/Carey

Junio de 2024

CAREY ASESORA EN ACUERDO CODELCO - SQM PARA LA PRODUCCIÓN DE LITIO EN ATACAMA

Codelco and SQM ink PPP for lithium production in Atacama

Maya Kendall Shah

17 June 2024

Carey and Deloitte Legal (Chile) have helped Chile's state-run copper producer Codelco enter a public-private partnership (PPP) with local miner Sociedad Química y Minera (SQM) to increase lithium production in the country's Salar de Atacama salt flat.

SQM relied on Claro y Cía in the deal, which was signed on 31 May.

The PPP takes the shape of a joint venture for which Codelco's subsidiary Minera Tarar and SQM's SQM Salar will join forces. Codelco will hold a majority stake in the joint venture.

The closing of the agreement is subject to the passing of certain legal, regulatory, technical and environmental requirements as well as consultation with local indigenous communities, expected to be completed in the first quarter of 2025.

Once complete, the agreement will replace an existing contract between SQM and Chilean economic development agency Corfo, which was signed in 2018 and set to expire in 2030.

The joint operations will run from 2025 through to 2060 with Codelco overseeing general management from 2023 onwards. Codelco aims to apply new technologies and improve extraction processes to produce 300,000 tonnes of lithium carbonate equivalent between 2025 and 2030 in the Atacama salt flats, with an additional 300,000 tonnes expected annually between 2031 and 2060.

This transaction is in line with the Chilean government's aim to nationalise its lithium industry through a New Lithium Strategy, which was announced by President Gabriel Boric in 2023. Chile holds the world's largest lithium reserves, with an estimated capacity of 11

Esta alerta legal es proporcionada por Carey y Cía. Ltda. con fines educativos e informativos únicamente y no pretende ni debe interpretarse como asesoría legal.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, Piso 43.
Las Condes, Santiago, Chile.
www.carey.cl

million tonnes.

Codelco entered the lithium sector in October last year by purchasing Australia's Lithium Power International for US$244 million.

Founded in 1976, Codelco is one of the world's largest copper producers, owning over one quarter of Chile's copper mines. Earlier this year, Codelco made a US$2 billion offering in a deal which also involved Carey. This came a couple of months after it entered into a joint venture with British-Australian counterpart Rio Tinto to develop copper mining assets in Atacama.

Headquartered in Santiago, SQM has its main production facilities in Tarapacá and Antofagasta in Chile's Atacama region. While its mining operations focus on lithium, iodine and potassium, it also produces industrial chemicals including preservative sodium nitrate, used as a preservative, and potassium chloride, which is used for medicines.

Last year, the company raised US$750 million in a bond offering, a deal which also involved Claro y Cía.

Counsel to Codelco

Carey

Partners Rafael Vergara, Alberto Cardemil, Cristián Eyzaguirre, Francisco Carey, Cristián Figueroa, Francisca Corti, Manuel José Garcés, José Tomás Hurley, José Pardo, Julio Recordon and Camilo Lledó, counsel José Ignacio Mercado and associates Sebastián Melero, Borja Coz, Enzo Devoto and José Pablo Sáez

Deloitte Legal (Chile)

Partners Paula Osorio and Ruby Soteras, director Andrea Inostroza and associates Ignacio Raviola Pinochet and Alvaro Yañez

Counsel to Sociedad Química y Minera de Chile (SQM)

Claro y Cía

Partners Rodrigo Ochagavía, Nicolás Luco, Matías de Marchena,

Jorge Carraha and Alex van Weezel, and associates Vicente Allende, Bastián Cabrebra, Josafina Covarrubias, Fernando de Castro, Javiera Gutierrez, Diego Contreras, José Tomás Errázuriz, Luz Gunckel, Catalina Icaza, Martin Fischer, Mariano Pola, Constanza Hargous, Jorge Hinzpeter, Karina Henriquez and Dino Schiappacasse