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October 2024

MINERA SIERRA GORDA OBTAINS FINANCING FOR USD500 MILLION

Chilean copper mine obtains US$500 million loan

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11 October 2024

Two Milbank offices and and Carey in Santiago have helped Chilean copper and molybdenum mine Sierra Gorda obtain a US$500 million loan.

The lenders relied on A&O Shearman in New York and Philippi Prietocarrizosa Ferrero DU & Uría (Chile).

The deal closed on 24 September.

Poland's KGHM Polska Miedz, which holds a 55% stake in the mine, has agreed to guarantee up to US$275 million of the financing.

Sierra Gorda will use the proceeds to enhance its financial liquidity and fund its sustainable operations, which use seawater and renewable energy.

The mine operates by using seawater from the cooling systems of a power plant in the port city of Mejillones. Instead of being recycled to the sea, the water is pumped to the mine through a 144-kilometre pipeline.

Located in the Antofagasta region in Chile's Atacama Desert, the Sierra Gorda mine has a copper-molybdenum-gold sulphide mineral reserve of more than 1 billion tonnes, and a mine life of more than 20 years. Australian miner South32 owns the remaining stake in the asset.

Headquartered in the Polish city of Lubin, KGHM owns nine open put operations in Canada, Chile, Poland and the US. The miner focuses on producing copper, gold, silver, nickel and molybdenum, among other resources.

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