

### Projects and Contracts.

The SOQUIMICH Project Sierra Gorda will make it possible to start operating two new iodine elaboration plants with a US\$ 3 million investment. These plants were built on the former nitrate premises of Ossa and Algarrobo. They will be exploited by the affiliate, Cimin, which belongs to SOQUIMICH. Processing capacities are 200,000 tons per month with net production of 280 tons of iodine.

At full capacity these plants will provide work for approximately 120 people.

In 1989 SOQUIMICH invested more than US\$ 35 million in new machinery to improve the efficiency of the iodine plants at María Elena and Pedro de Valdivia. These improvements will make it possible to increase iodine production by 230 tpy.

In the future SOQUIMICH is planning a US\$ 95 million investment to develop Pissis and Nebraska. The project proposes production of 300,000 tpy of nitrate and 1,100 tpy of iodine. A pilot plant has been built for this purpose with positive results, and another plant is under construction. These deposits are being disputed by the Banco Nacional de Chile.

The Court of Appeal pronounced a verdict in favor of SOQUIMICH and the Supreme Court's verdict is still pending. Even if SOQUIMICH obtains a favorable resolution, there are still ten lawsuits pending which were presented by Sociedad Minera Unión de Tarapacá. Under these circumstances, this project will not be implemented in the near future.

In July, 1988 SOQUIMICH and Sociedad Legal Minera San José created SOQUINOR, Sociedad Química del Norte, to establish a Potassium Sulfide Plant with a capacity of 50,000 tpy. The plant will also produce chloric acid to be used in a second project of Bicalcil Phosphate for animal feed. The potassium sulfide plant will use sulfuric acid from Chuquicamata and potassium chloride that is imported and supplied by the Sociedad Chilena del Litio's new plant. The investment is US\$ 6 million.

In September, 1988 SOQUIMICH signed an agreement with Israel Chemicals, a large potassium producer to form the Compañía Internacional de Desarrollo. Each company will invest US\$ 1 million to study the installation of a potassium chloride and potassium sulfate plant in Chile. The investment for the future project is estimated at US\$ 100 million.

In September, 1987 SOQUIMICH signed an agreement with Sociedad Chilena del Litio to buy all its production of potassium chloride, which is estimated at 35,000 - 45,000 tpy. This will allow SOQUIMICH to be less dependent on imports.

In March, 1989 SOQUIMICH signed an agreement with ISE Chemical, the largest iodine producer in Japan, to develop a project to optimize iodine recovery from fine minerals. The preliminary investment would be US\$ 7 million, which would be shared equally by both partners.

The decrease in international iodine prices during 1990 and 1991 has caused concern in the company, the production costs of which are US\$ 11 per kilo. The first reaction was to lower the dividend to be distributed to shareholders from 75% to 50% of profits.

Personnel reduction is also underway at the Oficina Pedro de Valdivia, and it is probable that this mining camp will be transferred, or that the plant will be closed. The other two plants at Puelma have already stopped operating.

In the 1992-1995 period Soquimich plans to invest 135 million dollars, mainly in mines (US\$ 35 million), plants (45 million), and services (35 million). US\$ 110 million more will be invested in new projects like the technological development of processes for heap leaching and leaching of fines (20 million), crystallization projects (20 million), and diversification projects into new products, focused on three areas: magnesium, potassium and ammonium nitrate exploitation for industrial use; other saltpeter products like boric acid and potassium perchlorate; and metallic, non-metallic and polymetallic mining.

Research work in this area is being carried out in the Punta Negra Salt Mine (potassium) and the Plato de Sopa deposit (sulfur).

The company has also applied to acquire part of the Amax shares in the Minsal project, in partnership with Lithco.

During 1991 the company invested US\$ 33 million in mines (8 million), plants (15 million) and services (5 million).