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December 2021

CHILEAN AND CANADIAN FIRMS STEER US$3.3 BILLION MINING JOINT VENTURE

Chilean and Canadian firms steer US$3.3 billion mining JV

Davide Montagner

Chilean miner Mantos Copper has enlisted Canadian firm Stikeman Elliot LLP and Baker McKenzie (Chile) to form a US$3.3 billion joint venture with Vancouver-based counterpart Capstone.

Canadian firm Blake, Cassels & Graydon LLP and Carey in Santiago advised Capstone.

The agreement was signed on 30 November. It is subject to regulatory and court approvals and is expected to close in the first quarter of 2022.

Upon completion, Capstone's shareholders will own a 60.75% stake in the new miner, which will operate as Capstone Copper. Mantos' shareholders will hold the remaining minority interest.

Capstone Copper will be headquartered in Vancouver and trade on the Toronto stock exchange.

Capstone's CEO and president, Darren Pylot, will be the executive director of Capstone Copper, while John MacKenzie, founder of Mantos Copper, will serve as its CEO.

Pylot says the merger is in line with Capstone's strategic vision of growing a multi-asset and sustainable copper business in the Americas. "The combination of these two companies provides transformational near-term growth and further deepens our bench strength, particularly with respect to mine building, operational and leadership experience," he says.

Capstone Copper will have a diversified portfolio of high-quality, long-life operative assets in the Americas. Its estimated copper production next year will be around 175,000 tonnes, while its copper reserves hold some 4.9 million tonnes.

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The new business will operate the Santo Domingo copper, iron and gold project – of which Capstone is the sole owner – in Chile's Atacama region. It will also manage the Pinto Valley mine in the US state of Arizona, the Cozamin mine in the northern Mexican state of Zacatecas and the Mantos Blancos and Mantoverde projects, also in Chile's Atacama region.

The Mantoverde project, currently under construction, is located 30 kilometres southwest of the Santo Domingo mine. Once operational, the site will help Capstone Copper increase its production by 45% to about 260,000 tonnes of copper per year by 2024.

The mineral-rich South American continent frequently draws investors' attention. In November, South African precious metals miner Sibanye-Stillwater Group signed a deal to buy Brazilian mining assets from UK private equity fund Appian Capital for US$1 billion. Before that, Japanese conglomerate Sumitomo sold a stake in Chilean copper mine Sierra Gorda for US$2 billion to Australia's South32.

Founded in 1987, Capstone produces base metals, focusing on copper, and has several exploration sites in North and South America. In April, the miner sealed a US$290 million gold stream deal with counterpart Wheaton Precious Metals in connection with its Santo Domingo project. Blake Cassels participated in that deal.

Bermuda-based Mantos Copper was established in 2015 following the acquisition of the Mantos Blancos and Mantoverde mines from London-headquartered miner Anglo American. Earlier this year, Japanese conglomerate Mitsubishi acquired a 30% stake in the Chilean miner as part of an US$847 million investment to upgrade the Mantoverde copper mine. Baker McKenzie (Chile) was involved in that deal too.

Counsel to Mantos Copper

Stikeman Elliot LLP

Partners Amanda Linett, Daniel Borlack, John Lorito, Jonathan Wilson, Michael Kilby, Natasha van den Hoven and Meaghan Obee Tower, and associates John Lee, Jennifer Che, Navin Kissoon,

Christopher Sullivan, Kate Amirault, Peter Flynn, Kristen Cirella, Sagar Darar, Alexander Rand and Sara Shayan in Toronto; partner Kris Noonan in Calgary; and counsel Denise Duifhuis in Vancouver

Baker McKenzie (Chile)

Partners Antonio Ortúzar Vicuña, Mirco Hilgers and Alberto Maturana, and associate Andrés Lecaros in Santiago

Counsel to Capstone

Blake, Cassels & Graydon LLP

Partners Bob Wooder, Sean Boyle, Alexandra Luchenko, Jamie Kariya, Samantha Rossman and Kevin Zimka, and associates Victoria Craib, Joey Levesque, Michelle Perini, Chetan Shory, Evan Straight and Iain Tape in Vancouver, and partner Julie Soloway and associate Victoria Skot in Toronto

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Partners Alejandra Daroch and Francisco Ugarte, counsel Francisco Corona and associates Julio Recordon, Constanza Trisotti, Maximiliano Urrutia, Ximena Jirón, Rocío Véliz and Consuelo San Martín in Santiago