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CODELCO Y ANGLO AMERICAN ANUNCIAN ALIANZA MINERA POR US$5.000 MILLONES

Anglo American and Codelco ink US$5 billion mining partnership

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UK-headquartered mining company Anglo American has enlisted Chilean firms Philippi Prietocarrizosa Ferrero DU & Uría (Chile), Fischer y Cía and Estudio Fermandois to enter into a US$5 billion partnership with Chile's Codelco, through which the companies will jointly develop copper mines in central Chile.

PPU advised Anglo American on all aspects of the agreement, whilst Fischer y Cía provided tax counsel.

Carey guided Codelco in the deal.

The memorandum of understanding was signed on 19 February.

Through the partnership, Anglo American and Codelco will jointly develop and operate their respective copper mines – Los Bronces and Andina – which are located adjacent to each other, on the border of Chile's central Santiago Metropolitan and Valparaíso region.

Los Bronces produced around 215,000 metric tonnes of copper in 2023 and is one of Chile's largest copper mines. Codelco owns a 20% stake in Anglo American Sur, which controls the mine.

Andina is the fourth largest, having produced 164,500 metric tonnes in that same year.

The 21-year joint mining plan is anticipated to increase the combined production capacity of the mines by 120,000 tonnes over its lifespan – generating revenues of at least US$5 billion.

PPU partner Carlos Alberto Reyes remarks on the acceleration of growth in Chile's lucrative mining market. "Major mining projects have ramped up their investments, whether to expand existing operations,

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merge them, or coordinate with adjacent mining activities, all with the goal of extending the operational lifespan of their projects and optimising production," he says.

The partner also notes that there has been an uptick in new mining projects across Chile, which denotes "signs of recovery" following the slump in this activity in recent years. This, Reyes says, "has led to partnerships between established mining companies and junior exploration firms, facilitating the allocation of resources to advance exploration activities."

In recent deals in the sector, South African gold miner Gold Fields inked a US$48 million joint venture with Canadian counterpart Torq Resources to operate a mining project in Chile's Atacama Desert just last month. Mining titans Lundin and BHP also recently entered into a partnership to acquire copper, silver and gold assets on the Argentina-Chile border last July, in a US$3.25 billion deal.

Chile has also been earmarked as an attractive destination for lithium production, particularly to new government initiatives such as Special Lithium Operation Contracts (CEOL), which allow for new lithium projects to be developed in the country. Codelco made its first foray into this market in 2023 when it acquired Australia's Lithium Power International for US$244 million. The state-owned miner consolidated its presence in the sector last May by signing a public-private partnership (PPP) with local counterpart Sociedad Química y Minera (SQM), through which the companies pledged to up lithium production in the Salar de Atacama salt flat.

Reyes describes the lithium trend as "one of the most significant developments [for Chile] over the past year," and anticipates that, given the growing international demand for lithium, "it is likely that [2025] will bring greater regulatory clarity and tangible progress" for these operations.

Established in 1917, Anglo American is the world's largest producer of platinum and also produces copper, diamonds, nickel, iron and coal. Earlier this month, the company divested its Brazilian nickel operations to MMG Singapore Resources for US$500 million.

Codelco is one of the biggest global copper producers. The company raised US$1.5 billion in a debt issuance last month, with the proceeds set aside for long-term mining operations.

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