

## ➤ CALL FOR LITHIUM BIDS BY THE CHILEAN GOVERNMENT

On October 13, 2021, the Government of Chile published a national and international call for applications to increase lithium production and attract new contractors.

National or foreign companies may participate in this process, which will have to acquire the respective public tender conditions, to allow exploration, exploitation, and commercialization of a total of 400,000 tons of marketable metallic lithium, divided into 5 quotas of 80,000 tons each. Participants may make offers for 1 or 2 quotas, each one being able, individually or through consortiums or related companies, to be awarded a maximum of 2 quotas, for a total of 160,000 tons, in any area of the national territory.

In accordance with Supreme Decree No. 23/2021 of the Ministry of Mining, the award of these quotas will be materialized through the subscription of the corresponding Special Operation Contracts for the Exploration, Exploitation and Benefit of Lithium Deposits (CEOL), whose parties will be the State of Chile, represented by the said Ministry, and the awarded contractor. The awarded quotas will be indivisible<sup>[1]</sup>, that is, they may not be subject to any subsequent contract that allows their partial assignment. Likewise, the CEOL may only be transferred to a third party with prior authorization and under the conditions expressly established by the Ministry of Mining.

The maximum duration of each CEOL will be of 29 years from the date of the total processing of the administrative act that approves it, unless the contractor reaches the total of the awarded quota/s before the expiration of the aforementioned term. However, the term to start the exploitation works may not exceed 7 years from the date of the total processing of the administrative act of the CEOL, and may be extended for a maximum additional period of 2 years, upon founded request of the contractor and approval of the Ministry of Mining.

The contractor must pay a value equivalent to the sum of its economic offer (which must not be subject to conditions), in addition to annual payments equivalent to a variable amount during the exploitation stage calculated based on its operating profit multiplied by the effective rate, based on the annual operating margin. The contractor will bear all the inherent costs and risks of the exploration, exploitation, and benefit of the marketable metallic lithium, and will be responsible for obtaining all the authorizations and/or sectoral and environmental permits that are necessary to undertake the work of the CEOL. The contractor will be responsible for marketing all marketable metallic lithium products produced during the term of the CEOL.

[1] In the event that the same contractor, individually or through a consortium or related companies, is awarded 2 quotas of 80,000 tons of marketable metallic lithium, they will have the option of holding an independent CEOL for each quota or a single CEOL for both quotas. The quota or quotas may not be divided once the right of option has been exercised.



La información contenida en esta alerta fue preparada por Carey y Cía. Ltda. sólo para fines educativos e informativos y no constituye asesoría legal.

Carey y Cía. Ltda.  
Isidora Goyenechea 2800, Piso 43.  
Las Condes, Santiago, Chile.  
[www.carey.cl](http://www.carey.cl)

For the purposes of (i) guaranteeing the seriousness of the offer and compliance with the tender until it is awarded, (ii) the payment of the offer price, and (iii) the obligation to start the exploitation works of the quota/s assigned in the previously indicated deadlines, the contractor must deliver to the Ministry of Mining one or more bank guarantee bills, first-demand guarantee insurance policies, or any other instrument, payable on demand, irrevocable and not endorsable, that provides sufficient guarantees of surety, whose beneficiary is the Undersecretary of Mining. The previously indicated instruments must be issued by banking institutions or insurance companies authorized to operate in Chile and subject to the supervision of the Commission for the Financial Market.

For the signing of the CEOL, the creation of a limited company in Chile with an exclusive business purpose is required, which will guarantee the collection and control of payments to the State. Each CEOL will be linked to a marketing authorization, granted by the Chilean Nuclear Energy Commission. Prior to the signing of the public deed containing the contract, a favorable report from the board of the Chilean Copper Commission must be obtained. All relationships between the parties derived from CEOL will be subject to what is specified therein and to Chilean law.

Key dates and links:

1. Deadline to acquire the tender conditions: from October 13, 2021 to November 12, 2021
2. Deadline for submission of inquiries: until November 18, 2021
3. Deadline for publishing responses to inquiries: until November 25, 2021
4. Deadline for receipt of tenders: until December 17, 2021
5. Award: until January 14, 2022
6. CEOL subscription: up to 2 months after the award
7. Public tender conditions are available for purchase at the following [link](#).
8. Supreme Decree No. 23/2021 of the Ministry of Mining is available at the following [link](#). Should you have any questions on the described tender process, we are available to assist you and pleased to answer any doubts.