

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**Note 15 Employee benefits (continued)**

**15.3 Other long-term benefits, continued**

This model considered months as discrete time; i.e., the Company determined the age of each person and his/her salary on a monthly basis according to the growth rate. Thus, information on each person was simulated from the beginning of the life of his/her employment contract or when he/she started earning benefits up to the month in which it reaches the normal retirement age, generating in each period the possible retirement according to the Company's turnover rate and the mortality rate according to the age reached. When he/she reaches the retirement age, the employee finishes his/her service for the Company and receives indemnity related to retirement due to old age.

The methodology followed to determine the accrual for all the employees adhered to agreements has considered turnover rates and the mortality rate RV-2009 established by the Chilean Superintendence of Securities and Insurance to calculate pension-related life insurance reserves in Chile according to the Accumulated Benefit Valuation or Accrued Cost of Benefit Method. This methodology is established in IAS 19 on Retirement Benefit Costs.

**15.4 Post-employment benefit obligations**

Our subsidiary SQM North America, has established with its employees, a pension plan until 2002 called "SQM North America Retirement Income Plan", whereby obligation is calculated measuring the expected future forecasted staff severance indemnity obligation using a net salary gradual rate of restatements for inflation, mortality and turnover assumptions discounting the resulting amounts at present value using the interest rate defined by the authorities.

Since 2003, SQM North America offers to its employee benefits related to pension plans based on the 401-K system, which do not generate obligations for the Company.

**15.5 Staff severance indemnities**

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As of September 30, 2016 and December 31, 2015, severance indemnities calculated at the actuarial value are as follows:

|                               | <b>09/30/2016</b> | <b>12/31/2015</b> |
|-------------------------------|-------------------|-------------------|
|                               | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Opening balance               | (21,995 )         | (30,952 )         |
| Current cost of service       | (844 )            | (898 )            |
| Interest cost                 | (1,073 )          | (1,588 )          |
| Actuarial gain/loss           | (1,632 )          | 1,242             |
| Exchange rate difference      | (1,578 )          | 3,582             |
| Benefits paid during the year | 5,298             | 6,619             |
| Balance                       | (21,824 )         | (21,995 )         |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 15 Employee benefits (continued)**

**15.5 Staff severance indemnities, continued**

a) *Actuarial assumptions*

The liability recorded for staff severance indemnity is valued at the actuarial value method, using the following actuarial assumptions:

|                                     | 09/30/2016 |   | 12/31/2015 |   |        |
|-------------------------------------|------------|---|------------|---|--------|
| Mortality rate                      | RV - 2009  |   | RV - 2009  |   |        |
| Actual annual interest rate         | 4.511      | % | 4.89       | % |        |
| Voluntary retirement rotation rate: |            |   |            |   |        |
| Men                                 | 7.16       | % | 7.16       | % | annual |
| Women                               | 7.16       | % | 7.16       | % | annual |
| Salary increase                     | 3.60       | % | 3.60       | % | annual |
| Retirement age:                     |            |   |            |   |        |
| Men                                 | 65         |   | 65         |   | years  |
| Women                               | 60         |   | 60         |   | years  |

b) *Sensitivity analysis of assumptions*

As of September 30, 2016 and December 31, 2015, on the actuarial calculation, the Company has conducting the sensitivity analysis of the main assumptions, determining the following:

Sensitivity analysis 09/30/2016 **Effect + 100 basis points** **Effect - 100 basis points**

|                        | ThUS\$ |   | ThUS\$ |
|------------------------|--------|---|--------|
| Discount rate          | (1,521 | ) | 1,562  |
| Employee turnover rate | (265   | ) | 157    |



Sensitivity analysis 12/31/2015 **Effect + 100 basis points** **Effect - 100 basis points**

|                        | <b>ThUS\$</b> |   | <b>ThUS\$</b> |
|------------------------|---------------|---|---------------|
| Discount rate          | (1,432        | ) | 1,471         |
| Employee turnover rate | (250          | ) | 148           |

Sensitivity relates to an increase/decrease of 100 basis points.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

#### Note 16 Executive compensation plan

Through the present date, the Company has a compensation plan with the purpose of encouraging the Company's executives and encourage them to stay in the Company, by granting payments based on the change in price of SQM's shares.

#### **Average Share Price Spread**

#### **Plan characteristics**

This compensation plan is related to the Company's performance through the SQM Series B share price (Santiago Stock Exchange).

#### **Plan participants**

This compensation plan includes 26 of the Company's executives, who obtain this benefit, provided they remain in the Company at the payment dates. Payment dates, if applicable, will be in the first weeks of January 2016, 2017 and 2018.

#### **Compensation**

The compensation for each executive is the differential between the average share price during each of the months of December 2015, December 2016 and December 2017, respectively, in its equivalent in US dollars and the reference prices, of US\$23.48 and the average weighted price of the trading of SQM Series B shares in the Santiago Stock Exchange during December 2014. The differential cannot exceed US\$15.00 and will be multiplied by 5,000. If the amount calculated is negative or zero, no bonus will be paid during that period, but in such case, the bond of benefit payable in the following period to the employee will be equal to the product of multiplying the difference by 10,000. If the value was negative or zero in December 2015 and also in December 2016, for calculating the bond of December

2017, the differential will be multiplied by 15,000.

The movement of the options in effect for the period, the average prices for the fiscal year of the options and the average contractual life of the options in effect as of September 30, 2016 and December 31, 2015 are the following:

| Movement for the period           | 2016      | 2015      |
|-----------------------------------|-----------|-----------|
| In effect as of January 1         | 405,000   | 390,000   |
| Redundant workers                 | (15,000 ) | (45,000 ) |
| Granted during the fiscal year    | -         | 60,000    |
| In circulation                    | 390,000   | 405,000   |
| Average weighted contractual life | 21 months | 24 months |
| Executives                        | 26        | 24        |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 17 Disclosures on equity

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

17.1

Capital management

The main object of capital management relative to the administration of the Company's financial debt and equity is to ensure the regular conduct of operations and business continuity in the long term, with the constant intention of maintaining an adequate level of liquidity and in compliance with the financial safeguards established in the debt contracts in force. Within this framework, decisions are made in order to maximize the value of SQM.

Capital management must comply with, among others, the limits contemplated in the Financing Policy approved Board of Directors, which establish a maximum consolidated indebtedness level of 1.5 times the debt/equity. This limit can be exceeded only if the Company's management has a written and previously granted authorization issued at the Extraordinary Shareholders' Meeting.

In addition, capital management must comply with the external capital requirements imposed (or covenants) in its financial obligations, which regulate the indebtedness level by 1.2 times, in its more strict level.

In conjunction with the level of indebtedness, it is also important for the Company to maintain a comfortable profile of maturities for its financial obligations, in order to oversee the relation between its short-term financial obligations and the long-term maturities, and the relation they have with the Company's asset distribution. Consequently, the Company has maintained a liquidity level of 3 times during the last periods.

The Company's management controls capital management based on the following ratios:

| CAPITAL<br>MANAGEMENT | 09/30/2016 | 12/31/2015 | Description (1) | Calculation (1) |
|-----------------------|------------|------------|-----------------|-----------------|
|-----------------------|------------|------------|-----------------|-----------------|

|                              |         |         |   |   |
|------------------------------|---------|---------|---|---|
| Net Financial Debt<br>MUS\$  | 377,193 | 528,649 | Financial Debt – Financial<br>Resources   | Other current Financial Liabilities +<br>Other Non-Current Financial Liabilities –<br>Cash and Cash Equivalents – Other<br>Current Financial Assets – Hedging<br>Assets, non-current                                  |
| Liquidity                    | 3.59    | 3.84    | Current Asset divided by<br>Current Liability   | Total Current Assets / Total Current<br>Liabilities   |
| Net Debt /<br>Capitalization | 0.14    | 0.18    | Net Financial Debt<br>divided by Total Equity   | Net financial debt / ( Net financial debt +<br>Total Equity)  |
| ROE                          | 10.5    | % 9.1   | % Income divided by Total<br>Equity   | Total Income / Equity (UH 12 months)  |
| ROA                          | 13.3    | % 13.4  | % EBITDA – Depreciation<br>divided by Net Total<br>Assets of financial<br>resources less related<br>parties investments | (Gross Income – Administrative<br>Expenses)/ (Total Assets – Cash and Cash<br>Equivalents – Other Current Financial<br>Assets – Other Non-Current Financial<br>Assets – Equity-accounted Investees) (UH<br>12 months) |
| Indebtedness                 | 0.86    | 0.93    | Total Liability on Equity   | Total Liabilities / Total Equity  |

(1) Assumes the absolute value of the accounting records

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 17 Disclosures on equity (continued)**

**17.1 Capital management, continued**

The Company's capital requirements change depending on variables such as work capital requirements, of new investment financing and dividends, among others. The Company manages its capital structure and makes adjustments on the basis of the predominant economic conditions so as to mitigate the risks associated with adverse market conditions and take advantage of the opportunities there may be to improve the liquidity position.

There have been no changes in the capital management objectives or policy within the years reported in this document. No breaches of external requirements of capital imposed (or covenants) have been recorded.

**17.2 Disclosures on preferred share capital**

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

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

**Series "A":**

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

**Series "B":**

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

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

As of September 30, 2016 and December 31, 2015, the Group does not maintain shares in the parent either directly or through its companies in which it has investments.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 17 Disclosures on equity (continued)**

**17.2 Disclosures on preferred share capital, continued**

Detail of types of capital in preference shares:

| Type of capital in preferred shares<br>Description of type of capital in<br>preferred shares                   | 09/30/2016  |             | 12/31/2015  |             |
|--|-------------|-------------|-------------|-------------|
|  | Series A    | Series B    | Series A    | Series B    |
| Number of authorized shares  | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Number of fully subscribed and paid shares   | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Number of subscribed, partially paid shares  | -           | -           | -           | -           |
| Par value of shares in ThUS\$  | 0.9435      | 2.8464      | 0.9435      | 2.8464      |
| Increase (decrease) in the number of current shares  | -           | -           | -           | -           |
| Number of current shares   | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |
| Number of shares owned by the entity or its subsidiaries<br>or associates                                      | -           | -           | -           | -           |
| Number of shares whose issuance is reserved due to the<br>existence of options or agreements to dispose shares | -           | -           | -           | -           |
| Capital amount in shares ThUS\$  | 134,750     | 342,636     | 134,750     | 342,636     |
| Amount of premium issuance ThUS\$  | -           | -           | -           | -           |
| Amount of reserves ThUS\$  | -           | -           | -           | -           |
| Total number of subscribed shares, total   | 142,819,552 | 120,376,972 | 142,819,552 | 120,376,972 |

As of September 30, 2016 and December 31, 2015, the Company has not placed any new issuances of shares on the market.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 17 Disclosures on equity (continued)**

17.3

Disclosures on reserves in equity

As of September 30, 2016 and December 31, 2015, this caption comprises the following:

|  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Reserve for currency exchange conversion                       | (14,118 )  | (14,035 )  |
| Reserve for cash flow hedges                                   | (1,633 )   | (1,699 )   |
| Reserve for actuarial gains or losses in defined benefit plans | (4,532 )   | (2,386 )   |
| Other reserves   | (699 )     | (1,677 )   |
| Total other reserves   | (20,982 )  | (19,797 )  |

**Reserves for currency exchange conversion**

This balance reflects retained earnings for changes in the exchange rate when converting financial statements of subsidiaries whose functional currency is from each company's origin country and the presentation currency is the US dollar.

**Reserve for cash flow hedges**

The Company maintains, as hedge instruments, financial derivatives related to obligations with the public issued in UF and Chilean pesos. Changes from the fair value of derivatives designated and classified as hedges are recognized under this classification.

**Reserve for actuarial gains or losses in defined benefit plans**

For the domestic subsidiaries the effects of changes in assumptions are considered, mainly changes in the discount rate.

The subsidiary SQM North America has established pension plans for its retired employees that are calculated by measuring the projected obligation of IAS using a net salary progressive rate net of adjustments to inflation, mortality and turnover assumptions, deducting the resulting amounts at present value using a 5.5% interest rate for 2016 and 2015.

**Other reserves**

Corresponds to the acquisition of the subsidiary SQM Iberian S.A., which was already under ownership of the Company at the acquisition date (IAS 27 R).

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 17 Disclosures on equity (continued)**

17.4

Dividend policies

As required by Article 79 of the Chilean Companies Act, unless otherwise decided by unanimous vote of the holders of issued and subscribed shares, we must distribute a cash dividend in an amount equal to at least 30% of our consolidated Profit for the period for year ended as of December 31, unless and except to the extent it has a deficit in retained earnings (losses not absorbed in prior years).

The Company's dividend policy for 2016 is as follows:

- Distribution and payment in favor of each shareholder of a final dividend which will be equivalent to 50% of Profit for the period obtained in 2016.

- Distribution and payment, if possible during 2016, of a provisional dividend which will be recorded against the aforementioned final dividend. This provisional dividend will be paid probably during the last quarter of 2016 and its amount could not exceed 50% of the retained earnings for distribution obtained during 2016, which are reflected in the Company's financial statements as of September 30, 2016.

- The distribution and payment by the Company of the remaining balance of the final dividend related to Profit for the period for the 2016 commercial year in up to two installments, which will have to be effectively paid and distributed prior to June 30, 2017.

- An amount equivalent to the remaining 50% of the Company's Profit for the period for 2016 will be retained and destined to the financing of operations of one or more of the Company's investment projects with no prejudice of the possible future capitalization of the entirety or a portion of this.

- The Board of Directors does not consider the payment of any additional dividends.

- The Board of Directors does not consider the payment of any interim dividends

-

The Board of Directors considers as necessary to indicate that the aforementioned dividends policy corresponds to the intention or expectation of the Board regarding this matter. Consequently, the enforcement of such dividends policy is necessarily conditioned to net incomes finally obtained, to the results indicating the Company's regular forecasts or the existence of certain conditions that could affect them. Notwithstanding the above and to the extent that such policy dividend does not suffer a significant change, SQM S.A. will timely communicate its shareholders on this matter.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 17 - Disclosures on equity (continued)**

17.5

Provisional dividends

On November 17, 2015, the Board of Directors of Sociedad Química y Minera de Chile S.A. agreed that the Company pay and distribute a provisional dividend referred to in the “Dividend Policy for Commercial year 2015 of SQM S.A.” as agreed at the Annual General Ordinary Shareholders’ Meeting of April 24, 2015.

Accordingly, the Company paid and distributed starting from December 10, 2015 a provisional dividend per share of US\$0.31915, which was equivalent to approximately US\$84,000,000 and, this, to 49.82889% of net profit for distribution from the commercial year 2015, which was accumulated as of December 31 of such year. Such dividend will be charged to profit from the commercial year to the Shareholders recorded in the Shareholders’ Record of SQM on the fifth business day prior to December 10 indicated above and at its amount equivalent in Chilean pesos, the domestic currency at its “Observed U.S. Dollar” or “U.S. dollar” exchange rate published in the Official Gazette on December 3, 2015.

On April 24, 2015, at the Fortieth General Ordinary Shareholders’ Meeting, the shareholders agreed the payment of a dividend declared of US\$ 0.56304 per share for the net profit obtained during the 2014 commercial year. From this dividend declared the amount of US\$ 0.41493 per share was discounted, which was paid for the concept of the provisional dividend and the remaining balance, then amounting to US\$0.14811 per share, was paid and distributed in favor of the Shareholders of SQM recorded with the related Shareholders’ Record on the fifth business day prior to the date in which the dividend was paid. Such amount was paid at its equivalent amount in Chilean pesos the domestic currency per the “Observed U.S. dollar” or “U.S. dollar” exchange rate, which was published on April 24, 2015.

Dividends presented deducted from equity are:

|  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Dividends attributable to owners of the parent | 1,243      | 85,945     |
| Contingent dividend                            | 150,000    | -          |
| Dividends payable                              | 99,347     | 23,887     |
| Total  | 250,590    | 109,832    |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 18 Provisions and other non-financial liabilities

| 18.1  | Types of provisions |             |        |            |             |        |
|---|---------------------|-------------|--------|------------|-------------|--------|
|   | 09/30/2016          |             |        | 12/31/2015 |             |        |
|   | Current             | Non-current | Total  | Current    | Non-current | Total  |
|   | ThUS\$              | ThUS\$      | ThUS\$ | ThUS\$     | ThUS\$      | ThUS\$ |
| Provision for legal complaints (*)                                  | 18,067              | 3,000       | 21,067 | 18,067     | 3,000       | 21,067 |
| Provision for dismantling, restoration and rehabilitation cost (**) | -                   | 5,890       | 5,890  | -          | 5,890       | 5,890  |
| Other provisions  | 23,822              | 150         | 23,972 | 13,445     | -           | 13,445 |
| Total   | 41,889              | 9,040       | 50,929 | 31,512     | 8,890       | 40,402 |

(\*) Provisions for legal complaints relate to legal expenses for lawsuits whose resolution are pending, and correspond to funds estimated necessary to make the disbursement of expenses incurred for this purpose. This provision relates mainly to the litigation of its subsidiary located in Chile, Brazil and the United States (see note 19.1).

(\*\*) Such provision is calculated considering the instructions issued by the regulating agency (Servicio Nacional de Geología y Minería de Chile, Sernageomin (The Chilean National Geology and Mining Service)).

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 18 Provisions and other non-financial liabilities (continued)**

18.2 Description of other provisions

| Current provisions, other short-term provisions                           | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|---|----------------------|----------------------|
| Provision for tax loss in fiscal litigation                               | 753                  | 610                  |
| Royalties, agreement with CORFO (the Chilean Economic Development Agency) | 12,087               | 6,310                |
| Provision for additional tax related to foreign loans                     | 925                  | 524                  |
| Provision for article No. 21 one-off tax, fines and value-added tax       | -                    | 1,449                |
| Miscellaneous provisions  | 10,057               | 4,552                |
| Total   | 23,822               | 13,445               |
| Other long-term provisions  |                      |                      |
| Mine closure  | 5,890                | 5,890                |
| VPP   | 150                  | -                    |
| Total   | 6,040                | 5,890                |

18.3

Other non-financial liabilities, current

| Description of other liabilities                 | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|--|----------------------|----------------------|
| Tax withholdings                                 | 879                  | 5,946                |
| VAT payable                                      | 4,497                | 6,677                |
| Guarantees received                              | 748                  | 748                  |
| Accrual for dividend                             | 99,347               | 23,887               |
| Monthly tax provisional payments                 | 10,573               | 5,985                |
| Deferred income                                  | 23,978               | 9,764                |
| Withholdings from employees and salaries payable | 5,506                | 3,459                |
| Accrued vacations                                | 14,503               | 13,171               |
| Other current liabilities                        | 627                  | 329                  |
| Total  | 160,658              | 69,966               |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 18 Provisions and other non-financial liabilities (continued)**

18.4

## Changes in provisions

| Description of items that gave rise to variations      | 09/30/2016    |               |                  |                   |  |                  | Total    |
|--|---------------|---------------|------------------|-------------------|--|------------------|----------|
|  | Guarantee     | Restructuring | Legal complaints | Onerous contracts | Provision for dismantling, restoration and rehabilitation cost | Other provisions |          |
|  | ThUS\$        | ThUS\$        | ThUS\$           | ThUS\$            | ThUS\$   | ThUS\$           | ThUS\$   |
| Total provisions, initial balance                      | -             | -             | 21,067           | -                 | 5,890  | 13,445           | 40,402   |
| Changes in provisions:                                 |               |               |                  |                   |  |                  |          |
| Additional provisions                                  | -             | -             | -                | -                 | -  | 15,674           | 15,674   |
| Provision used   | -             | -             | -                | -                 | -  | (5,722 )         | (5,722 ) |
| Increase(decrease) in foreign currency exchange others | -             | -             | -                | -                 | -  | 142              | 142      |
|  |               |               |                  |                   |  | 433              | 433      |
| Total provisions, final balance                        | -             | -             | 21,067           | -                 | 5,890  | 23,972           | 50,929   |
|  | 12/31/2015    |               |                  |                   |  |                  |          |
| Description of items that gave rise to variations      | Guarantee (*) | Restructuring | Legal complaints | Onerous contracts | Provision for dismantling, restoration and rehabilitation cost | Other provisions | Total    |
|  | ThUS\$        | ThUS\$        | ThUS\$           | ThUS\$            | ThUS\$   | ThUS\$           |          |
| Total provisions, initial balance                      | -             | -             | 22,567           | -                 | 5,890  | 8,180            | 36,637   |
| Changes in provisions:                                 |               |               |                  |                   |  |                  |          |
| Additional provisions                                  | -             | 16,327        | 8,500            | -                 | -  | 14,733           | 39,560   |
| Provision used   | -             | (16,327 )     | (10,000 )        | -                 | -  | (9,111 )         | (35,438) |
| Increase(decrease) in foreign currency exchange        | -             | -             | -                | -                 | -  | (357 )           | (357 )   |
| Total provisions, final balance                        | -             | -             | 21,067           | -                 | 5,890  | 13,445           | 40,402   |

(\*) Provisions relating to restructuring in 2015 are related to the closure of the Pedro de Valdivia site. See Note 34.

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**Note 18 Provisions and other non-financial liabilities (continued)**

18.5 Detail of main types of provisions

**Legal expenses:** This provision depends on the pending resolution of a legal lawsuit, to pay the expenses associated to and incurred during such lawsuit (incurred mainly in Brazil, Chile and the United States).

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

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

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

To date, the Company and its subsidiaries have no significant uncertainties about the timing and amount of one class of provision.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 19 Contingencies and restrictions

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

19.1 Lawsuits and other relevant events

1. Plaintiff : Nancy Erika Urra Muñoz.  
 Defendants : Fresia Flores Zamorano, Duratec-Vinilit S.A. and SQM S.A. and their Insurers.  
 Date : December 2008.  
 Court : 1st Civil Court of Santiago.  
 Reason : Labor Accident.  
 Status : Judgment in favor of SQM, which could be subject to appeal.  
 Nominal value : ThUS\$550.
  
2. Plaintiff : City of Pomona, California USA.  
 Defendant : SQM North America Corporation.  
 Date : December 2010.  
 Court : United States District Court Central District of California.  
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.  
 Status : The Jury rejected the lawsuit. The plaintiff files an appeal, the resolution of which is pending.  
 Nominal value : ThUS\$32,000.
  
3. Plaintiff : City of Lindsay, California USA.  
 Defendant : SQM North America Corporation  
 The lawsuit also was filed against Sociedad Química y Minera de Chile S.A. this lawsuit has not yet been notified to the Company.  
 Date : December 2010.  
 Court : United States District Court Eastern District of California.  
 Reason : Payment of expenses and other amount related to the treatment of groundwater to allow for consumption by removing the existing perchlorate in such groundwater and that supposedly come from Chilean fertilizer.  
 Status : Claim. Processing suspended.  
 : Not possible to determine.



Nominal  
value

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
(continued)

**19.1 Lawsuits and other relevant events, continued**

4. Plaintiff      : H&V Van Mele N.V.  
 Defendant      : SQM Europe N.V. and its insurance companies.  
 Date             : July 2013.  
 Court            : Commercial Court.  
 Reason          : Alleged indirect responsibility for the absence of adequate specification for the SOP-WS by the Belgian distributor.  
 Status           : Evidence.  
 Nominal value : ThUS\$430.
5. Plaintiff      : Carlos Aravena Carrizo et al.  
 Defendant      : SQM Nitratos S.A. and its insurers.  
 Date             : May 2014.  
 Court            : 18th Civil Court of Santiago.  
 Reason          : Compensation claim for alleged civil liability under tort as a result of an explosion that occurred on September 6, 2010 near Baquedano, causing the death of 6 workers. Transactions performed with the families of five of such workers.  
 Status           : Evidence.  
 Nominal value : ThUS\$500.
6. Plaintiff      : Corporación de Fomento de la Producción (CORFO).  
 Defendant      : SQM Salar S.A. and Sociedad Química y Minera de Chile S.A.  
 Date             : May 2014.  
 Court            : Arbitration court.  
 Reason          : Early termination of lease agreement entered into on November 12, 1993 maturing on December, 2030 -i- because of alleged noncompliance of the full payment of quarterly income related to certain products between 2009-2013 and -ii- and alleged lack of demarcation of certain mining properties owned by CORFO for which a demarcation was never required in such agreement, and in addition, compensation for damages, among other matters.  
 Status           : Evidence.  
 Nominal value : ThUS\$9,000.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
(continued)

**19.1 Lawsuits and other relevant events, continued**

7. Plaintiff : CORFO  
 Defendants : SQM Salar S.A, SQM Potasio S.A. and SQM S.A.  
 Date : August 2016.  
 Court : Arbitration Court- Arbitrator Mr. Héctor Humeres.  
 Reason : Project early termination entered on November 12, 1993 and other related contracts among other matters involving compensation for damages.  
 Status : At the deliberation stage.  
 Nominal value : Not determined.
8. Plaintiff : SQM Salar S.A and SQM S.A.  
 Defendant : CORFO  
 Date : September 28, 2016.  
 Court : Arbitration Court - Arbitrator Mr. Héctor Humeres.  
 Reason : Declaratory action to seek determination whether rent payments made by SQM Salar S.A. under the Lease Agreement entered into on November 12, 1993, have been in accordance with the agreement entered into by the parties and the rent formula applied has been useful for CORFO.  
 Status : At the deliberation stage.  
 Nominal value : Not yet defined.
9. Plaintiff : Evt Consulting SpA.  
 Defendant : SQM Nitratos S.A.  
 Date : October 2014.  
 Court : 23th Civil Court of Santiago.  
 Reason : Lawsuit seeking compensation for damages related to the termination of the purchase and sale agreement for metallic structures.  
 Status : Notice to hear the judgment.  
 Nominal value : ThUS\$ 835.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19 Contingencies and restrictions  
(continued)**

**19.1 Lawsuits and other relevant events, continued**

10. Plaintiff : Hugo Gutiérrez Gálvez.  
 Defendant : Sociedad Química y Minera de Chile S.A. et al and Senators Jaime Orpis B. and Fulvio Rossi C.  
 Date : July 2015.  
 Court : 8<sup>th</sup> Supervisory Court in Preliminary Proceedings of Santiago, Chile  
 Reason : Alleged extortion–bribery and money laundering under Law No. 20.393 on the Legal Responsibility of Juridical Persons and other standards.  
 Status : Initial filing.  
 Nominal value : None.
11. Plaintiff : Patricio Contesse G.  
 Defendant : SQM S.A.  
 Date : September 2015.  
 Court : First Labor Court of Santiago.  
 Reason : Seeking the payment of severance indemnities and other employment termination benefits.  
 Status : On November 8, 2016, judgment was provided rejecting the exception of prescription filed by SQM.  
 : As a result, the case will return to the first instance for the discussion of the amounts owed.  
 Nominal value : ThUS\$5,665.
12. Plaintiff : SQMS y SQM S.A.  
 Defendant : RSA Seguros Chile S.A.  
 Date : In August 2016.  
 Court : Arbitration Court – Arbitrator Mr. Gonzalo Fernández.  
 Reason : Complaint for forced compliance and collection of indemnification for insurance claim of February 7 and 8, 2013.  
 Status : Arbitration started and at the deliberation stage.  
 Nominal value : US\$ 20,657,860.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19 Contingencies and restrictions  
(continued)**

**19.1 Lawsuits and other relevant events, continued**

13. Plaintiff : Tyne and Wear Pension Fund as represented by the Council of the Borough of South Tyneside acting as Lead Plaintiff – Class Action – Class Period.  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date : January 2016.  
 Court : United States District Court – Southern District of New York.  
 Reason : Class Actions – Class Period. SQM would have not reported properly to the US Securities and Exchange Commission on certain expenses made during certain years which could be associated with alleged contributions to politicians. Such expenses would not have the related supporting documentation for being substantiated as necessary to generate income and this would have generated the intervention by several Chilean Government authorities – the Chilean Superintendence of Securities and Insurance (SVS), the Chilean Internal Revenue Service and Public Ministry – and the decrease of the value of the shares –ADS’s of SQM owned by the plaintiffs.  
 Status : Exceptions to demand.  
 Nominal value : Not determined.
14. Plaintiff : Thorco Shipping A/S  
 Defendant : Sociedad Química y Minera de Chile S.A.  
 Date : January 2015.  
 Court : Arbitration court – London Maritime Arbitrators' Association.  
 Reason : Lawsuit seeking compensation for damages alleging a freight agreement breach.  
 Status : At the evidentiary stage.  
 Nominal value : ThUS\$325

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
**(continued)**

**19.1 Lawsuits and other relevant events, continued**

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

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

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19 Contingencies and restrictions  
(continued)**

19.2 Restrictions to management or financial limits

Credit contracts subscribed by the SQM Group with domestic and foreign banks and the issuance of bonuses in the local and international market require that the Company comply with the following level of consolidated financial indicators, calculated for a moving period which considers the last twelve months:

- To maintain a minimum equity of ThUS\$1,000,000.

- To maintain a Net Financial Debt and EBITDA ratio not higher than 3 times.

To maintain a Total Indebtedness Ratio not higher than 1.2 times Total Indebtedness level defined as the Total Liabilities ratio divided by Total Equity.

To maintain a ratio between the operating subsidiaries SQM Industrial S.A. and SQM Salar S.A., or their respective legal successor financial debt and the total Issuer's consolidated current assets not higher than 0.3 times.

As of September 30, 2016, the aforementioned financial indicators are as follows:

| Indicator  | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
| Equity ThUS\$                                      | 2,347,984  | 2,400,356  |
| Net Financial Debt/ EBITDA                         | 0.52       | 0.73       |
| Indebtedness                                       | 0.86       | 0.93       |
| SQM Industrial and SQM Salar debt / Current assets | 0.02       | 0.01       |

Issuance contracts for bonuses issued abroad does not require that the Company merge or dispose at any title the asset as a whole or as a substantial part of it, unless the following copulative conditions are met: (i) the legal successor company is an entity subject to Chilean or American laws, and assumes under a complimentary contract the Company's obligations, (ii) the Issuer does not fail to comply immediately after the merge or disposal, and (iii) the Issuer delivers a legal opinion stating the merge or disposal and the complimentary contract meet the requirements described in the original contract.

In addition, SQM S.A. is committed to disclose financial information on quarterly basis.

The Company and its subsidiaries have complied and are fully complying with all aforementioned limitations, restrictions and obligations.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
**(continued)**

19.3

Commitments

The subsidiary SQM Salar S.A. (SQMS) has signed a rental contract with the Economic Development Agency (CORFO), which establishes that the subsidiary will pay rent to CORFO for the concept of commercialization of certain mining properties owned by CORFO and for the products resulting from the commercialization. The annual rent stated in the aforementioned contract is calculated on the basis of sales of each type of product. The contract is in force until 2030, and rent began being paid in 1996 reflecting an expense amount of ThUS\$ 30,182 as of September 30, 2016 (ThUS\$ 23,155 as of December 31, 2015).

On 15 November 2013, Corporación de Fomento de la Producción (CORFO) sent a letter to SQM Salar S.A. (SQMS) stating its intention to a) collect the amount of Ch\$2,530,298,919 (ThUS\$4,823) that in CORFO's opinion, SQMS would owe to it for the calculation and payment of rental payments according to the "Lease Agreement of OMA Mining Claims located in the Atacama Salt Flat" entered into between CORFO and SQMS on November 12, 1993 (the AGREEMENT) and b) require the constitution of an instance of arbitration stated in the AGREEMENT with the purpose that the arbitrator appointed by the "Arbitration Center of the Santiago Chamber of Commerce" determines if other alleged lease payment obligations may exist that SQMS could owe to CORFO under the AGREEMENT.

During May 2014, CORFO filed a lawsuit against SQMS requesting the early termination of the agreement and other requests explained in Note 19.1. Such lawsuit is currently being processed.

SQMS differs completely from CORFO's claims. In fact, the AGREEMENT has been in force for more than 20 years and during all this time, SQMS has paid to CORFO more than 80 quarterly payments in their entirety and on a timely basis that CORFO has received satisfactorily.

In our legal advisors' opinion, there are no legal grounds to early terminate the lease agreement as –i- noncompliance on which the lawsuit is based do not exist and, if any, -ii- these are not gross or essential or hinder the purpose of the agreement –iii- the company has never had the intention of deceiving and has always been fully transparent in providing the information delivered. On the contrary, the conflict solely corresponds to a discussion on the right formula to calculate the rent amount.

The total amount finally requested by CORFO was at least US\$ 8,940,829 – plus interests and costs – and the arbitration proceeding is close to the beginning of the evidentiary stage. CORFO and SQMS waived all recourses against the judgment provided by the arbitrator. However, it is not possible to discard the filing of a complaint appeal or an appeal in cassation alleging incompetence or ultra petita and indicating the jurisprudence of the courts of justice, considering that both recourses cannot be waived.

On August 17, 2016, CORFO noticed a new arbitration claim filed against SQM Potasio S.A., SQM S.A. and SQM Salar S.A., by virtue of which it required the early termination of the Project Contract entered on November 12, 1993 and other related contracts among other matters.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
**(continued)**

**19.3 Commitments, continued**

In addition, on September 28, 2016, SQM S.A. and SQM Salar S.A. have file a request for a third arbitration with CORFO. Through this last arbitration, SQM S.A. and SQM Salar S.A. expect to obtain a declaratory action determining that in the payment of the rent payments made under the lease agreement for the agreement's term, there has been no damage for CORFO. Such arbitration is at the deliberation stage.

During the period ended September 30, 2016, income related to products from the Atacama saltpeter deposit represented a 45.78% of total comprehensive income of the Company for the same period. This corresponds to income considered in the Potassium and Lithium product business lines.

Additionally, during the same period, SQM Salar S.A. sold potassium salts (sylvinite) and wet potassium chloride for a total of ThUS\$ 76,913 to SQM Industrial S.A., a subsidiary of SQM to be used as supplies in the production of potassium nitrate.

On June 6, 2016, The Chilean Superintendence of the Environment filed charges against SQM S.A. with respect to the Pampa Hermosa project for possible noncompliance with RCA 890/2010.

These charges relate to certain variables of the Follow-up Plan and the implementation of a mitigation action contemplated in the related Environmental Impact Study. The Company has submitted a Compliance Program which details the actions and commitments that the Company will perform to resolve the objections by the environmental authority. The Chilean Superintendence of the Environment is currently reviewing such Compliance Program and has to provide its sentence.

**19.4 Tax contingency**

During 2015, SQM and its subsidiaries SQM Salar and SQM Industrial have submitted to the Chilean IRS four tax amendments (two by SQM, one by SQM Salar and one by SQM Industrial).

The first two (one filed by SQM and another filed by SQM Salar), subsequent to being approved by the Chilean IRS generated payments of taxes, interests and other charges for ThUS\$ 8,100, which was recorded in a provision in the results for the first quarter of 2015.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions**  
**(continued)**

19.4 Tax contingency, continued

Additionally, during August 2015, the Company provided to the Chilean IRS for review and approval, the documentation required to amend the annual income tax returns of SQM and SQM Industrial. SQM believes that as a result of these amendments the Company will have to pay approximately US\$1.4 million for the concept of taxes, interests and other charges, Such amount was recorded in a provision in the results for the second quarter of 2015.

Finally, during 2016, the last 12 invoices were amended with approximate payment of US\$ 50 thousand.

Accordingly, SQM and its subsidiaries understand the internal analysis they have been performing has ended, the purpose of which was the identification of the expenses incurred by them during the commercial years 2008 to 2014 and which could be a matter of tax amendment.

Because of the aforementioned amendments, SQM, SQM Salar and SQM Industrial might be affected by additional penalty established in article 97 No. 4, first subparagraph of the Tax Code for an amount between 50% and 300% of taxes paid. The Company has currently not estimated making any provisions related to this possible additional penalty.

On August 28, 2015, the Chilean IRS sent to SQM a request for payment of taxes of US\$8.7 million plus interests and fines related to the tax difference resulting from the application of articles 64 Bis and 64 Ter of the Chilean Income Tax Law. On September 9, 2015, SQM filed a Request for Voluntary Administrative Reconsideration with the Chilean IRS, which was not accepted. As a result, the Company paid the amounts as requested totaling US\$14.6 million, and reserved its right to file a tax claim against the request for payment by the Chilean IRS with the Courts of Justice.

In the Company's tax lawyers' opinion, grounds exist to believe this case will be resolved in favor of the Company and, as such, no provisions have been made with respect to this case.

On August 26, 2016, SQM Salar filed with the Third Tax and Customs Court of the Metropolitan Region of Chile a tax claim against tax assessments Nos. 169, 170, 171 and 172, seeking to extend the application of the Specific Tax on Mining Activities to the exploitation of lithium. The amount involved is approximately ThUS\$17,809. The tax claim is at the deliberation stage.

19.5

Restricted or pledged cash

The subsidiary Isapre Norte Grande Ltda., in compliance with that established by the Chilean Superintendence of Healthcare which regulates the running of pension-related health institutions, maintains a guarantee in financial instruments delivered in deposits, custody and administration to Banco de Chile.

This guarantee, according to the regulations issued by the Chilean Superintendence of Healthcare is equivalent to the total sum owed to its members and medical providers Banco de Chile reports the present value of the guarantee to the Chilean Superintendence of Healthcare and Isapre Norte Grande Ltda. on a daily basis. As of September 30, 2016, the guarantee amounts to ThUS\$695.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 19**      **Contingencies and restrictions  
(continued)**

**19.5**                      **Restricted or pledged cash, continued**

SQM S.A. maintains funds with Morgan Stanley for the concept of Marging Call, which provide collateral for the Bank's exposition towards the Company.

Such collateral hedges the fair value of the Cross Currency Swap that SQM S.A. has to hedge a portion of the Series H Bond.

Through the present date, SQM S.A. has delivered ThUS\$ 2,830 to Morgan Stanley, which will be released when any of the following conditions occur:

1.      The market value of the Cross Currency Swap is lower than the sum of that delivered ThUS\$2,830 and the collateral threshold ThUS\$ 5,000.
  
2.      The Cross Currency Swap associated with the H Series Bond expires on January 5, 2018.

SQM S.A. maintains funds with BCI for the concept of margin call, which provide collateral for the Bank's exposition towards the Company.

Such collateral hedges the fair value of the Cross Currency Swap that SQM S.A. has to hedge the Series H Bond.

Through the present date, SQM S.A. has delivered ThUS\$650 to BCI, which will be released when any of the following conditions occur:

- 1.

The market value of the Cross Currency Swap of the last business day of the month is lower than the sum of that delivered ThUS\$650 and the collateral threshold ThUS\$ 10,000.

2. The Cross Currency Swap associated with the H Series Bond expires on January 5, 2018.

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**Note 19**      **Contingencies and restrictions**  
(continued)

19.6 Securities obtained from third parties

The main security received (exceeding ThUS\$100) from third parties to guarantee Soquimich Comercial S.A.'s compliance with obligations in contracts of commercial mandates for the distribution and sale of fertilizers amounted to ThUS\$7,820 and ThUS\$7,137 on September 30, 2016 and December 31, 2015 respectively; which is detailed as follows:

| <b>Grantor</b>                 | <b>Relationship</b>   | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|--------------------------------|-----------------------|----------------------|----------------------|
| Agrícola Lobert Ltda.          | Unrelated third party | 1,156                | 760                  |
| Agroc Patricio Bornand L. Eirl | Unrelated third party | 356                  | 322                  |
| Arena Fertilizantes y Semillas | Unrelated third party | 228                  | 211                  |
| Bernardo Guzman Schmidt        | Unrelated third party | 127                  | 115                  |
| Comercial Agrosal Ltda.        | Unrelated third party | 106                  | -                    |
| Contador Frutos S.A.           | Unrelated third party | 1,594                | 1,443                |
| Covepa SPA                     | Unrelated third party | 760                  | 780                  |
| Gilberto Rivas Y Cia. Ltda.    | Unrelated third party | 126                  | 115                  |
| Hortofruticola La Serena       | Unrelated third party | 295                  | 267                  |
| Johannes Epple Davanzo         | Unrelated third party | 339                  | 451                  |
| Juan Luis Gaete Chesta         | Unrelated third party | 245                  | 227                  |
| Lemp Martin Julian             | Unrelated third party | 113                  | 103                  |
| Soc. Agrocom. Julio Polanco    | Unrelated third party | 152                  | 141                  |
| Tattersall Agroinsumos S.A.    | Unrelated third party | 2,000                | 2,000                |
| Vicente Oyarce Castro          | Unrelated third party | 223                  | 202                  |
| <b>Total</b>                   |                       | <b>7,820</b>         | <b>7,137</b>         |

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**Note 19**      **Contingencies and restrictions**  
**(continued)**

19.7 Indirect guarantees

Guarantees in which there is no pending balance indirectly reflect that the respective guarantees are in force and approved by the Company's Board of Directors and have not been used by the respective subsidiary.

The bonds which disclose a balance as of September 30, 2016 and December 31, 2015 are detailed below:

| Creditor of the guarantee         | Debtor<br>Name                      | Relationship | Type of<br>guarantee | Balances as of the<br>closing date of the<br>financial statements |                      |
|-----------------------------------|-------------------------------------|--------------|----------------------|---|----------------------|
|                                   |                                     |              |                      | 09/30/2016<br>ThUS\$  | 12/31/2015<br>ThUS\$ |
| Australian and New Zealand Bank   | SQM North America Corp              | Subsidiary   | Bond                 | -   | -                    |
| Australian and New Zealand Bank   | SQM Europe N.V.                     | Subsidiary   | Bond                 | -   | -                    |
| Generale Bank                     | SQM North America Corp              | Subsidiary   | Bond                 | -   | -                    |
| Generale Bank                     | SQM Europe N.V.                     | Subsidiary   | Bond                 | -   | -                    |
| Kredietbank                       | SQM North America Corp              | Subsidiary   | Bond                 | -   | -                    |
| Kredietbank                       | SQM Europe N.V.                     | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | SQM Investment Corp.<br>N.V.        | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | SQM Europe N.V.                     | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | SQM North America Corp              | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | Nitratos Naturais do Chile<br>Ltda. | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | SQM México S.A. de C.V.             | Subsidiary   | Bond                 | -   | -                    |
| Banks and financial institutions  | SQM Brasil Ltda.                    | Subsidiary   | Bond                 | -   | -                    |
| "BNP"                             | SQM Investment Corp.<br>N.V.        | Subsidiary   | Bond                 | -   | -                    |
| Sociedad Nacional de Minería A.G. | SQM Potasio S.A.                    | Subsidiary   | Bond                 | -   | -                    |
| Scotiabank & Trust (Cayman) Ltd.  | Royal Seed Trading<br>A.V.V.        | Subsidiary   | Bond                 | -   | -                    |
| Scotiabank & Trust (Cayman) Ltd.  | Royal Seed Trading<br>A.V.V.        | Subsidiary   | Bond                 | -   | -                    |
| Bank of America                   |                                     | Subsidiary   | Bond                 | 40,355  | 40,137               |

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|  |                              |            |      |        |        |
|--|------------------------------|------------|------|--------|--------|
|  | Royal Seed Trading<br>A.V.V. |            |      |        |        |
| Export Development Canada                | Royal Seed Trading<br>A.V.V. | Subsidiary | Bond | 10,053 | 20,010 |
| The Bank of Tokyo-Mitsubishi UFJ<br>Ltd. | Royal Seed Trading<br>A.V.V. | Subsidiary | Bond | 10,073 | 20,052 |
| JP Morgan Chase Bank                     | SQM Industrial S.A.          | Subsidiary | Bond | -      | -      |
| The Bank of Nova Scotia                  | SQM Investment Corp.<br>N.V. | Subsidiary | Bond | -      | -      |

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**Note 19**      **Contingencies and restrictions**  
(continued)

**19.7 Indirect guarantees, continued**

| <b>Creditor of the guarantee</b>      | <b>Debtor Name</b>        | <b>Relationship</b> | <b>Type of guarantee</b> | <b>Pending balances as of the closing date of the financial statements</b> |                   |
|---------------------------------------|---------------------------|---------------------|--------------------------|--|-------------------|
|                                       |                           |                     |                          | <b>09/30/2016</b>  | <b>12/31/2015</b> |
|                                       |                           |                     |                          | <b>ThUS\$</b>  | <b>ThUS\$</b>     |
| Credit Suisse International           | SQM Investment Corp. N.V. | Subsidiary          | Bond                     | -  | -                 |
| Morgan Stanley Capital Services       | SQM Investment Corp. N.V. | Subsidiary          | Bond                     | -  | -                 |
| The Bank of Tokyo-Mitsubishi UFJ Ltd. | SQM Investment Corp. N.V. | Subsidiary          | Bond                     | -  | -                 |
| HSBC                                  | SQM Investment Corp. N.V. | Subsidiary          | Bond                     | -  | -                 |
| Deutsche Bank AG                      | SQM Investment Corp. N.V. | Subsidiary          | Bond                     | -  | -                 |

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#### Note 20 Revenue

As of September 30, 2016 and 2015, revenue is detailed as follows:

| <b>Types of revenue</b> | January to September |           | July to September |         |
|-------------------------|----------------------|-----------|-------------------|---------|
|                         | 2016                 | 2015      | 2016              | 2015    |
|                         | ThUS\$               | ThUS\$    | ThUS\$            | ThUS\$  |
| Sales of goods          | 1,379,464            | 1,311,704 | 501,770           | 443,435 |
| Provision of services   | 6,043                | 5,284     | 2,278             | 1,785   |
| Total                   | 1,385,507            | 1,316,988 | 504,048           | 445,220 |

#### Note 21 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to the Company's shareholders by the weighted average of the number of shares in circulation during that period.

As expressed, earnings per share are detailed as follows:

| <b>Basic earnings per share</b>                        | 09/30/2016 | 09/30/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Earnings (losses) attributable to owners of the parent | 197,426    | 168,577    |

|  | 09/30/2016  | 12/31/2015  |
|--|-------------|-------------|
|  | Units       | Units       |
| Number of common shares in circulation | 263,196,524 | 263,196,524 |

|   | 09/30/2016 | 09/30/2015 |
|---|------------|------------|
| Basic earnings per share (US\$ per share) | 0.7501     | 0.6405     |

The Company has not made any operations with a potential dilutive effect that assumes diluted earnings per share are different from the basic earnings per share.

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Note 22 Borrowing costs

The cost of interest is recognized as expenses in the year in which it is incurred, except for interest that is directly related to the acquisition and construction of tangible property, plant and equipment assets and that complies with the requirements of IAS 23. As of September 30, 2016, total interest expenses incurred amount to ThUS\$45,203 (ThUS\$52,045 as of September 30, 2015).

The Company capitalizes all interest costs directly related to the construction or to the acquisition of property, plant and equipment, which require a substantial time to be suitable for use.

22.1 Costs of capitalized interest, property, plant and equipment

The cost of capitalized interest is determined by applying the average or weighted average of all financing costs incurred by the Company to the monthly end balances of works-in-progress meeting the requirements of IAS 23.

The rates and costs for capitalized interest of property, plant and equipment are detailed as follows:

|  | 09/30/2016 | 09/30/2015 |
|--|------------|------------|
| Capitalization rate of costs for capitalized interest, property, plant and equipment | 5 %        | 5 %        |
| Amount of costs for interest capitalized in ThUS\$                                   | 4,056      | 3,458      |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 23 Effect of fluctuations on foreign currency exchange rates

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

|   | 09/30/2016 | 09/30/2015 |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| Conversion foreign exchange gains (losses) recognized in the result of the year.          | (575 )     | (9,904 )   |
| Conversion foreign exchange reserves attributable to the owners of the controlling entity | (83 )      | (6,406 )   |
| Conversion foreign exchange reserves attributable to the non-controlling entity           | 1,023      | (154 )     |

**b) Reserves for foreign currency exchange differences:**

As of September 30, 2016, and December 31, 2015, foreign currency exchange differences are detailed as follows:

| Detail  | 09/30/2016 | 12/31/2015 |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| Changes in equity generated by conversion of equity value:    |            |            |
| Comercial Hydro S.A.  | 1,004      | 1,004      |
| SQMC Internacional Ltda.                                      | (10 )      | (20 )      |
| Proinsa Ltda.   | (8 )       | (15 )      |
| Comercial Agrorama Ltda.                                      | (62 )      | (100 )     |
| Isapre Norte Grande Ltda.                                     | (114 )     | (155 )     |
| Almacenes y Depósitos Ltda.                                   | (7 )       | (31 )      |
| Sales de Magnesio Ltda.                                       | (49 )      | (161 )     |
| Sociedad Prestadora de Servicios de Salud Cruz del Norte S.A. | (4 )       | (9 )       |
| Agrorama S.A.   | (53 )      | (35 )      |
| Doktor Tarsa  | (9,362 )   | (8,305 )   |
| SQM Vitas Fzco  | (1,822 )   | (2,245 )   |
| Ajay Europe   | (1,489 )   | (1,731 )   |
| SQM Eastmed Turkey  | (79 )      | (81 )      |
| Charlee SQM (Thailand) Co. Ltd.                               | (406 )     | (476 )     |
| Coromandel SQM India  | (310 )     | (301 )     |
| SQM Italia SRL  | (237 )     | (250 )     |

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|                                       |         |   |         |   |
|---------------------------------------|---------|---|---------|---|
| SQM Oceania Pty Ltd.                  | (634    | ) | (634    | ) |
| SQM Indonesia S.A.                    | (123    | ) | (123    | ) |
| Abu Dhabi Fertilizers Industries WWL. | -       |   | 21      |   |
| SQM Vitas Holland                     | (285    | ) | (320    | ) |
| SQM Thailand Limited                  | (68     | ) | (68     | ) |
| Total                                 | (14,118 | ) | (14,035 | ) |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 23 Effect of fluctuations on foreign currency exchange rates (continued)**

**c) Functional and presentation currency**

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

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

-The total revenues of these subsidiaries are associated with the local currency.

-The commercialization cost structure of these companies is affected by the local currency.

- The equities of these companies are expressed in local currency (Chilean peso).

**Note 24 Environment**

24.1 Disclosures of disbursements related to the environment

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

Operations that use caliche as a raw material are carried out in desert areas with climatic conditions that are favorable for drying solids and evaporating liquids using solar energy. Operations involving the open-pit extraction of minerals, due to their low waste-to-mineral ratio, generate remaining deposits that slightly alter the environment. A portion of the ore extracted is crushed, a process in which particle emissions occur. Currently this operation is conducted only at the Pedro de Valdivia worksite and no ore crushing process is conducted in the María Elena sector.



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

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

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**Note 24 Environment (continued)**

**24.1 Disclosures of disbursements related to the environment, continued**

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

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

In order to do so, it acts both individually and in conjunction with private and public entities.

**24.2 Detail of information on disbursements related to the environment**

The accumulated disbursements in which the Company incurred as of September 30, 2016 for the concept of investments in production processes, verification and control of compliance with ordinances and laws relative to industrial processes and facilities, including prior year disbursements related to these projects amounted to ThUS\$1,983 and are detailed as follows:

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**Note 24 Environment (continued)****24.2 Detail of information on disbursements related to the environment, continued****Accumulated expenses as of 09/30/2016**

| Identification of the Parent or subsidiary | Name of the project with which expenditure is associated                    | Concept for which the expenditure was made or will be made | Asset / Expense |
|--|---|--|-----------------|
| Miscellaneous                              | Environmental-operational area  | Not classified   | Expense         |
| SQM S.A.                                   | 01-I003200 - Standardization of hazardous materials                         | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-I005500 - Standardization of SO2 plants                                  | Sustainability   | Asset           |
| SQM S.A.                                   | 01-I006700 - Enablement of CPC wells  | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM S.A.                                   | 01-I007100 - 2015-2016 Environmental Follow-up Plan for Pampa del Tamarugal | Sustainability   | Expense         |
| SQM S.A.                                   | 01-I007200 – 2015-2016 Environmental Follow-up Plan Salar de Llamara        | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-P003000 - Plant 1 Scrubber and Plant 3 Scrubber                          | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-P003500 - Tur Development Master Plan                                    | Sustainability: Environment and Risk Prevention            | Expense         |
| SIT S.A.                                   | 03-T003000 - Archeological salvage for northern access, Port of Tocopilla   | Sustainability   | Expense         |
| SQM Industrial S.A.                        | 04-J003300 - Improvements to water distribution                             | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM Industrial S.A.                        | 04-I007600 - NV evaporation ponds   | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM Industrial S.A.                        | 04-J004600 - Atmospheric Plant Sustainability                               | Sustainability: Environment and Risk Prevention            | Asset           |
| Total                                      |   |  |                 |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 24 Environment (continued)**

**24.2 Detail of information on disbursements related to the environment, continued**

**Future expenses as of 09/30/2016**

| Identification of the Parent or subsidiary | Name of the project with which expenditure is associated                    | Concept for which the expenditure was made or will be made | Asset / Expense |
|--|---|--|-----------------|
| SQM S.A.                                   | 01-I003200 - Hazardous Materials Standardization                            | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-I005500 - Standardization of SO2 plants                                  | Sustainability   | Asset           |
| SQM S.A.                                   | 01-I006700 - Enablement of CPC wells  | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM S.A.                                   | 01-I007100 - 2015-2016 Environmental Follow-up Plan for Pampa del Tamarugal | Sustainability   | Expense         |
| SQM S.A.                                   | 01-I007200 - 2015-2016 Environmental Follow-up Plan Salar de Llamara        | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-P003000 - Plant 1 Scrubber and Plant 3 Scrubber                          | Sustainability: Environment and Risk Prevention            | Asset           |
| SQM S.A.                                   | 01-P003500 - Tur Development Master Plan                                    | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM Industrial S.A.                        | 04-J003300 - Improvements to water distribution                             | Sustainability: Environment and Risk Prevention            | Expense         |
| SQM Industrial S.A.                        | 04-I007600 - NV evaporation ponds   | Sustainability: Environment and Risk Prevention            | Expense         |
| Total                                      |   |  |                 |

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**Note 24 Environment (continued)****24.3 Detail of information on disbursements related to the environment, continued****Accumulated expenses as of 12/31/2015**

| Identification of the Parent or subsidiary | Name of the project with which expenditure is associated                        | Concept for which the expenditure was made or will be made | Asset / |
|--|---|--|---------|
| Miscellaneous                              | Environmental-operational area  | Not classified   | Expens  |
| SQM Industrial S.A.                        | IQWZ - Normalization TK NV liquid fuels   | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM Industrial S.A.                        | MP5W - Normalization TK's Fuels   | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM Industrial S.A.                        | PPZU - Standardize and Certify Plant Fuel Tanks                                 | Environmental processing                                   | Asset   |
| SQM Industrial S.A.                        | PQXM – Elaboration DIA Operation with batteries in PV                           | Environmental processing                                   | Asset   |
| SQM Industrial S.A.                        | 04-I0002 - Nueva Iris TAS   | Sustainability   | Asset   |
| SQM Industrial S.A.                        | 04-I0023 - Acquisition of leak detection equipment                              | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM Industrial S.A.                        | 04-J0033 – Improvements to water distribution                                   | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM Industrial S.A.                        | 04-I0076 – NV evaporation ponds   | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM S.A.                                   | IPFT - Cultural Heritage Region I   | Sustainability   | Expens  |
| SQM S.A.                                   | IQ1M - PSA Re-injection of water to Puquios Llamara                             | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | IQOW- Deposit authorization for Humberstone heritage                            | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM S.A.                                   | IQWS - Mine Area equity measures Stage II                                       | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM S.A.                                   | IQX6 – Environmental management plan of Tamarugos Pampa del Tamarugal 2013-2014 | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | IQXB – Environmental management plan of Tamarugos Salar de Llamara 2013-2014    | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | 01-I0032 – Standardization of hazardous materials                               | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | 01-I0042 – Mine are equity measures Stage III                                   |  | Expens  |



Sustainability: Environment and Risk  
Prevention

SQM S.A.

01-I0046 – Cultural Heritage Pampa Hermosa  
2014 - 2015

Sustainability

Expens

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 24 Environment (continued)****24.2 Detail of information on disbursements related to the environment, continued****Accumulated expenses as of 12/31/2015, continued**

| Identification of the Parent or subsidiary | Name of the project with which expenditure is associated                  | Concept for which the expenditure was made or will be made | Asset / |
|--|---|--|---------|
| SQM S.A.                                   | 01-IQWP - 01-J0011 - DIA expansion of NV mine site                        | Environmental processing                                   | Expens  |
| SQM S.A.                                   | 01-I0055 – Standardization of SO2 plants                                  | Sustainability   | Asset   |
| SQM S.A.                                   | 01-I0067 – Enablement of CPC wells  | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM S.A.                                   | 01-I0071 – 2015-2016 Environmental Follow-up Plan for Pampa del Tamarugal | Sustainability   | Expens  |
| SQM S.A.                                   | 01-I0072 - Environmental Follow-up Plan Salar de Llamara 2015-2016        | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | 01-I0073 – Compliance with Iodine and Gas Capture Standard                | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | 01-P0030 – Plant 1 Scrubber and Plant 3 Scrubber                          | Sustainability: Environment and Risk Prevention            | Asset   |
| SQM S.A.                                   | 01-P0035 – Tur Development Master Plan                                    | Sustainability: Environment and Risk Prevention            | Expens  |
| SQM Salar S.A.                             | LQDM – certification of tanks   | Sustainability: Replacement of equipment                   | Asset   |
| SIT S.A.                                   | TQQ5 – Environmental curtains, Field No.8                                 | Sustainability: Environment and Risk Prevention            | Expens  |
| SIT S.A.                                   | 03-T0008 – Mobile belt protections 2, 5 and 7                             | Sustainability: Environment and Risk Prevention            | Expens  |
| SIT S.A.                                   | 03-T0030 – Archeological salvage for northern access, Port of Tocopilla   | Sustainability   | Expens  |
| Total                                      |   |  |         |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 24 Environment (continued)****24.3 Detail of information on disbursements related to the environment, continued****Future expenses as of 12/31/2015**

| <b>Identification of the Parent or subsidiary</b> | <b>Name of the project with which expenditure is associated</b>              | <b>Concept for which the expenditure was made or will be made</b> | <b>Asset or Expense</b> |
|---|--|---|-------------------------|
| SQM Industrial S.A.                               | IQWZ - Normalization TK NV liquid fuels                                      | Sustainability: Environment and Risk Prevention                   | Asset                   |
| SQM Industrial S.A.                               | MP5W - Normalization TK's Fuels  | Sustainability: Environment and Risk Prevention                   | Asset                   |
| SQM Industrial S.A.                               | PPZU - Standardize and Certify Plant Fuel Tanks                              | Environmental processing  | Asset                   |
| SQM Industrial S.A.                               | M0006 – Significant maintenance of ME town streets and ME garbage dumps      | Sustainability  | Asset                   |
| SQM Industrial S.A.                               | 04-J0041 – Coya Sur Field Disposal DIA                                       | Environmental processing  | Asset                   |
| SQM Salar S.A.                                    | 19-LQXW – White water  | Environmental processing  | Asset                   |
| SQM S.A.  | 01-I0032- Hazardous Materials Standardization                                | Sustainability  | Asset                   |
| SQM S.A.  | 01-I0046 - Cultural heritage Pampa Hermosa 2014 – 2015                       | Sustainability  | Expense                 |
| SQM S.A.  | 01-I0055 – Standardization of SO2 plants                                     | Sustainability  | Asset                   |
| SQM S.A.  | 01-I0067 – Enablement of CPC wells   | Sustainability: Environment and Risk Prevention                   | Expense                 |
| SQM S.A.  | 01-I0071 – 2015-2016 Environmental Follow-up Plan for Pampa del Tamarugal    | Sustainability  | Expense                 |
| SQM S.A.  | 01-I0072 – 2015-2016 Environmental Follow-up Plan Salar de Llamara 2015-2016 | Sustainability: Environment and Risk Prevention                   | Asset                   |
| SQM S.A.  | 01-I0073 – Compliance with Iodine and Gas Capture Standard                   | Sustainability: Environment and Risk Prevention                   | Asset                   |
| Total   |  |   |                         |

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**Note 24 Environment (continued)**

24.3 Description of each project, indicating whether these are in process or have been finished

**SOM Industrial S.A.**

**J0033:** This project contemplates improving the reliability and sustainability of industrial water and drinking water, mitigating uncontrolled water loss, making investments for the change in the distribution line to processing plants, investment in technological equipment and engineering studies; improving water adduction from the Loa and San Salvador rivers, complying with the ongoing controls by the Governmental Authorities (DGA (the General Directorate of Water and Seremi Salud (the Ministerial Regional Secretariat for Health)). This project is in process.

**I0076:** Development of the Project for the exploitation of iodine in the northern area of Iquique. This project is in progress.

**J0046:** Generating equipment sustainability which need to be renewed and ensure availability in key points in the Atmospheric Plant. This Project is in progress.

**SOM S.A.**

**I0032:** Presenting departures from the standard currently in force with respect to storage of hazardous substances and provisions of SD 78/2010. This project is in process.

**I0055:** This project consists of changing gas extractors to increase air flows, changing SO<sub>2</sub> absorption towers for prilling, extending the diameter of ducts; thereby guaranteeing an increase and sustaining the gas/liquid ratio. In order to decrease SO<sub>2</sub> emissions require the installation of a scrubber unit (tower, pump, gas extractor and piping), the same concept developed at the ME Iodine SO<sub>2</sub> plant. This project is in progress.

**I0067:** This stage of the project will allow identifying equity findings and other environmental commitments in addition to the performance of the basic engineering for the impulsion, electric line and crossing of Ruta 5 Norte highway. This project is in progress.

**I0071:** This project consists of implementing mitigation and compensation actions as committed in the Environmental Assessment of the Pampa Hermosa Environmental Impact Assessment (EIA). Actions to be implemented are those contemplated in the Environmental Management Plan of Tamarugos in Pampa del Tamarugal (Environmental Education Program, planting tamarugos, ex situ conservation of tamarugos, tamarugo production, and support for the phytosanitary control of tamarugos). This project is in progress.

**I0072:** This project consists of implementing mitigation and compensation actions as committed in the Environmental Assessment of the Pampa Hermosa Environmental Impact Assessment (EIA). Actions to be implemented are those contemplated in the Environmental Management Plan of Tamarugos in Salar de Llamara (Environmental Education Program, planting tamarugos, ex situ conservation of tamarugos, tamarugo production, and support for the phytosanitary control of tamarugos). This project is in progress.

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**Note 24 Environment (continued)**

**24.3 Description of each project, indicating whether these are in process or have been finished, continued**

**SQM S.A.**

**P0030:** To reply to the indication by the Health Service, the Company must install a Scrubber tower in each plant, which will collect the residual SO<sub>2</sub> from the plant chimneys. To perform this, the Company will install existing towers through which brine solutions will go through absorbing the SO<sub>2</sub> found in the gaseous phase. This project is in progress.

**P0035:** The cultural, historical and local promotion, the dissemination of the saltpeter touristic amenities and the enhancement of tangible and intangible saltpeter equity. This project is in progress.

**SIT S.A.**

**T0030:** An archeological salvage must be performed through excavations with stratigraphic control, with the purpose of recovering the remains of, at least, four funeral contexts noted in the profiles of trenches Nos. 9 and 11. In addition, it is necessary to collect the disturbed osseous remains, which, due to reasons unknown to us, are located in the current surface of the land where the trenches are located. This project is in process.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 25 Other current and non-current non-financial assets

As of September 30, 2016, and December 31, 2015, the detail of other current and non-current assets is as follows:

| Other non-financial assets, current    | 09/30/2016 | 12/31/2015 |
|--|------------|------------|
|  | ThUS\$     | ThUS\$     |
| Domestic Value Added Tax               | 9,929      | 16,112     |
| Foreign Value Added Tax                | 2,351      | 7,795      |
| Prepaid mining licenses                | 2,835      | 1,209      |
| Prepaid insurance                      | 2,288      | 6,536      |
| Other prepayments                      | 1,221      | 602        |
| Refund of Value Added Tax to exporters | 8,089      | 13,183     |
| Mining royalty tax paid (*)            | -          | 14,565     |
| Other assets                           | 3,582      | 2,004      |
| Total                                  | 30,295     | 62,006     |

(\*) The Company reserved its right to file a tax claim with the Courts of Justice against the request for payment by the SII. See Note 19.4.

| Other non-financial assets, non-current                 | 09/30/2016 | 12/31/2015 |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| Stain development expenses and prospecting expenses (1) | 22,608     | 31,911     |
| Guarantee deposits                                      | 695        | 496        |
| Pension plan  | -          | 27         |
| Other assets  | 1,028      | 1,092      |
| Total   | 24,331     | 33,526     |

- 1) Reconciliation of changes in assets for exploration and mineral resource evaluation, by type

Movements in assets for the exploration and evaluation of mineral resources as of September 30, 2016, and December 31, 2015:

| Reconciliation | 09/30/2016 | 12/31/2015 |
|----------------|------------|------------|
|----------------|------------|------------|

|  | ThUS\$   | ThUS\$   |
|--|----------|----------|
| Opening balance  | 31,911   | 29,569   |
| Changes  |          |          |
| Additions, other than business combinations            | -        | 3,871    |
| Depreciation and amortization                          | (8,781 ) | (2,287 ) |
| Increase (decrease) due to transfers and other charges | (522 )   | 758      |
| Total changes  | (9,303 ) | 2,342    |
| Total  | 22,608   | 31,911   |

As of the presentation date, no reevaluations of assets for exploration and assessment of mineral resources have been conducted.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 26 Operating segments

26.1 Operating segments

**General information:**

The amount of each item presented in each operating segment is equal to that reported to the maximum authority that makes decisions regarding the operation, in order to decide on the allocation of resources to the defined segments and to assess its performance.

**Factors used to identify segments on which a report should be presented:**

Segments reported are strategic business units that offer different products and services. These are managed separately because each business requires different technology and marketing strategies.

**Description of the types of products and services on which each reportable segment obtain its income from ordinary activities**

The operating segments, through which incomes of ordinary activities are obtained, that generate expenses and whose operating results are reviewed on a regular basis by the maximum authority who makes decisions regarding operations, relate to the following groups of products:

1. Specialty plant nutrients
2. Iodine and its derivatives
3. Lithium and its derivatives
4. Industrial chemicals

5.

Potassium

6.

Other products and services

**Description of income sources for all the other segments**

Information relative to assets, liabilities, profit and expenses that cannot be assigned to the segments indicated above, due to the nature of production processes, is included under "Unassigned amounts" category of the disclosed information.

**Basis of accounting for transactions between reportable segments**

Sales between segments are made in the same conditions as those made to third parties, and are consistently measures as presented in the income statement.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 26 Operating segments (continued)**

**26.1**

**Operating segments, continued**

**Description of the nature of the differences between measurements of results of reportable segments and the result of the entity before the expense or income tax expense of incomes and discontinued operations.**

The information reported in the segments is extracted from the Company's consolidated financial statements and therefore is not required to prepare reconciliations between the data mentioned above and those reported in the respective segments, according to what is stated in paragraph 28 of IFRS 8, "Operating Segments".

**Description of the nature of the differences between measurements of assets of reportable segments and the Company's assets**

Assets are not shown classified by segments, as this information is not readily available, Some of these assets are not separable by the type of activity by which they are affected since this information is not used by management in decision-making with respect to resources to be allocated to each defined segment, All assets are disclosed in the "unallocated amounts" category.

**Description of the nature of the differences between measurements of liabilities of reportable segments and the Company's liabilities**

Liabilities are not shown classified by segments, as this information is not readily available, Some of these liabilities are not separable by the type of activity by which they are affected, since this information is not used by management in decisions making regarding resources to be allocated to each defined segment, All liabilities are disclosed in the "unallocated amounts" category.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 26 Operating segments (continued)****26.2 Operating segment disclosures:**

09/30/2016

| Operating segment items   | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium | Other products and services | Reportable segments | Operating segments | Elimination of inter-segment amounts |
|---|---------------------------|----------------------------|-----------------------------|----------------------|-----------|-----------------------------|---------------------|--------------------|--------------------------------------|
|   | ThUS\$                    | ThUS\$                     | ThUS\$                      | ThUS\$               | ThUS\$    | ThUS\$                      | ThUS\$              | ThUS\$             | ThUS\$                               |
| Revenue   | 487,079                   | 175,085                    | 337,851                     | 43,287               | 296,055   | 46,150                      | 1,385,507           | 1,385,507          | -                                    |
| Revenues from transactions with other operating segments of the same entity                                     | 77,649                    | 229,965                    | 269,717                     | 286,812              | 259,551   | 132,468                     | 1,256,162           | 1,256,162          | (1,256,162)                          |
| Revenues from external customers and transactions with other operating segments of the same entity              | 564,728                   | 405,050                    | 607,568                     | 330,099              | 555,606   | 178,618                     | 2,641,669           | 2,641,669          | (1,256,162)                          |
| Costs of sales  | (370,831)                 | (145,706)                  | (121,716)                   | (31,206)             | (266,523) | (43,317)                    | (979,299)           | (979,299)          | -                                    |
| Administrative expenses   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | 4,288                                |
| Interest expense  | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | 69,800                               |
| Depreciation and amortization expense   | (70,722)                  | (27,788)                   | (23,213)                    | (5,952)              | (50,830)  | (8,260)                     | (186,765)           | (186,765)          | -                                    |
| The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Income tax expense, continuing operations   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Other items other than significant cash   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Income (loss) before taxes  | 116,248                   | 29,379                     | 216,135                     | 12,081               | 29,532    | 2,833                       | 406,208             | 406,208            | (29,379)                             |
| Net income (loss) from continuing operations  | 116,248                   | 29,379                     | 216,135                     | 12,081               | 29,532    | 2,833                       | 406,208             | 406,208            | (29,379)                             |



|   |         |        |         |        |        |       |         |         |          |         |
|---|---------|--------|---------|--------|--------|-------|---------|---------|----------|---------|
| Net income (loss) from discontinued operations                            |         |        |         |        |        |       |         |         |          |         |
| Net income (loss)   | 116,248 | 29,379 | 216,135 | 12,081 | 29,532 | 2,833 | 406,208 | 406,208 | (29,379) |         |
| Assets  | -       | -      | -       | -      | -      | -     | -       | -       | -        | (6,600) |
| Equity-accounted investees  | -       | -      | -       | -      | -      | -     | -       | -       | -        | (3,200) |
| Increase of non-current assets  | -       | -      | -       | -      | -      | -     | -       | -       | -        |         |
| Liabilities   | -       | -      | -       | -      | -      | -     | -       | -       | -        | (3,100) |
| Impairment loss recognized in profit or loss                              | -       | (92)   | (120)   | -      | (236)  | (864) | (1,312) | (1,312) | -        |         |
| Reversal of impairment losses recognized in profit or loss for the period | 769     | -      | -       | 278    | -      | -     | 1,047   | 1,047   | -        |         |
| Cash flows from (used in) operating activities                            | -       | -      | -       | -      | -      | -     | -       | -       | -        | -       |
| Cash flows from (used in) investing activities                            | -       | -      | -       | -      | -      | -     | -       | -       | -        | -       |
| Cash flows from (used in) financing activities                            | -       | -      | -       | -      | -      | -     | -       | -       | -        | -       |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 26 Operating segments (continued)****26.2 Operating segment disclosures, continued****09/30/2015**

| Operating segment items   | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium | Other products and services | Reportable segments | Operating segments | Elimination of inter-segment amounts |
|---|---------------------------|----------------------------|-----------------------------|----------------------|-----------|-----------------------------|---------------------|--------------------|--------------------------------------|
|   | ThUS\$                    | ThUS\$                     | ThUS\$                      | ThUS\$               | ThUS\$    | ThUS\$                      | ThUS\$              | ThUS\$             | ThUS\$                               |
| Revenue   | 502,371                   | 199,278                    | 160,062                     | 79,313               | 333,812   | 42,152                      | 1,316,988           | 1,316,988          | -                                    |
| Revenues from transactions with other operating segments of the same entity                                     | 84,586                    | 321,925                    | 100,485                     | 245,307              | 304,187   | 180,041                     | 1,236,531           | 1,236,531          | (1,236,531)                          |
| Revenues from external customers and transactions with other operating segments of the same entity              | 586,957                   | 521,203                    | 260,547                     | 324,620              | 637,999   | 222,193                     | 2,553,519           | 2,553,519          | (1,236,531)                          |
| Costs of sales  | (353,680)                 | (139,231)                  | (79,893)                    | (58,238)             | (223,595) | (37,593)                    | (892,230)           | (892,230)          | -                                    |
| Administrative expenses   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | 5,833                                |
| Interest expense  | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | 105,000                              |
| Depreciation and amortization expense   | (93,800)                  | (36,926)                   | (21,188)                    | (15,445)             | (59,299)  | (9,971)                     | (236,629)           | (236,629)          | -                                    |
| The entity's interest in the profit or loss of associates and joint ventures accounted for by the equity method | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Income tax expense, continuing operations   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Other items other than significant cash   | -                         | -                          | -                           | -                    | -         | -                           | -                   | -                  | -                                    |
| Income (loss) before taxes  | 148,691                   | 60,047                     | 80,169                      | 21,075               | 110,217   | 4,559                       | 424,758             | 424,758            | (337,000)                            |
| Net income (loss) from continuing operations  | 148,691                   | 60,047                     | 80,169                      | 21,075               | 110,217   | 4,559                       | 424,758             | 424,758            | (337,000)                            |

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|   |         |        |        |        |          |       |          |          |       |  |
|---|---------|--------|--------|--------|----------|-------|----------|----------|-------|--|
| Net income (loss) from discontinued operations                            |         |        |        |        |          |       |          |          |       |  |
| Net income (loss)   | 148,691 | 60,047 | 80,169 | 21,075 | 110,217  | 4,559 | 424,758  | 424,758  | (337  |  |
| Assets  | -       | -      | -      | -      | -        | -     | -        | -        | (6,10 |  |
| Equity-accounted investees  | -       | -      | -      | -      | -        | -     | -        | -        | (2,95 |  |
| Increase of non-current assets  | -       | -      | -      | -      | -        | -     | -        | -        |       |  |
| Liabilities   | -       | -      | -      | -      | -        | -     | -        | -        | (2,82 |  |
| Impairment loss recognized in profit or loss                              | -       | (363 ) | (489 ) | -      | (2,959 ) | (97 ) | (3,908 ) | (3,908 ) | -     |  |
| Reversal of impairment losses recognized in profit or loss for the period | 2,218   | -      | -      | 1,027  | -        | -     | 3,245    | 3,245    | -     |  |
| Cash flows from (used in) operating activities                            | -       | -      | -      | -      | -        | -     | -        | -        | -     |  |
| Cash flows from (used in) investing activities                            | -       | -      | -      | -      | -        | -     | -        | -        | -     |  |
| Cash flows from (used in) financing activities                            | -       | -      | -      | -      | -        | -     | -        | -        | -     |  |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 26 Operating segments (continued)**

## 26.3 Statement of comprehensive income classified by operating segments based on groups of products

| 09/30/2016  |                                     |                                      |                                       |                                |                     |                                       |                          |   |
|---|-------------------------------------|--------------------------------------|---------------------------------------|--------------------------------|---------------------|---------------------------------------|--------------------------|---|
| Items in the statement of comprehensive income  | Specialty plant nutrients<br>ThUS\$ | Iodine and its derivatives<br>ThUS\$ | Lithium and its derivatives<br>ThUS\$ | Industrial chemicals<br>ThUS\$ | Potassium<br>ThUS\$ | Other products and services<br>ThUS\$ | Corporate Unit<br>ThUS\$ | Total segments and Corporate unit<br>ThUS\$ |
| Revenue   | 487,079                             | 175,085                              | 337,851                               | 43,287                         | 296,055             | 46,150                                | -                        | 1,385,507                                   |
| Cost of sales   | (370,831 )                          | (145,706 )                           | (121,716 )                            | (31,206 )                      | (266,523 )          | (43,317 )                             | -                        | (979,299 )                                  |
| Gross profit  | 116,248                             | 29,379                               | 216,135                               | 12,081                         | 29,532              | 2,833                                 | -                        | 406,208                                     |
| Other incomes by function   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 10,824                   | 10,824                                      |
| Administrative expenses   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (62,641 )                | (62,641 )                                   |
| Other expenses by function  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (46,727 )                | (46,727 )                                   |
| Other gains (losses)  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (1,800 )                 | (1,800 )                                    |
| Financial income  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 7,979                    | 7,979                                       |
| Financial costs   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (45,203 )                | (45,203 )                                   |
| interest in the profit or loss of associates and joint ventures accounted for by the equity | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 12,441                   | 12,441                                      |

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|   |         |        |         |        |        |       |            |           |
|---|---------|--------|---------|--------|--------|-------|------------|-----------|
| method  |         |        |         |        |        |       |            |           |
| Exchange differences                                  | -       | -      | -       | -      | -      | -     | (575 )     | (575 )    |
| Profit (loss) before taxes                            | 116,248 | 29,379 | 216,135 | 12,081 | 29,532 | 2,833 | (125,702 ) | 280,506   |
| Income tax expense                                    | -       | -      | -       | -      | -      | -     | (81,116 )  | (81,116 ) |
| Profit (loss) from continuing operations              | 116,248 | 29,379 | 216,135 | 12,081 | 29,532 | 2,833 | (206,818 ) | 199,390   |
| Profit (loss) from discontinued operations            | -       | -      | -       | -      | -      | -     | -          | -         |
| Profit (loss) attributable to the controller's owners | 116,248 | 29,379 | 216,135 | 12,081 | 29,532 | 2,833 | (206,818 ) | 199,390   |
| Profit (loss) attributable to the non-controllers     | -       | -      | -       | -      | -      | -     | -          | 197,426   |
| Profit (loss) attributable to the non-controllers     | -       | -      | -       | -      | -      | -     | -          | 1,964     |
| Profit (loss)   | -       | -      | -       | -      | -      | -     | -          | 199,390   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 26 Operating segments (continued)****26.3 Statement of comprehensive income classified by operating segments based on groups of products, continued**

| Items in the statement of comprehensive income   | 09/30/2015                          |                                      |                                       |                                |                     |                                       |           | Corporate Unit<br>ThUS\$ | Total segment and Corporate unit<br>ThUS\$ |
|--|-------------------------------------|--------------------------------------|---------------------------------------|--------------------------------|---------------------|---------------------------------------|-----------|--------------------------|--|
|  | Specialty plant nutrients<br>ThUS\$ | Iodine and its derivatives<br>ThUS\$ | Lithium and its derivatives<br>ThUS\$ | Industrial chemicals<br>ThUS\$ | Potassium<br>ThUS\$ | Other products and services<br>ThUS\$ |           |                          |  |
| Revenue  | 502,371                             | 199,278                              | 160,062                               | 79,313                         | 333,812             | 42,152                                | -         | 1,3                      |  |
| Cost of sales  | (353,680)                           | (139,231)                            | (79,893)                              | (58,238)                       | (223,595)           | (37,593)                              | -         | (89                      |  |
| Gross profit   | 148,691                             | 60,047                               | 80,169                                | 21,075                         | 110,217             | 4,559                                 | -         | 424                      |  |
| Other incomes by function  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 11,928    | 11,                      |  |
| Administrative expenses  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (63,885)  | (63                      |  |
| Other expenses by function   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (93,757)  | (93                      |  |
| Other gains (losses)   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 4,070     | 4,0                      |  |
| Financial income   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 8,619     | 8,6                      |  |
| Financial costs  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (52,045)  | (52                      |  |
| interest in the profit or loss of associates and joint ventures accounted for by the equity method | -                                   | -                                    | -                                     | -                              | -                   | -                                     | 5,495     | 5,4                      |  |
| Exchange differences   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (9,904)   | (9,9                     |  |
| Profit (loss) before taxes   | 148,691                             | 60,047                               | 80,169                                | 21,075                         | 110,217             | 4,559                                 | (189,479) | 235                      |  |
| Income tax expense   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | (64,586)  | (64                      |  |
| Profit (loss) from continuing operations   | 148,691                             | 60,047                               | 80,169                                | 21,075                         | 110,217             | 4,559                                 | (254,065) | 170                      |  |
| Profit (loss) from discontinued operations   | -                                   | -                                    | -                                     | -                              | -                   | -                                     | -         | -                        |  |
| Profit (loss)  | 148,691                             | 60,047                               | 80,169                                | 21,075                         | 110,217             | 4,559                                 | (254,065) | 170                      |  |
| Profit (loss), attributable to   |                                     |                                      |                                       |                                |                     |                                       |           |                          |  |
| Profit (loss) attributable to the controller's owners  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | -         | 168                      |  |
| Profit (loss) attributable to the non-controlling interests  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | -         | 2,1                      |  |
| Profit (loss)  | -                                   | -                                    | -                                     | -                              | -                   | -                                     | -         | 170                      |  |

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**Note 26 Operating segments (continued)**

26.4 Revenue from transactions with other Company's operating segments

09/30/2016

| Items in the statement of comprehensive income | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium | Other products and services | Total segments and Corporate unit |
|--|---------------------------|----------------------------|-----------------------------|----------------------|-----------|-----------------------------|-----------------------------------|
|  | ThUS\$                    | ThUS\$                     | ThUS\$                      | ThUS\$               | ThUS\$    | ThUS\$                      | ThUS\$                            |
| Revenue  | 487,079                   | 175,085                    | 337,851                     | 43,287               | 296,055   | 46,150                      | 1,385,507                         |

09/30/2015

| Items in the statement of comprehensive income | Specialty plant nutrients | Iodine and its derivatives | Lithium and its derivatives | Industrial chemicals | Potassium | Other products and services | Total segments and Corporate unit |
|--|---------------------------|----------------------------|-----------------------------|----------------------|-----------|-----------------------------|-----------------------------------|
|  | ThUS\$                    | ThUS\$                     | ThUS\$                      | ThUS\$               | ThUS\$    | ThUS\$                      | ThUS\$                            |
| Revenue  | 502,371                   | 199,278                    | 160,062                     | 79,313               | 333,812   | 42,152                      | 1,316,988                         |

26.5 Disclosures on geographical areas

As indicated in paragraph 33 of IFRS 8, the entity discloses geographical information on its revenue from operating activities with external customers and from non-current assets that are not financial instruments, deferred income tax assets, assets related to post-employment benefits or rights derived from insurance contracts.

26.6 Disclosures on main customers

With respect to the degree of dependency of the Company on its customers, in accordance with paragraph N° 34 of IFRS N° 8, the Company has no external customers who individually represent 10% or more of its revenue, Credit risk concentrations with respect to trade and other accounts receivable are limited due to the significant number of entities in the Company's portfolio and its worldwide distribution, The Company's policy requires guarantees (such as letters of credit, guarantee clauses and others) and/or to maintain insurance policies for certain accounts as deemed necessary by the Company's Management.



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**Note 26 Operating segments (continued)**

## 26.7 Segments by geographical areas as of September 30, 2016 and September 30, 2015

| Items  | 09/30/2016      |  |                  |                         |                           |                 |
|--|-----------------|--|------------------|-------------------------|---------------------------|-----------------|
|  | Chile<br>ThUS\$ | Latin America and<br>the Caribbean<br>ThUS\$ | Europe<br>ThUS\$ | North America<br>ThUS\$ | Asia and others<br>ThUS\$ | Total<br>ThUS\$ |
| Revenue  | 116,812         | 193,941                                      | 307,742          | 321,226                 | 445,786                   | 1,385,507       |
| Investment accounted for under the equity method | 1,713           | 25,000                                       | 29,964           | 13,555                  | 44,237                    | 114,469         |
| Intangible assets other than goodwill            | 110,176         | -  | -                | 219                     | 1                         | 110,396         |
| Goodwill   | 26,629          | 86   | 11,373           | -                       | -                         | 38,088          |
| Property, plant and equipment, net               | 1,542,714       | 241  | 3,245            | 2,422                   | 1,339                     | 1,549,961       |
| Investment property                              | -               | -  | -                | -                       | -                         | -               |
| Other non-current assets                         | 24,192          | 140  | -                | -                       | -                         | 24,332          |
| Non-current assets                               | 1,705,424       | 25,467                                       | 44,582           | 16,196                  | 45,577                    | 1,837,246       |
| Items  | 09/30/2015      |  |                  |                         |                           |                 |
|  | Chile<br>ThUS\$ | Latin America and<br>the Caribbean<br>ThUS\$ | Europe<br>ThUS\$ | North America<br>ThUS\$ | Asia and others<br>ThUS\$ | Total<br>ThUS\$ |
| Revenue  | 124,984         | 216,447                                      | 264,278          | 350,529                 | 360,750                   | 1,316,988       |
| Investment accounted for under the equity method | 1,204           | -  | 24,768           | 13,030                  | 33,109                    | 72,111          |
| Intangible assets other than goodwill            | 111,961         | -  | -                | 239                     | 1                         | 112,201         |
| Goodwill   | 26,929          | 86   | 11,373           | -                       | -                         | 38,388          |
| Property, plant and equipment, net               | 1,706,756       | 176  | 1,858            | 2,315                   | 1,470                     | 1,712,575       |
| Investment property                              | -               | -  | -                | -                       | -                         | -               |
| Other non-current assets                         | 33,995          | 114  | -                | 670                     | -                         | 34,779          |
| Non-current assets                               | 1,880,845       | 376  | 37,999           | 16,254                  | 34,580                    | 1,970,054       |

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**Note 26 Operating segments (continued)**

26.8 Property, plant and equipment classified by geographical areas

The company's main productive facilities are located near their mines and extraction facilities in northern Chile, The following table presents the main production facilities as of September 30, 2016 and December 31, 2015:

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 27 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature

## 27.1

## Revenue

|          | 09/30/2016<br>ThUS\$ | 09/30/2015<br>ThUS\$ |
|----------|----------------------|----------------------|
| Products | 1,379,464            | 1,311,704            |
| Services | 6,043                | 5,284                |
| Total    | 1,385,507            | 1,316,988            |

## 27.2

## Cost of sales

|  | 09/30/2016<br>ThUS\$ | 09/30/2015<br>ThUS\$ |
|--|----------------------|----------------------|
| Raw material and supplies  | (356,193 )           | (325,174 )           |
| Types of employee benefits expenses  |                      |                      |
| Salaries and wages   | (75,827 )            | (63,425 )            |
| Other short-term employee benefits   | (55,347 )            | (14,740 )            |
| Termination benefit expenses   | (2,330 )             | (2,667 )             |
| Total employee benefits expenses   | (133,504 )           | (80,833 )            |
| Depreciation expense   | (177,777 )           | (197,190 )           |
| Amortization expense   | (2,183 )             | (2,611 )             |
| Small deposit amortization expense   | (6,804 )             | -                    |
| Impairment losses (reversals of impairment losses) recognized in profit or loss for the period | (265 )               | (663 )               |
| Operating leases   | (78,450 )            | (56,029 )            |
| Investment plan expenses   | (11,095 )            | (13,277 )            |
| Maintenance and repair   | (5,606 )             | (6,756 )             |
| Contractors  | (45,920 )            | (30,939 )            |
| Operations transport   | (39,290 )            | (32,501 )            |
| Freight and product transport costs  | (31,759 )            | (23,491 )            |
| Packaging costs  | (1,104 )             | (1,055 )             |
| Sales commissions  | (8,111 )             | (6,253 )             |
| Port costs   | (14,936 )            | (9,671 )             |
| CORFO right costs  | (30,182 )            | (16,754 )            |
| Adjustment of customer prices  | (8,380 )             | (2,180 )             |
| Other expenses, by nature  | (27,739 )            | (86,854 )            |
| Total  | (979,299 )           | (892,230 )           |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 27 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature, (continued)**

| 27.3   | Other income |            |
|--|--------------|------------|
|  | 09/30/2016   | 09/30/2015 |
|  | ThUS\$       | ThUS\$     |
| Discounts obtained from suppliers                        | 579          | 779        |
| Indemnification received and insurance recoveries        | 205          | 23         |
| Penalties charged to suppliers                           | 91           | 43         |
| Tax recoveries   | 19           | 10         |
| Insurance recoveries                                     | 4,655        | 1,784      |
| Excess in the provision for liabilities with 3rd parties | 551          | 1,007      |
| Overstatement of doubtful accounts                       | 5            | 70         |
| Sale of property, plant and equipment                    | 31           | 5          |
| Sale of materials, spare parts and supplies              | 419          | 1,421      |
| Sale de scrap  | 1            | -          |
| Interest collected from direct customers                 | 20           | -          |
| Options on mining properties                             | 2,302        | 1,951      |
| Easements, ducts and roads                               | 1            | 1,700      |
| Non-conventional renewable energy                        | 439          | 309        |
| Reimbursement of mining patents and notarial expenses    | 1,169        | 853        |
| Miscellaneous services                                   | 20           | 5          |
| Reimbursements from creditors                            | -            | 890        |
| Other operating income                                   | 317          | 1,078      |
| Total  | 10,824       | 11,928     |

| 27.4                                   | Administrative expenses |            |
|--|-------------------------|------------|
|  | 09/30/2016              | 09/30/2015 |
|  | ThUS\$                  | ThUS\$     |
| Employee benefit expenses by nature    |                         |            |
| Salaries and wages                     | (31,128 )               | (31,630 )  |
| Other short-term benefits to employees | (2,889 )                | (2,277 )   |
| Total employee benefit expenses        | (34,017 )               | (33,907 )  |
| Amortization expense                   | (5 )                    | (4 )       |
| Other expenses, by nature              | (28,619 )               | (29,974 )  |
| Total                                  | (62,641 )               | (63,885 )  |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 27 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)**

| 27.5  | Other expenses by function |            |
|---|----------------------------|------------|
|   | 09/30/2016                 | 09/30/2015 |
|   | ThUS\$                     | ThUS\$     |
| Employee benefit expenses by nature   |                            |            |
| Depreciation and amortization expenses  |                            |            |
| Depreciation of stopped assets  | (83 )                      | (166 )     |
| Subtotal to date  | (83 )                      | (166 )     |
| Impairment loss (review of impairment losses) recognized in profit or loss for the year |                            |            |
| Impairment of allowance for doubtful accounts   | (220 )                     | (1,700 )   |
| Subtotal to date  | (220 )                     | (1,700 )   |
| Other expenses, by nature   |                            |            |
| Legal Expenses  | (2,775 )                   | (11,600 )  |
| Mine site activity disruption expenses  | (32,013 )                  | (56,345 )  |
| VAT and other unrecoverable tax   | (728 )                     | (705 )     |
| Fines, interests and tax (*)  | (1,061 )                   | (4,626 )   |
| Advisory services   | (35 )                      | (12 )      |
| Provisions, materials and action sales  | (3,315 )                   | (131 )     |
| Investment plan expenses  | (4,581 )                   | (13,784 )  |
| Provision for energy arbitration proceeding   | -                          | 3,500      |
| Article No, 21 one-off tax, (*)   | -                          | (5,778 )   |
| Donations rejected as tax credits   | (850 )                     | (1,020 )   |
| Other operating expenses  | (1,066 )                   | (1,390 )   |
| Subtotal to date  | (46,424 )                  | (91,891 )  |
| Total   | (46,727 )                  | (93,757 )  |

(\*) These balances are considered payments as at september 2015 for approximately MUS\$9.5 in taxes (Tax under Article No. 21 of the Income Tax Law and Value-added Tax), interest and other charges performed by the Company to the Chilean Internal Revenue Service (Servicio de Impuestos Internos) because of the submission of amendments to its income tax returns for tax years from 2009 through 2014, as it identified expenses for which the Company did not have sufficient supporting documentation to be considered expenses necessary to generate income in accordance with the current Chilean tax regulations for approximately MUS\$14.7.

**27.6 Other income (expenses)**

|   | 09/30/2016 | 09/30/2015 |
|---|------------|------------|
|   | ThUS\$     | ThUS\$     |
| Adjustment of reversal of provision for staff severance indemnities | -          | 3,575      |
| Provision for staff severance indemnities                           | (3,500 )   | -          |
| Adjustment of Equity Method, prior year                             | 1,711      | 495        |
| Other gains (losses)  | (11 )      | -          |
| Total   | (1.800 )   | 4,070      |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 27 Gains (losses) from operating activities in the statement of income by function of expenses, included according to their nature (continued)**

27.7

## Summary of expenses by nature

|   | January to September<br>2016 |              | July to September<br>2015 |            |
|---|------------------------------|--------------|---------------------------|------------|
|   | ThUS\$                       | ThUS\$       | ThUS\$                    | ThUS\$     |
| Raw material and supplies used  | (356,193 )                   | (325,174 )   | (126,059 )                | (93,073 )  |
| Types of employee benefits expenses   |                              |              |                           |            |
| Salaries and wages  | (106,955 )                   | (95,056 )    | (37,688 )                 | (29,355 )  |
| Other short-term employee benefits  | (58,236 )                    | (17,017 )    | (25,346 )                 | (15,293 )  |
| Termination benefit expenses  | (2,330 )                     | (2,667 )     | 383                       | (699 )     |
| Total employee benefit expenses   | (167,521 )                   | (114,740 )   | (62,651 )                 | (45,347 )  |
| Depreciation and amortization expenses  |                              |              |                           |            |
| Depreciation expense  | (177,860 )                   | (234,179 )   | (56,794 )                 | (112,736 ) |
| Amortization expense  | (2,188 )                     | (2,615 )     | (684 )                    | (1,493 )   |
| Small deposit amortization expenses   | (6,804 )                     | -            | (3,420 )                  | -          |
| Impairment loss (reversal of impairment losses) recognized in profit or loss for the year | (485 )                       | (2,363 )     | (807 )                    | (2,957 )   |
| Operating leases  | (78,450 )                    | (56,029 )    | (27,155 )                 | (19,210 )  |
| Investment plan expenses  | (15,676 )                    | (27,061 )    | (7,032 )                  | (8,282 )   |
| Maintenance and repair  | (5,606 )                     | (6,756 )     | (1,424 )                  | (2,122 )   |
| Contractors   | (45,920 )                    | (30,939 )    | (15,696 )                 | (10,108 )  |
| Operations transport  | (39,290 )                    | (32,501 )    | (14,667 )                 | (10,663 )  |
| Freight and product transport costs   | (31,759 )                    | (23,491 )    | (16,562 )                 | (8,933 )   |
| Packaging costs   | (1,104 )                     | (1,055 )     | (606 )                    | (404 )     |
| Sales commissions   | (8,111 )                     | (6,253 )     | (4,335 )                  | (3,132 )   |
| Port costs  | (14,936 )                    | (9,671 )     | (8,989 )                  | (3,283 )   |
| Corfo rights  | (30,182 )                    | (16,754 )    | (12,125 )                 | (5,922 )   |
| Adjustment of customer prices   | (8,380 )                     | (2,180 )     | (8,380 )                  | (2,180 )   |
| Other expenses, by nature   | (100,002 )                   | (158,111 )   | (51,696 )                 | (73,741 )  |
| Total expenses, by nature   | (1,090,467 )                 | (1,049,872 ) | (419,082 )                | (403,586 ) |

This table corresponds to the summary required by the Chilean Superintendence of Securities and Insurance (SVS) and considers notes 27.2, 27.4 and 27.5.

27.8

Finance expenses

|  | January to September |           |
|--|----------------------|-----------|
|  | 2016                 | 2015      |
|  | ThUS\$               | ThUS\$    |
| Interest expense from bank borrowings and overdrafts | (1,550 )             | (1,776 )  |
| Interest expense from bonds                          | (42,804 )            | (47,709 ) |
| Interest expense from loans                          | (4,085 )             | (5,114 )  |
| Capitalized interest expenses                        | 4,056                | 3,458     |
| Other finance costs                                  | (820 )               | (904 )    |
| Total  | (45,203 )            | (52,045 ) |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 28 Income tax and deferred taxes

Accounts receivable from taxes as of September 30, 2016 and December 31, 2015, are as follows:

| 28.1  | Current tax assets |            |
|---|--------------------|------------|
|   | 09/30/2016         | 12/31/2015 |
|   | ThUS\$             | ThUS\$     |
| Monthly provisional income tax payments, Chilean companies current year | 57,855             | 62,126     |
| Monthly provisional payment Royalty                                     | 1,559              | 1,138      |
| Monthly provisional income tax payments, foreign companies              | 1,523              | 1,178      |
| Corporate tax credits (1)   | 712                | 830        |
| Corporate tax absorbed by tax losses (2)                                | 65                 | 5          |
| Total   | 61,714             | 65,277     |

- These credits are available to companies and relate to the corporate tax payment in April of the following year,
- (1) These credits include, amongst others, training expense credits (SENCE) and property, plant and equipment acquisition credits that are equivalent to 4% of the property, plant and equipment purchases made during the year, In addition, some credits relate to the donations the Group has made during 2016 and 2015.
- (2) This concept corresponds to the absorption of non-operating losses (NOL's) determined by the company at year end, which must be imputed or recorded in the Retained Taxable Profits Registry (FUT).

In accordance with the laws in force and as provided by article 31 No, 3 of the Income Tax Law, when profits recorded in the FUT that have not been withdrawn or distributed are totally or partially absorbed by NOL's, the corporate tax paid on such profits (24%, 22,5%, 21%, 20% or 17%, depending on the year in which profits were generated) will be considered to be a provisional payment with respect to the portion representing the absorbed accumulated tax profits.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)**

**28.1 Current tax assets, continued**

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

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

**28.2 Current tax liabilities**

|                            | 09/30/2016 | 12/31/2015 |
|----------------------------|------------|------------|
|                            | ThUS\$     | ThUS\$     |
| Current tax liabilities    |            |            |
| 1st Category income tax    | 45,040     | 30,705     |
| Foreign company income tax | 21,328     | 21,090     |
| Article 21 single tax      | 131        | 275        |
| Total                      | 66,499     | 52,070     |

Income tax is calculated based on the profit or loss for tax purposes that is applied to the effective tax rate applicable in Chile. As established by Law No.20,780, an income tax rate of 21% was set starting from 2014, a rate of 22.5% for 2015, a rate of 24% for 2016, a rate of 25.5% for 2017, and a rate of 27% starting from 2018.

The provision for royalty is determined by applying the tax rate determined for the net operating income (NOI). Currently, the Company pays 5% for the application of the Tax Invariability Contract established with the Ministry of Economy in 2010.

In conclusion, both concepts represent the estimated amount the Company will have to pay for income tax and tax on mining.

As of September 30, 2016 and December 31, 2015, the Company and its subsidiaries have recorded the following consolidated balances for retained tax earnings, income not constituting revenue subject to income tax, accumulated tax losses and credit for shareholders:

|                                      | <b>09/30/2016</b> | <b>12/31/2015</b> |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>ThUS\$</b>     | <b>ThUS\$</b>     |
| Taxable profits with credit rights   | 1,386,482         | 1,254,859         |
| Taxable profits without credit right | 125,666           | 94,073            |
| Taxable loss                         | 10,406            | 9,947             |
| Credit for shareholders              | 378,694           | 302,081           |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)**

**28.3**

**Tax earnings, continued**

The Retained Taxable Profits Registry (FUT) is a chronological registry where the profits generated and distributed by the company are recorded. The object of the FUT is to control the accumulated tax profits of the company that may be distributed, withdrawn or remitted to the owners, shareholders or partners, and the final taxes that must be imposed, called in Chile Global Aggregate Tax (that levies persons resident or domiciled in Chile), or additional tax (that levies persons “not” resident or domiciled in Chile).

The FUT Register contains profits with credit rights and profits without credit rights, which arise out of the inclusion of the net taxable income determined by the company or the profits received by the company that may be dividends received or withdrawals made during the period.

Profits without credit rights represent the tax payable by the company within the year and filed the following year, therefore they will be deducted from the FUT Registry the following year.

Profits with credit rights may be used to reduce the final tax burden of owners, shareholders or partners, which upon withdrawal are entitled to use the credits associated with the relevant profits.

In summary, companies use the FUT Registry to maintain control over the profits they generate that have not been distributed to the owners and the relevant credits associated with such profits.

**28.4**

**Income tax and deferred taxes**

Assets and liabilities recognized in the statement of financial position are offset if and only if:

<sup>1</sup> The Company has legally recognized before the right the tax authority to offset the amounts recognized in these entries; and

2 Deferred income tax assets and liabilities are derived from income tax related to the same tax authority on:

(i) the same entity or tax subject; or

different entities or tax subjects who intend either to settle current fiscal assets and liabilities for their net amount, (ii) or to realize assets and pay liabilities simultaneously in each of the future periods in which the Company expects to settle or recover significant amounts of deferred tax assets or liabilities.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

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

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

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

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

d.1 Income tax assets and liabilities as of September 30, 2016 are detailed as follows:

| Description of deferred income tax assets and liabilities | Net position, assets |             | Net position, liabilities |             |
|---|----------------------|-------------|---------------------------|-------------|
|   | Assets               | Liabilities | Assets                    | Liabilities |
|   | ThUS\$               | ThUS\$      | ThUS\$                    | ThUS\$      |
| Depreciation  | (1 )                 | (118 )      | -                         | (220,999 )  |
| Doubtful accounts impairment                              | 39                   | -           | 5,119                     | -           |
| Accrued vacations   | -                    | -           | 3,710                     | -           |
| Manufacturing expenses                                    | -                    | -           | -                         | (106,431 )  |
| Unrealized gains (losses) from sales of products          | -                    | -           | 96,629                    | -           |
| Fair value of bonds                                       | -                    | -           | 464                       | -           |
| Severance indemnity                                       | -                    | -           | -                         | (4,726 )    |
| Hedging   | -                    | -           | 10,524                    | -           |
| Inventory of products, spare parts and supplies           | 108                  | -           | 26,800                    | -           |
| Research and development expenses                         | -                    | -           | -                         | (2,957 )    |

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|  |       |     |         |            |
|--|-------|-----|---------|------------|
| Tax losses                                   | -     | -   | 1,754   | -          |
| Capitalized interest                         | -     | -   | -       | (2,554 )   |
| Expenses in assumption of bank loans         | -     | -   | -       | (3,235 )   |
| Unaccrued interest                           | -     | -   | 209     | -          |
| Fair value of property, plant and equipment  | -     | -   | -       | (4,251 )   |
| Employee benefits                            | -     | -   | 4,065   | -          |
| Royalty deferred income taxes                | -     | -   | -       | (8,029 )   |
| Compras de Intangibles                       | -     | -   | (219 )  | -          |
| Provision for lawsuits and legal expenses    | 105   | -   | 7,944   | -          |
| Provision for investment plan                | -     | -   | 1,953   | -          |
| Provision of fines and crushing site closure | -     | -   | -       | -          |
| Other  | 566   | 578 | -       | 1,399      |
| Balance to date                              | 817   | 460 | 158,952 | (351,783 ) |
| Net balance                                  | 1,277 | -   | -       | (192,831 ) |

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**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.2 Income tax assets and liabilities as of December 31, 2015 are detailed as follows

| Description of deferred income tax assets and liabilities | Net position, assets |                       | Net position, liabilities |                       |
|---|----------------------|-----------------------|---------------------------|-----------------------|
|   | Assets<br>ThUS\$     | Liabilities<br>ThUS\$ | Assets<br>ThUS\$          | Liabilities<br>ThUS\$ |
| Depreciation  | -                    | -                     | -                         | 233,073               |
| Doubtful accounts impairment                              | -                    | -                     | 5,119                     | -                     |
| Accrued vacations   | -                    | -                     | 3,368                     | -                     |
| Manufacturing expenses                                    | -                    | -                     | -                         | 109,134               |
| Unrealized gains (losses) from sales of products          | -                    | -                     | 87,440                    | -                     |
| Fair value of bonds                                       | -                    | -                     | 446                       | -                     |
| Severance indemnity                                       | -                    | -                     | -                         | 4,178                 |
| Hedging   | -                    | -                     | 11,876                    | -                     |
| Inventory of products, spare parts and supplies           | 1                    | -                     | 29,473                    | -                     |
| Research and development expenses                         | -                    | -                     | -                         | 7,981                 |
| Tax losses  | -                    | -                     | 1,522                     | -                     |
| Capitalized interest                                      | -                    | -                     | -                         | 3,133                 |
| Expenses in assumption of bank loans                      | -                    | -                     | -                         | 3,651                 |
| Unaccrued interest  | -                    | -                     | 156                       | -                     |
| Fair value of property, plant and equipment               | -                    | -                     | -                         | 3,375                 |
| Employee benefits   | -                    | -                     | 1,920                     | -                     |
| Royalty deferred income taxes                             | -                    | -                     | -                         | 6,410                 |
| Acquisition of intangible assets                          | -                    | -                     | -                         | -                     |
| Provision for lawsuits and legal expenses                 | -                    | -                     | 7,357                     | -                     |
| Provision for investment plan                             | -                    | -                     | 3,312                     | -                     |
| Provision of fines and crushing site closure              | -                    | -                     | -                         | -                     |
| Other   | 160                  | -                     | -                         | 445                   |
| Balance to date   | 161                  | -                     | 151,989                   | 371,380               |
| Net balance   | 161                  | -                     | -                         | 219,391               |

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**Note 28 Income tax and deferred taxes (continued)****28.4****Income tax and deferred taxes, continued**

d.3 Reconciliation of changes in deferred tax liabilities (assets) as of September 30, 2016

|   | Deferred tax<br>liabilities<br>(assets) at<br>the beginning<br>of the period | Deferred tax<br>expense<br>(income)<br>recognized in<br>profit or loss | Deferred<br>tax related<br>to items<br>credited<br>(debited)<br>directly to<br>equity | Total increase<br>(decrease) of<br>deferred tax<br>liabilities<br>(assets) | Deferred<br>tax<br>liabilities<br>(assets) at<br>the end of<br>the period |
|---|--|--|---|--|---|
|   | ThUS\$   | ThUS\$   | ThUS\$  | ThUS\$   | ThUS\$  |
| Depreciation  | 233,073  | (11,955)   | ) -   | (11,955)   | ) 221,118   |
| Doubtful accounts impairment                                  | (5,119)  | ) (39)   | ) -   | (39)   | ) (5,158)   |
| Accrued vacations   | (3,368)  | ) (342)  | ) -   | (342)  | ) (3,710)   |
| Manufacturing expenses  | 109,134  | (2,703)  | ) -   | (2,703)  | ) 106,431   |
| Unrealized gains (losses) from sales of products              | (87,440)   | ) (9,189)  | ) -   | (9,189)  | ) (96,629)  |
| Fair value of bonds   | (446)  | )  | (18)  | ) (18)   | ) (464)   |
| Severance indemnity   | 4,178  | 1,326  | (778)   | ) 548  | 4,726   |
| Hedging   | (11,876)   | ) 1,352  | -   | 1,352  | (10,524)  |
| Inventory of products, spare parts and supplies               | (29,474)   | ) 2,566  | -   | 2,566  | (26,908)  |
| Research and development expenses                             | 7,981  | (5,024)  | ) -   | (5,024)  | ) 2,957   |
| Capitalized interest  | 3,133  | (579)  | ) -   | (579)  | ) 2,554   |
| Expenses in assumption of bank loans                          | 3,651  | (416)  | ) -   | (416)  | ) 3,235   |
| Unaccrued interest  | (156)  | ) (53)   | ) -   | (53)   | ) (209)   |
| Fair value of property, plant and equipment                   | 3,375  | 876  | -   | 876  | 4,251   |
| Employee benefits   | (1,920)  | ) (2,145)  | ) -   | (2,145)  | ) (4,065)   |
| Royalty deferred income taxes                                 | 6,410  | 1,619  | -   | 1,619  | 8,029   |
| Unused tax losses   | (1,522)  | ) (232)  | ) -   | (232)  | ) (1,754)   |
| Purchase of intangible assets                                 | -  | 219  | -   | 219  | 219   |
| Provision for lawsuits and legal expenses                     | (7,357)  | ) (692)  | ) -   | (692)  | ) (8,049)   |
| Provision for investment plan                                 | (3,312)  | ) 1,359  | -   | 1,359  | (1,953)   |
| Provision of fines and crushing site closure                  | -  | -  | -   | -  | -   |
| Other ID  | 285  | (2,828)  | ) -   | (2,828)  | ) (2,543)   |
| Total temporary differences, losses and unused fiscal credits | 219,230  | (26,880)   | ) (796)   | ) (27,676)   | ) 191,554   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)****28.4****Income tax and deferred taxes, continued**

d.4 Reconciliation of changes in deferred tax liabilities (assets) as of December 31, 2015

|   | Deferred tax<br>liabilities<br>(assets) at<br>the beginning<br>of the period | Deferred tax<br>expense<br>(income)<br>recognized in<br>profit or loss | Deferred<br>tax related<br>to items<br>credited<br>(debited)<br>directly to<br>equity | Total increase<br>(decrease) of<br>deferred tax<br>liabilities<br>(assets) | Deferred<br>tax<br>liabilities<br>(assets) at<br>the end of<br>the period |
|---|--|--|---|--|---|
|   | ThUS\$   | ThUS\$   | ThUS\$  | ThUS\$   | ThUS\$  |
| Depreciation  | 233,862  | (789)  | -   | (789)  | 233,073   |
| Doubtful accounts impairment                                  | (6,755)  | 1,636  | -   | 1,636  | (5,119)   |
| Accrued vacations   | (3,735)  | 367  | -   | 367  | (3,368)   |
| Manufacturing expenses  | 81,650   | 27,484   | -   | 27,484   | 109,134   |
| Unrealized gains (losses) from sales of products              | (83,355)   | (4,085)  | -   | (4,085)  | (87,440)  |
| Fair value of bonds   | (350)  | -  | (96)  | (96)   | (446)   |
| Severance indemnity   | 5,950  | (2,081)  | 309   | (1,772)  | 4,178   |
| Hedging   | (5,512)  | (6,364)  | -   | (6,364)  | (11,876)  |
| Inventory of products, spare parts and supplies               | (24,632)   | (4,842)  | -   | (4,842)  | (29,474)  |
| Research and development expenses                             | 4,285  | 3,696  | -   | 3,696  | 7,981   |
| Capitalized interest  | 26,904   | (23,771)   | -   | (23,771)   | 3,133   |
| Expenses in assumption of bank loans                          | 4,011  | (360)  | -   | (360)  | 3,651   |
| Unaccrued interest  | (150)  | (6)  | -   | (6)  | (156)   |
| Fair value of property, plant and equipment                   | (70)   | 3,445  | -   | 3,445  | 3,375   |
| Employee benefits   | (2,450)  | 530  | -   | 530  | (1,920)   |
| Royalty deferred income taxes                                 | 7,791  | (1,381)  | -   | (1,381)  | 6,410   |
| Unused tax losses   | (715)  | (807)  | -   | (807)  | (1,522)   |
| Purchase of intangible assets                                 | 235  | (235)  | -   | (235)  | -   |
| Provision for lawsuits and legal expenses                     | (3,663)  | (3,694)  | -   | (3,694)  | (7,357)   |
| Provision for investment plan                                 | (8,946)  | 5,634  | -   | 5,634  | (3,312)   |
| Provision of fines and crushing site closure                  | (1,654)  | 1,654  | -   | 1,654  | -   |
| Other ID  | 308  | (23)   | -   | (23)   | 285   |
| Total temporary differences, losses and unused fiscal credits | 223,009  | (3,992)  | 213   | (3,779)  | 219,230   |

During the period ended September 30, 2016 and December 31, 2015, the Company calculated and accounted for taxable income considering a rate of 24% and 22.5% respectively, in conformity with Law No, 20,780, Tax Reform, published in the Official Gazette on September 29, 2014.

The main amendments include a gradual increase in the corporate income tax rate up to 27% starting from 2018.

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**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.5 Deferred taxes related to benefits for tax losses

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

As of September 30, 2016 and December 31, 2015, tax loss carryforwards (NOL carryforwards) are detailed as follows:

|       | 09/30/2016 | 12/31/2015 |
|-------|------------|------------|
|       | ThUS\$     | ThUS\$     |
| Chile | 1,754      | 1,522      |
| Total | 1,754      | 1,522      |

Tax losses as of September 30, 2016 correspond mainly to SQM S.A., Exploraciones Mineras S.A. and Agrorama S.A.

d.6 Unrecognized deferred income tax assets and liabilities

Unrecognized deferred tax assets and liabilities as of September 30, 2016 and December 31, 2015 are as follows:

|                              | 09/30/2016           | 12/31/2015           |
|------------------------------|----------------------|----------------------|
|                              | ThUS\$               | ThUS\$               |
|                              | Assets (liabilities) | Assets (liabilities) |
| Tax losses (NOL's)           | 139                  | 139                  |
| Doubtful accounts impairment | 81                   | 81                   |

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|                      |       |   |       |   |
|----------------------|-------|---|-------|---|
| Inventory impairment | 1,020 |   | 1,020 |   |
| Pensions plan        | (715  | ) | (715  | ) |
| Accrued vacations    | 29    |   | 29    |   |
| Depreciation         | (57   | ) | (57   | ) |
| Other                | (19   | ) | (19   | ) |
| Balances to date     | 478   |   | 478   |   |

Tax losses mainly relate to the United States, and they expire in 20 years.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.7 Movements in deferred tax assets and liabilities

Movements in deferred tax assets and liabilities as of September 30, 2016 and December 31, 2015 are detailed as follows:

|  | 09/30/2016  | 12/31/2015  |
|--|-------------|-------------|
|  | ThUS\$      | ThUS\$      |
|  | Liabilities | Liabilities |
|  | (assets)    | (assets)    |
| Deferred tax assets and liabilities, net opening balance | 219,230     | 223,009     |
| Increase (decrease) in deferred taxes in profit or loss  | (26,880 )   | (3,992 )    |
| Increase (decrease) in deferred taxes in equity          | (796 )      | 213         |
| Balances to date   | 191,554     | 219,230     |

d.8 Disclosures on income tax expense (income)

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

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

(b) a business combination

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

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|  | 09/30/2016 |   | 09/30/2015 |   |
|--|------------|---|------------|---|
|  | ThUS\$     |   | ThUS\$     |   |
|  | Income     |   | Income     |   |
|  | (expenses) |   | (expenses) |   |
| Current income tax expense   |            |   |            |   |
| Current income tax expense   | (107,996   | ) | (82,712    | ) |
| Adjustments to prior year current income tax   | -          |   | 2,043      |   |
| Current income tax expense, net, total   | (107,996   | ) | (80,669    | ) |
| Deferred tax expense   |            |   |            |   |
| Deferred tax expense (income) relating to the creation and reversal of temporary differences | 26,880     |   | 16,083     |   |
| Deferred tax expense, net, total   | 26,880     |   | 16,083     |   |
| Tax expense (income)   | (81,116    | ) | (64,586    | ) |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

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

|   | 09/30/2016        |   | 09/30/2015        |   |
|---|-------------------|---|-------------------|---|
|   | ThUS\$            |   | ThUS\$            |   |
|   | Income (expenses) |   | Income (expenses) |   |
| Current income tax expense by foreign and domestic parties, net |                   |   |                   |   |
| Current income tax expense, foreign parties, net                | (1,548            | ) | (2,673            | ) |
| Current income tax expense, domestic, net                       | (106,448          | ) | (77,996           | ) |
| Current income tax expense, net, total                          | (107,996          | ) | (80,669           | ) |
| Deferred tax expense by foreign and domestic parties, net       |                   |   |                   |   |
| Deferred tax expense, foreign parties, net                      | 485               |   | (40               | ) |
| Deferred tax expense, domestic, net                             | 26,395            |   | 16,123            |   |
| Deferred tax expense, net, total                                | 26,880            |   | 16,083            |   |
| Income tax expense  | (81,116           | ) | (64,586           | ) |

**d.9 Equity interest in taxation attributable to equity-accounted investees**

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

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

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

(a) Temporary differences are reversed in a foreseeable future; and

(b) The Company has tax earnings, against which temporary differences can be used.

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**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

d.10 Disclosures on the tax effects of other comprehensive income components:

|   | Amount<br>before taxes<br>(expense)<br>gain | (Expense)<br>income for<br>income taxes | Amount<br>after taxes |
|---|---|---|-----------------------|
|   | 09/30/2016                                  | 09/30/2016                              | 09/30/2016            |
|   | ThUS\$                                      | ThUS\$                                  | ThUS\$                |
| Income tax related to other income and expense components with a charge or credit to net equity |   |   |                       |
| Gain (loss) from defined benefit plans  | (2,955 )                                    | 778                                     | (2,177 )              |
| Cash flow hedge   | 48  | 18                                      | 66                    |
| Total   | (2,907 )                                    | 796                                     | (2,111 )              |

|  | Amount<br>before taxes<br>(expense)<br>gain | ((Expense)<br>income for<br>income taxes | Amount<br>after taxes |
|--|---|--|-----------------------|
|  | 09/30/2015                                  | 09/30/2015                               | 09/30/2015            |
|  | ThUS\$                                      | ThUS\$                                   | ThUS\$                |
| Income tax related to components of other income and expense with a charge or credit to net equity |   |  |                       |
| Gain (loss) from defined benefit plans   | (28 )                                       | 13                                       | (15 )                 |
| Cash flow hedge  | 611   | (18 )                                    | 593                   |
| Total  | 583   | (5 )                                     | 578                   |

d.11 Explanation of the relationship between expense (income) for tax purposes and accounting income.

In accordance with paragraph No, 81, letter c) of IAS 12, the Company has estimated that the method that discloses more significant information for the users of its financial statements is the reconciliation of tax expense (income) to the result of multiplying income for accounting purposes by the tax rate in force in Chile, This option is based on the fact that the Parent and its subsidiaries incorporated in Chile generate almost the total amount of tax expense (income) and the fact that amounts of subsidiaries incorporated in foreign countries have no relevant significance within the context of the total amount of tax expense (income).

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**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

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

|  | Income (expense) |            |
|--|------------------|------------|
|  | 09/30/2016       | 09/30/2015 |
|  | ThUS\$           | ThUS\$     |
| Consolidated income before taxes   | 280,506          | 235,279    |
| Income tax rate in force in Chile  | 24 %             | 22,5 %     |
| Tax expense using the legal rate   | (67,321 )        | (52,938 )  |
| Effect of royalty tax expense  | (5,703 )         | (6,260 )   |
| Tax effect of non-taxable revenue  | 3,420            | 1,822      |
| Effect of taxable rate of non-deductible expenses for determination of taxable income (loss) | (258 )           | (4,601 )   |
| Tax effect of tax rates supported abroad   | 2,767            | 191        |
| Other tax effects from the reconciliation between the accounting income and tax expense      | (14,021 )        | (2,800 )   |
| Tax expense using the effective rate   | (81,116 )        | (64,586 )  |

d.12 Tax periods potentially subject to verification:

The Group's Companies are potentially subject to income tax audits by tax authorities in each country, These audits are limited to a number of interim tax periods, which, in general, when they elapse, give rise to the expiration of these inspections,

Tax audits, due to their nature, are often complex and may require several years, Below, we provide a summary of tax periods that are potentially subject to verification, in accordance with tax regulations in force in the country of origin:

**Chile**

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

### **United States**

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

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**Note 28 Income tax and deferred taxes (continued)**

**28.4 Income tax and deferred taxes, continued**

**Mexico:**

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

**Spain:**

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

**Belgium:**

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

**South Africa:**

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

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 29 Disclosures on the effects of fluctuations in foreign currency exchange rates

Assets held in foreign currency subject to fluctuations in exchange rates are detailed as follows:

| Class of assets                             | Currency | 09/30/2016<br>ThUS\$ | 12/31/2015<br>ThUS\$ |
|---|----------|----------------------|----------------------|
| Current assets                              |          |                      |                      |
| Cash and cash equivalents                   | ARS      | 3                    | 1                    |
| Cash and cash equivalents                   | BRL      | 1                    | 8                    |
| Cash and cash equivalents                   | CLP      | 20,857               | 2,656                |
| Cash and cash equivalents                   | CNY      | 333                  | 272                  |
| Cash and cash equivalents                   | EUR      | 8,025                | 4,245                |
| Cash and cash equivalents                   | GBP      | 2                    | -                    |
| Cash and cash equivalents                   | INR      | 2                    | 14                   |
| Cash and cash equivalents                   | MXN      | 223                  | 1,439                |
| Cash and cash equivalents                   | PEN      | 2                    | 1                    |
| Cash and cash equivalents                   | THB      | -                    | 1                    |
| Cash and cash equivalents                   | YEN      | 2,313                | 1,690                |
| Cash and cash equivalents                   | ZAR      | 1,084                | 4,123                |
| Subtotal cash and cash equivalents          |          | 32,845               | 14,450               |
| Other current financial assets              | CLF      | -                    | 17,507               |
| Other current financial assets              | CLP      | 22,632               | 131,633              |
| Subtotal other current financial assets     |          | 22,632               | 149,140              |
| Other current non-financial assets          | ARS      | 4                    | -                    |
| Other current non-financial assets          | AUD      | -                    | 34                   |
| Other current non-financial assets          | BRL      | 11                   | 8                    |
| Other current non-financial assets          | CLF      | 62                   | 38                   |
| Other current non-financial assets          | CLP      | 12,942               | 39,091               |
| Other current non-financial assets          | CNY      | 3                    | 27                   |
| Other current non-financial assets          | EUR      | 523                  | 2,278                |
| Other current non-financial assets          | MXN      | 1,878                | 1,036                |
| Other current non-financial assets          | THB      | 26                   | 8                    |
| Other current non-financial assets          | YEN      | 28                   | 29                   |
| Other current non-financial assets          | ZAR      | 16                   | 4,466                |
| Subtotal other current non-financial assets |          | 15,493               | 47,015               |
| Trade and other receivables                 | BRL      | 23                   | 19                   |
| Trade and other receivables                 | CLF      | 412                  | 993                  |
| Trade and other receivables                 | CLP      | 93,050               | 76,748               |
| Trade and other receivables                 | CNY      | 183                  | 77                   |
| Trade and other receivables                 | EUR      | 30,485               | 38,797               |
| Trade and other receivables                 | GBP      | 961                  | 582                  |

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|   |     |         |         |
|---|-----|---------|---------|
| Trade and other receivables               | MXN | 447     | 425     |
| Trade and other receivables               | PEN | 19      | 112     |
| Trade and other receivables               | THB | 466     | 1,473   |
| Trade and other receivables               | YEN | 180     | -       |
| Trade and other receivables               | ZAR | 16,649  | 15,549  |
| Subtotal trade and other receivables      |     | 142,875 | 134,775 |
| Receivables from related parties          | CLP | 42      | 52      |
| Receivables from related parties          | EUR | 212     | 604     |
| Receivables from related parties          | THB | 650     | 1,112   |
| Receivables from related parties          | YEN | -       | 193     |
| Subtotal receivables from related parties |     | 904     | 1,961   |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 29 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

| Class of assets                                 | Currency | 09/30/2016     | 12/31/2015 |
|---|----------|----------------|------------|
|   |          | ThUS\$         | ThUS\$     |
| Current tax assets                              | ARS      | 1              | -          |
| Current tax assets                              | CLP      | 1,407          | 1,453      |
| Current tax assets                              | EUR      | 126            | 177        |
| Current tax assets                              | ZAR      | 481            | 424        |
| Current tax assets                              | MXN      | 170            | 8          |
| Current tax assets                              | PEN      | 222            | 222        |
| Subtotal current tax assets                     |          | 2,407          | 2,284      |
| Non-current assets                              |          |                |            |
| Other non-current financial assets              | CLP      | 20             | 20         |
| Other non-current financial assets              | YEN      | 47             | 39         |
| Subtotal other non-current financial assets     |          | 67             | 59         |
| Other non-current non-financial assets          | BRL      | 140            | 116        |
| Other non-current non-financial assets          | CLP      | 739            | 536        |
| Subtotal other non-current non-financial assets |          | 879            | 652        |
| Non-current right receivable                    | CLF      | 363            | 415        |
| Non-current right receivable                    | CLP      | 1,585          | 467        |
| Subtotal non-current rights receivable          |          | 1,948          | 882        |
| Equity-accounted investees                      | AED      | 28,184         | 23,369     |
| Equity-accounted investees                      | CLP      | 1,886          | 1,535      |
| Equity-accounted investees                      | EUR      | 7,589          | 7,201      |
| Equity-accounted investees                      | INR      | 1,252          | 962        |
| Equity-accounted investees                      | THB      | 1,832          | 1,672      |
| Equity-accounted investees                      | TRY      | 19,512         | 15,103     |
| Subtotal equity-accounted investees             |          | 60,255         | 49,842     |
| Intangible assets other than goodwill           | CLP      | 307            | 284        |
| Intangible assets other than goodwill           | CNY      | 1              | 1          |
| Subtotal intangible assets other than goodwill  |          | 308            | 285        |
| Property, plant and equipment                   | CLP      | 5,199          | 4,089      |
| Subtotal property, plant and equipment          |          | 5,199          | 4,089      |
| Total non-current assets                        |          | <b>68,656,</b> | 55,809     |
| Total assets                                    |          | 285,812        | 405,434    |

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**Note 29 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

Liabilities held in foreign currencies are detailed as follows:

| Class of liability                           | Currency | 09/30/2016                |                                | Total<br>ThUS\$ | 12/31/2015                |                                | Total<br>ThUS\$ |
|--|----------|---------------------------|--------------------------------|-----------------|---------------------------|--------------------------------|-----------------|
|  |          | Up to90<br>days<br>ThUS\$ | 91 days to<br>1 year<br>ThUS\$ |                 | Up to90<br>days<br>ThUS\$ | 91 days to<br>1 year<br>ThUS\$ |                 |
| <b>Current liabilities</b>                   |          |                           |                                |                 |                           |                                |                 |
| Other current financial liabilities          | CLF      | -                         | 48,807                         | 48,807          | 4,423                     | 5,610                          | 10,033          |
| Other current financial liabilities          | CLP      | -                         | 21,055                         | 21,055          | -                         | -                              | -               |
| Subtotal other current financial liabilities |          | -                         | 69,862                         | 69,862          | 4,423                     | 5,610                          | 10,033          |
| Trade and other payables                     | BRL      | 46                        | -                              | 46              | 38                        | -                              | 38              |
| Trade and other payables                     | CLP      | 41,830                    | 34                             | 41,864          | 48,707                    | -                              | 48,707          |
| Trade and other payables                     | EUR      | 45,460                    | -                              | 45,460          | 8,591                     | -                              | 8,591           |
| Trade and other payables                     | GBP      | 17                        | -                              | 17              | 55                        | -                              | 55              |
| Trade and other payables                     | INR      | -                         | -                              | -               | 1                         | -                              | 1               |
| Trade and other payables                     | MXN      | 1                         | -                              | 1               | 76                        | -                              | 76              |
| Trade and other payables                     | PEN      | -                         | 9                              | 9               | 11                        | -                              | 11              |
| Trade and other payables                     | ZAR      | 2                         | 16,248                         | 16,250          | 1,727                     | -                              | 1,727           |
| Subtotal trade and other payables            |          | 87,356                    | 16,291                         | 103,647         | 59,206                    | -                              | 59,206          |
| Other current provisions                     | BRL      | -                         | -                              | -               | 9                         | -                              | 9               |
| Other current provisions                     | CLP      | -                         | 74                             | 74              | 15                        | -                              | 15              |
| Other current provisions                     | EUR      | -                         | -                              | -               | 5                         | -                              | 5               |
| Subtotal other current provisions            |          | -                         | 74                             | 74              | 29                        | -                              | 29              |
| Current tax liabilities                      | CNY      | -                         | -                              | -               | -                         | 2                              | 2               |
| Current tax liabilities                      | EUR      | -                         | 2,830                          | 2,830           | -                         | 889                            | 889             |
| Current tax liabilities                      | MXN      | -                         | 25                             | 25              | -                         | 24                             | 24              |
| Subtotal current tax liabilities             |          | -                         | 2,855                          | 2,855           | -                         | 915                            | 915             |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 29 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

| Class of liability                               | Currency | 09/30/2016                 |  | Total<br>ThUS\$ | 12/31/2015                 |  | Total<br>ThUS\$ |
|--|----------|----------------------------|--|-----------------|----------------------------|--|-----------------|
|  |          | Up to 90<br>days<br>ThUS\$ | over 90<br>days to 1<br>year<br>ThUS\$ |                 | Up to 90<br>days<br>ThUS\$ | Over 90<br>days to 1<br>year<br>ThUS\$ |                 |
| Other current non-financial liabilities          | BRL      | 7                          | -                                      | 7               | 3                          | -                                      | 3               |
| Other current non-financial liabilities          | CLP      | 4,926                      | 6,013                                  | 10,939          | 4,684                      | 6,556                                  | 11,240          |
| Other current non-financial liabilities          | CNY      | -                          | -                                      | -               | 28                         | -                                      | 28              |
| Other current non-financial liabilities          | EUR      | 755                        | -                                      | 755             | 1,143                      | -                                      | 1,143           |
| Other current non-financial liabilities          | MXN      | 727                        | 226                                    | 953             | 394                        | 31                                     | 425             |
| Other current non-financial liabilities          | PEN      | 70                         | -                                      | 70              | 70                         | -                                      | 70              |
| Other current non-financial liabilities          | ZAR      | 1,205                      | -                                      | 1,205           | 13                         | -                                      | 13              |
| Subtotal other current non-financial liabilities |          | 7,690                      | 6,239                                  | 13,929          | 6,335                      | 6,587                                  | 12,922          |
| Total current liabilities                        |          | 95,046                     | 95,321                                 | 190,367         | 69,993                     | 13,112                                 | 83,105          |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 29 Disclosures on the effects of fluctuations in foreign currency exchange rates (continued)**

| Class of liability                                    | Currency | 09/30/2016 |        |        |        |         | Total<br>ThUS\$ |
|---|----------|------------|--------|--------|--------|---------|-----------------|
|   |          | 1 to 2     | 2 to 3 | 3 to 4 | 4 to 5 | Over 5  |                 |
|   |          | years      | years  | years  | years  | years   |                 |
|   |          | ThUS\$     | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$  |                 |
| Non-current liabilities                               |          |            |        |        |        |         |                 |
| Other non-current financial liabilities               | CLF      | 5,978      | 5,978  | 5,978  | 5,978  | 249,337 | 273,249         |
| Subtotal other non-current financial liabilities      |          | 5,978      | 5,978  | 5,978  | 5,978  | 249,337 | 273,249         |
| Non-current provisions for employee benefits          | CLP      | -          | -      | -      | -      | 457     | 457             |
| Non-current provisions for employee benefits          | MXN      | -          | -      | -      | -      | 626     | 626             |
| Non-current provisions for employee benefits          | YEN      | -          | -      | -      | -      | 485     | 485             |
| Subtotal non-current provisions for employee benefits |          | -          | -      | -      | -      | 1,568   | 1,568           |
| Total non-current liabilities                         |          | 5,978      | 5,978  | 5,978  | 5,978  | 250,905 | 274,817         |

| Class of liability                                    | Currency | 12/31/2015 |        |        |        |         | Total<br>ThUS\$ |
|---|----------|------------|--------|--------|--------|---------|-----------------|
|   |          | 1 to 2     | 2 to 3 | 3 to 4 | 4 to 5 | Over 5  |                 |
|   |          | years      | years  | years  | years  | years   |                 |
|   |          | ThUS\$     | ThUS\$ | ThUS\$ | ThUS\$ | ThUS\$  |                 |
| Non-current liabilities                               |          |            |        |        |        |         |                 |
| Other non-current financial liabilities               | CLF      | 41,485     | 5,413  | 5,413  | 5,413  | 228,083 | 285,807         |
| Subtotal other non-current financial liabilities      |          | 41,485     | 5,413  | 5,413  | 5,413  | 228,083 | 285,807         |
| Non-current provisions for employee benefits          | CLP      | -          | -      | -      | -      | 539     | 539             |
| Non-current provisions for employee benefits          | MXN      | -          | -      | -      | -      | 100     | 100             |
| Non-current provisions for employee benefits          | YEN      | -          | -      | -      | -      | 495     | 495             |
| Subtotal non-current provisions for employee benefits |          | -          | -      | -      | -      | 1,134   | 1,134           |
| Total non-current liabilities                         |          | 41,485     | 5,413  | 5,413  | 5,413  | 229,217 | 286,941         |

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 30 Mineral resource exploration and evaluation expenditure

Because of the nature of the operations of Sociedad Química y Minera de Chile S.A. and its subsidiaries and the type of exploration they conduct (which is different than other mining businesses where the exploration process results in significant time), the exploration and process and the definition of the economic feasibility occurs normally within the year. Accordingly, although expenditure is initially capitalized, it could be recognized in profit or loss for the same year should there be no technical and commercial feasibility. This results in having no significant expenditure that have no feasibility study at the end of the year.

Prospecting expenditure can be found in 4 different stages: execution, economically feasible, not economically feasible and under exploitation:

1. Execution: prospecting expenditure which are under execution and accordingly there is no yet a definition as to its economic feasibility are classified in the caption property, plant and equipment, as of September 30, 2016 and December 31, 2015, the balance amounts to ThUS\$11,638 and ThUS\$ 10,135, respectively,
2. Economically feasible: prospecting expenditure, which upon completion, has been concluded to be economically feasible is classified in the caption non-current assets in other non-current non-financial assets, as of September 30, 2016 and December 31, 2015, the balance amounts to ThUS\$22,608 and ThUS\$ 31,911 respectively,
3. Not economically feasible: Prospecting expenditure, which upon completion it has been concluded that are not economically feasible are recorded in profit or loss: As of September 30, 2016, this amounts to ThUS\$ 0 and ThUS\$404 as of September 30, 2015.
4. Under exploitation: Prospecting expenditure under exploitation is classified in the caption current assets in current inventories, These are amortized considering the exploited material, as of September 30, 2016 and December 31, 2015, the balance amounts to ThUS\$1,790 and ThUS\$ 1,269 respectively.

For the amount of capitalized expenditure, the total amount disbursed in exploration and evaluation of mineral resources as of September 30, 2016 ThUS\$1,503, and correspond to non-metallic projects, Such expenditure mainly correspond to studies, either topographical, geological, exploratory drilling, sampling, among others,.

With respect to this expenditure, the Company has defined classifying it in accordance with IFRS 6.9:

For exploration expenditure where the mineral has low ore grade that is not economically exploitable, it is debited directly to profit or loss.

If studies determine that the ore grade is economically exploitable, it is classified in other non-current assets in the caption stain development and prospecting expenses and at the time of making the decision for exploiting the zone it is classified in the caption inventories as part of the cost of raw materials required for production purposes.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

Note 31 Lawsuits and complaints

### **Lawsuits and complaints**

During 2015, the Chilean IRS has filed several lawsuits and complaints related to the so-called “SQM Case”, which are associated with the irregular financing of politicians against a number of individuals, amongst others, the legal representatives of the Company Patricio de Sominihac T. – CEO – and Ricardo Ramos R. – Vice President of Finance–. Basically, those lawsuits and complaints relate to alleged tax crimes associated with a possible undue decrease in taxable net income of the Company and two of its subsidiaries over the last seven years by recording as expenses in their accounting records invoices and fee receipts, which could be considered to be ideologically false. Such legal actions are also filed against the taxpayers who provided the tax documents that allowed the alleged performance of the related illicit acts.

Likewise, during 2015 Oscar Gajardo S. filed several similar lawsuits against the Directors and Executives of ten major Chilean companies, including SQM, alleging undue appropriation incurred by making contributions regulated by the Law and the Chilean Electoral Service without the approval of their shareholders. Subsequently, Mr. Gajardo filed a new lawsuit against Patricio Contesse G. – former CEO of SQM – and Ricardo Ramos R. et al for the alleged perpetration of several crimes for the irregular financing of politicians to the detriment of SQM and its shareholders.

Additionally, during 2015 and within the context of the “SQM Case”, the Deputy of the Tarapacá Region of Chile Hugo Gutiérrez G. filed a lawsuit for alleged extortion-bribery and money laundering referred to in Law No. 20.393 on Legal Responsibility of Juridical Persons against SQM and its legal representative Patricio de Sominihac T. and Senators of the Tarapacá Region of Chile Jaime Orpis B. and Fulvio Rossi C.

### **Actions performed by the Authority**

The Public Ministry and Chilean IRS (Servicio de Impuestos Internos (SII)) have performed a number of actions within the framework of the so-called “SQM Case” where the Company and its executives have provided their cooperation. Several of the Company’s executives have granted access to their computers and made several statements at the request of the Prosecutors responsible for the investigation. Additionally, SQM has provided physical and digital copies of its accounting records and its subsidiaries’ accounting records. In addition, SQM has also provided the Public Ministry with its email files and all the documentation that has been required by the related authority.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 31 Lawsuits and complaints, (continued)**

**Shearman & Sterling and Ad-Hoc Committee**

At its Extraordinary Meeting of February 26, 2015, the Board of Directors formed an Ad-Hoc Committee (the Committee) starting April 24, 2015, composed of the Directors Robert A. Kirkpatrick, Wolf von Appen B. and Edward J. Waitzer (the latter acting as Chairman) to investigate and gather all the information necessary related to the “Penta case – specific SQM Case” to report upon performance of such activities to the Board of Directors the results, conclusions and recommendations resulting from its work. The Board of Directors delegated in the Committee the authority required to perform its duties and empowered it so that at its discretion engages all legal and accounting advisory required and other independent external advisory services as it deems appropriate and that upon performing its duties reports to the Board of Directors under the terms indicated above.

The Committee engaged the legal Advisory of the law firms Shearman & Sterling and Vial / Serrano, and the forensic services provided by the US company FTI (the “Advisors”) to conduct an investigation and analysis of the possible contingencies to which SQM may be exposed under the standards contained in the Foreign Corrupt Practices Act (FCPA) of the United States of America, which is applicable to the Company as the issuer of securities in the US market. Specifically, the investigation was focused on conducting an analysis of: (a) whether the Company had made any undue payment defined as a corrupt practice for FCPA purposes; and (b) whether the Company had not complied with the accounting regulations in accordance with that established in the FCPA.

On December 15, 2015, the Committee, together with the Advisors, reported to the Board of Directors the results, conclusions and recommendations resulting from their work. Likewise, on the same date, the Advisors reported such results, conclusions and recommendations to the Chilean Authorities and on January 7, 2016, they reported these to the US Regulators.

The main conclusions contained in the Ad-Hoc Committee Report are: (a) the Committee identified payments authorized by the former General Manager of SQM, Mr. Patricio Contesse G. with respect to which the Company found no sufficient supporting documentation; (b) no evidence was identified demonstrating that such payments were made with the purpose of inducing a public officer to act or refrain from acting with the purpose of helping SQM obtain economic benefits; (c) a conclusion was reached with respect to the cost center managed by the former General Manager of SQM Mr. Patricio Contesse G., that the Company’s accounting records did not accurately reflect the transactions challenged, notwithstanding the fact that, because of their amount, such transactions are below the materiality level defined by the Company’s external auditors determined in comparison to the volume of equity, sales, expenses or profits of SQM within the reported period; and that (d) SQM’s internal controls were not sufficient to

monitor the expenses included in the cost center managed by the former General Manager of SQM and that the Company relied in the adequate use of the resources by Mr. P. Contesse G. ”

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 31 Lawsuits and complaints, (continued)**

**Investigation by the Department of Justice and the Securities Exchange Commission**

SQM informed of the investigation currently being performed by Shearman & Sterling on US regulating entities (Department of Justice and Securities and Exchange Commission), in conformity with the standards effective in the United States of America. The outcome of such investigation was delivered to these regulating entities, which have started investigations to determine the existence of possible noncompliance with FCPA (Foreign Corruption Practices Act) or internal control standards.

Such investigations are currently in process and the determination of their term or outcome is not possible.

**Note 32 Sanction proceedings**

On April 1, 2015, the SVS started an administrative proceeding against five Directors of SQM for supposedly not having provided to the market on a timely and truthful basis information which could be significant for making investment decisions. Such information mainly relates to the preliminary estimate of the impact on the Company's financial statements of certain expenses paid by the Company between 2008 and 2014 and which might not qualify as expenses under current Chilean tax regulations because of the absence of supporting documentation.

On December 31, 2015, the Company reported that the Chilean Superintendence of Securities and Insurance (SVS) has made its resolution to impose sanctions on Patricio Contesse Fica, Julio Ponce Lerou – former Company's Directors–, Hernán Büchi Buc, Juan Antonio Guzmán Molinari and Wolf von Appen Berhmann –current Company's Directors – for not having reported to the market, in March 2015, as an Essential event and in their role of Company's Directors, on the expenses that SQM incurred during certain years, which did not have sufficient reporting documentation or might be considered to be unnecessary to generate income. The sanction imposed relates to a fine of UF 1,000 on each of the aforementioned individuals and a remedy can be sought with the Chilean Superintendence of Securities and Insurance (SVS) and courts of justice.

**Note 33 Closure of the Pedro de Valdivia Site**

On September 22, 2015, the Company reported to the Chilean Superintendence of Securities and Insurance (SVS) that its Board of Directors opted to close the mining operations at the Pedro de Valdivia site and a portion of such site's industrial operations. The larger part of this closure will occur at the end of November 2015 and the nitrate and iodine operations that will continue to generate production in the remaining industrial plants at the Pedro de Valdivia operation will amount to approximately one third of the current production volumes.

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**Note 33 Closure of the Pedro de Valdivia Site, continued**

This decision is based on the fact that the Company has continued to increase its production capacity of iodine and nitrate salts in its industrial mining operations at the Nueva Victoria site and has reduced its production costs to meet sales forecasts and increase its current worldwide market share in the iodine market.

As of December 31, 2015, the effect on profit or loss of stopping operations are detailed as follows:

|  | ThUS\$ |
|--|--------|
| Property, plant and equipment                    | 36,823 |
| Constructions in progress                        | 3,195  |
| Total property, plant and equipment              | 40,018 |
| Legal and voluntary severance indemnity payments | 17,647 |
| Total closure of the Pedro de Valdivia site      | 57,665 |

**Note 34 Railway for transportation of products between the site Coya Sur and the Port of Tocopilla**

As a result of the rain storms that affected the Tocopilla Zone at the beginning of August 2015, SQM S.A. confirmed the existence of damages in several zones in the railway between the sites Coya Sur and Tocopilla. Accordingly, starting from such date the Company has used the transport of trucks replacing the transport through the railway. SQM has performed several internal and external studies with the purpose of determining the costs and terms necessary to repair the damages in the railway.

The analysis of the internal and external reports allows concluding that the costs associated with repairing the damages caused by the rain storms would imply long-terms and high costs, and accordingly, it is not convenient at short and medium-term to repair the railway. Such decision does not affect the production process or imply additional employee reductions.

Consequently, SQM has adjusted the value of the assets associated with the railway (fixed equipment, facilities and rolling equipment), which has translated into a charge of approximately US\$ 32 million which are reflected in the line other expenses by function in the consolidated statement of income for the period. Such amount approximately represents 0.7% of SQM's total assets reported at the end of September 2016.

Note 35 Events occurred after the reporting date

35.1

Authorization of the financial statements

The consolidated financial statements of Sociedad Química y Minera de Chile S.A. and subsidiaries prepared in accordance with International Financial Reporting Standards for the period ended September 30, 2016 were approved and authorized for issuance by the Board of Directors at their meeting held on November 23, 2016.

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 35 Events occurred after the reporting date, (continued)**

35.2

Disclosures on events occurring after the reporting date

On November 7, 2016, the Board of Directors agreed to amend the general policy for customary transactions with related parties, as approved at its Meeting of May 28, 2013, and also approved a restated text of such policy, which is indicated below.

1. Customary transactions are those conducted between (i) the Company and its subsidiaries (the “Subsidiaries”) and affiliates (the “Affiliates”), (ii) Subsidiaries and (iii) Subsidiaries and Affiliates:

- (a) The sale, trading, distribution and supply at any title, of raw materials, by-products and products;  
  
The purchase and sale of mining concessions for exploration and exploitation activities being processed or
- (b) constituted, for the right to explore underground waters and rights of use of surface water and underground water either in process or constituted;
- (c) The lease, commodatum or other contracts which do not result in the transfer of title, of real estate, mining concessions and water rights;
- (d) Engaging general load transport services, sea freight services and other supplies as required for the operation of the production sites;
- (e) The purchase, sale, lease and transfer of concessions and easements, maritime concessions, public works concessions and rights of use of water of any nature;
- (f) Engaging services and the purchase, sale and lease of the assets required for operations and asset maintenance;  
  
Engaging and providing advisory services in matter related to the production, distribution and sale of products;
- (g) engaging and providing engineering, environmental studies and studies in other specialties for the study, development and construction of mining operations, as well as all the activities that are required for such purposes;

- (h) Engaging and providing advisory services in financial, accounting, administrative, tax and legal matters;
  
- (i) Engaging and providing financial administration, infrastructure, advertising, IT, managerial, insurance and other similar services;

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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 35 Events occurred after the reporting date, (continued)**

**35.2 Disclosures on events occurring after the reporting date**

(j) The purchase and sale of currencies as necessary or supplementary to perform activities within the scope of its line of business and for its exchange hedge transactions;

(k) The performance of transactions destined to finance investments and for financing working capital wither through assuming loans or through the placement of debt securities in domestic or international markets;

(l) Making capital contributions and granting loans, credits and financing in general; and

(m) The performance of financial transactions, transactions through current accounts and/or structured financial loans.

2. Customary transactions also refer to the sale, trading, agency, distribution or supply of by-products and products between (i) the Company, or (ii) the Subsidiaries, and Kowa Company Ltd. and its subsidiaries.”

**35.3 Detail of dividends declared after the reporting date**

On November 23, 2016, the Board of Directors of SQM S.A. agreed the following:

**1. Payment of Provisional Dividend**

Payment of a provisional dividend, with a charge to 2016 profit, the amount of US\$ 225 million, equivalent to US\$0.85487 per share. Such amount will be paid at its equivalent amount in Chilean pesos, the domestic currency, in accordance with the observed U.S. dollar exchange rate, which is published in the Official Gazette on December 13, 2016.

The payment of such dividend will be made in favor of the shareholders, either personally or through their related and duly authorized representatives, starting from 9:00 a.m. of December 20, 2016. The shareholders registered in the Company's Shareholders' Record 5 business days prior to December 20, 2015 will be entitled to receive such dividend.

**SQM**

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Las Condes, Santiago, Chile  
Tel: (56 2) 425 2000  
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Notes to the Consolidated Financial Statements as of September 30, 2016.

**Note 35 Events occurred after the reporting date, (continued)**

**35.3 Detail of dividends declared after the reporting date, continued**

**2. Change in Dividend Policy for 2016**

Change the Dividend Policy for Commercial Year 2016 as communicated at the Ordinary Shareholders' Meeting of April 26, 2016 (the "Dividend Policy"), replacing it for that indicated below.

(i) Except for the dividend approved on this date and which will be paid during the last quarter of 2016, not to distribute any more provisional dividends during 2016.

(ii) The remaining amount of the net profit for 2016, if any, will be retained and destined for the financing of own operations or of one or more of the Company's investment projects and all of this regardless of the possible and future capitalization of all or a portion of this or its distribution as dividend declared, as determined by the shareholders at the Company's Ordinary Shareholders' Meeting.

(iii) The Dividend Policy referred to above relates to the Board of Directors' intention or expectation with respect to such matter. Consequently, compliance with such Dividend Policy is necessarily dependent on the net profits which are finally obtained and the profit or loss indicated by the Company's regular forecasts.

To the extent that the Dividend Policy has any significant change, the Board of Directors will timely communicate and inform to the shareholders with respect to such situation as an essential event.

**SQM**

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## 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.

CHEMICAL AND MINING COMPANY OF CHILE  
INC.

(Registrant)

Date: December 29, 2016

/s/ Ricardo Ramos

By: Ricardo Ramos

CFO & Vice President of Corporate Services

**Persons who are to respond to the collection of information contained SEC 1815 (04-09) in this form are not required to respond unless the form displays currently valid OMB control number.**

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