

## **CODELCO CLOSES AGREEMENT WITH LITHIUM POWER INTERNATIONAL FOR THE ACQUISITION OF 100% OF ITS SHARES**

### **Codelco enters lithium sector with Australian buyout**

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Two Allens offices, Carey in Santiago and Deloitte Legal (Chile) have helped Chilean copper giant Codelco make its first foray into the lithium industry by purchasing Australia's Lithium Power International for US\$244 million.

Ashurst LLP in Perth and Philippi Prietocarrizosa Ferrero DU & Uría (Chile) advised Lithium Power in the deal.

Latin Lawyer understands that Canadian firm McCarthy Tétrault advised Codelco too but could not confirm this before publishing.

The deal closed on 17 October.

Codelco purchased 100% of Lithium Power's share capital through a scheme of arrangement. This type of agreement allows a company to restructure its stock, assets or capital with the approval of its shareholders and the court.

The acquisition is subject to the regulatory approval of Australia's securities commission, as well as the country's Foreign Investment Review Board.

The deal is backed by Lithium Power's largest shareholder, Chile's Minera Salar Blanca, which has a 28% stake in the seller.

With the transaction, Codelco has acquired the Australian seller's Maricunga lithium carbonate project. Located within the Salar de Maricunga salt flat in Chile's Atacama Desert, the project forms part of northern Chile's 'lithium triangle' – a lithium-rich region of the Andes that spans the borders of Argentina, Bolivia and Chile. The

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triangle contains another two salt flats: the Salar de Uyuni in Bolivia and the Salar del Hombre Muerto in Argentina.

Lithium Power previously operated Maricunga alongside its shareholder Minera Salar Blanca, who held a 31.31% stake in the project. The Australian group gained full ownership of the asset after Minera divested its stake in June 2022.

The project has a production capacity of up to 15,200 tonnes of lithium per year with a potential mine life of 20 years.

The deal is expected to bolster the lithium carbonate project, with Codelco supplying its knowledge of the Maricunga salt flat and nearby resources from its local mining operations. Codelco's acquisition is also set to boost the project's sustainability features and make it one of the most important lithium facilities worldwide.

Lithium carbonate is increasingly in demand, as a key compound of electric car batteries. Last year, Chile was named the second-largest producer of lithium after Australia. Together, they produced 100,000 tonnes of lithium. Chile boasts a larger lithium reserve than Australia, with a capacity of 11 million tonnes compared to Australia's 7.9 million tonnes.

Considering the rise of electric cars, lithium power is becoming increasingly popular as a sustainable alternative to power. As a result, numerous lithium-related deals have taken place in Latin America recently. For example, in July, global lithium miner Allkem obtained a US\$180 million sustainability-linked and green financing from the International Finance Corporation (IFC) for the development of a lithium project in Argentina.

Chilean state-owned Codelco is one of the world's largest copper producers. The company has featured in several deals this year, especially capital markets work. Last month, it raised US\$2 billion in a dual-tranche debt issuance to expand its portfolio and increase production levels. A portion of the funds from this issuance were also used to fund their purchase of Lithium Power.

In February, the company also issued US\$900 million and just a couple of weeks prior, it received a US\$500 million loan from Export Development Canada. In another sustainable deal, Codelco entered into a power purchase agreement with local energy group AES Andes for the supply of renewable energy to two of its mines in December

2022.

Headquartered in the Australian state of New South Wales, Lithium Power International produces brine and hard rock lithium. Excluding its recent Latin American operations in Chile, the group has six mining tenements located in Argentina's Centenario lithium brine reserve, located in the Salta province of the Puna Plateau. It also has three hard rock projects in Western Australia – Tabba Tabba, Pilgangoora and Greenbushes.

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