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CODELCO Y ANGLO AMERICAN LLEGAN A ACUERDO PARA SUS YACIMIENTOS VECINOS

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Codelco and Anglo American overcome disputes for mining agreement

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Claro & Cía has helped multinational mining group Anglo American agree a new governance framework with Chilean state-owned counterpart Codelco over the two businesses' neighbouring mining sites.

Codelco relied on Carey for the deal, which closed on 11 June. Cleary Gottlieb Steen & Hamilton LLP is also understood to have been involved, but this could not be confirmed prior to publication. The value of the agreement remains confidential.

The agreement covers the operation and environmental factors related to Codelco and Anglo American's respective copper mines, Andina and Los Bronces, which are situated next to each other in the northern region of Valparaiso. The two companies have agreed to freely exchange operational information and eliminate the duplication of certain operational activities. They have also concluded how to handle any future expansion at each site. The agreement puts in place dispute resolution mechanisms for the two parties too.

The deal opens the two projects to previously disputed mining zones that contain 10 million tonnes of copper. It is thought to be the first time two mining projects have collaborated on such a scale in Chile.

Cooperation between Codelco and Anglo American has not always been so good. They were involved in a major dispute in 2012 that was settled when Anglo American sold a 29.5% stake in its Chilean subsidiary to Codelco for US$2.8 billion. The price was much lower than Anglo American wanted, while the stake was much smaller than Codelco would have liked. Disputes stemmed from Anglo American's announcement the previous year that it had sold a 24.5% stake in its Chilean subsidiary to Mitsubishi. This undermined a long-standing

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option Codelco had to purchase a 49% stake in the business.

Codelco was founded in 1955 from foreign-owned copper companies that were then nationalised in 1971 under President Salvador Allende. Its primary focus has been copper exploration, but it had branched out in recent years to explore wind, solar and uranium power.

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