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Amid heightened uncertainty in Chile, Albemarle upbeat on outlook

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Ministerio de Minería de Chile

A US lithium company <u>Albemarle</u>, which has a strong presence in Chile, voiced optimism about the years ahead.

The comments come as investors closely watch the political landscape, where an ideological shift to the left with the new government and, chiefly, a process to rewrite the country's constitution have flicked up the needle on the uncertainty gauge.

"We know these are times of heightened uncertainty, but we've already seen many signals from the government, creating ease," Albemarle Chile country manager Ignacio Mehech said during a US investment conference hosted by Fundación Chilena del Pacífico, a public-private organization tasked with supporting Chile's economic insertion into the Pacific basin.

Mehech cited as an example recent comments made by a government spokesperson that nationalizing natural resources firms was not among the administration's plans.

Elsewhere on the political map, the body tasked with drafting the new constitution – the biggest source of uncertainty – has passed an early-stage proposal that could lead to the nationalization of the mining industry. The controversial proposal would need support of two-thirds of the full assembly, a significant challenge given the key role of the sector and the fallout nationalization would have across the whole economy.

The new government under 36-year-old former student protest leader Gabriel Boric, meanwhile, seeks a greener mining sector and a bigger role for the state, including the creation of a public lithium company. Mehech expressed support for the government's plan to create such a firm, a controversial proposal that has generated opposition from some quarters.

Susan Segal, CEO of forum Americas Society/Council of the Americas, told the conference that the transition in Chile to a new generation of leaders "is viewed by markets as a strength, not a weakness."

She said: "I think companies are relatively optimistic about Chile and I think that you will see that there will be continued investment in Chile as long as the institutionality remains strong and there's nothing that suggests that it won't ... particularly at a time when you need to enhance the global supply chain."

Mehech, meanwhile, said that for Albemarle collaboration with different stakeholders was key.

"We believe that, together with communities and the state, we can continue developing the industry and addressing citizen demands," he said.

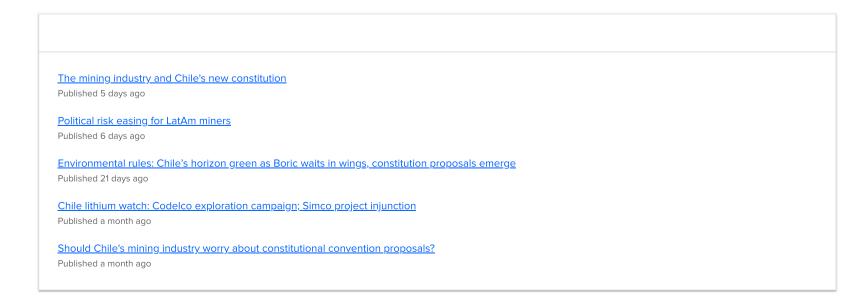
Global demand for lithium for electric car batteries is forecast to boom. The previous government launched a tender to bring more private companies into the fray to boost production – a process opposed by Boric and which has stalled. Some award decisions had already been announced. Albemarle was among companies that participated in a 400,000t lithium exploration and production tender.

Stronger lithium demand and prices on the global market could raise additional revenue for Boric, who campaigned on a pledge of expanding the social safety net but also faces the challenges of spurring economic growth to finance his plans and reducing government debt.

Albemarle produces lithium carbonate at two plants in northern Antofagasta region under a contract with state development agency Corfo.

In 2015, North Carolina-based Albemarle completed the acquisition of fellow chemical firm Rockwood Holdings, which controlled Chilean firm Rockwood Lithium. In 2012, Rockwood Lithium took over Sociedad Chilena de Litio, which, in turn, was a joint venture formed by Corfo (45%) and Foote Mineral Company (55%) in 1981.

Albemarle is this year due to cut the ribbon on a phase 3 expansion of its La Negra plant, allowing the firm to double production to 88,000t/y from 45,300t/y. Albemarle is also advancing a US\$150mn project to boost efficiency at the Salar de Atacama.



La Negra plant expansion - phase 3 Updated 6 months ago

Albemarle Corporation Updated 6 months ago

Albemarle Chile Updated 6 months ago

Corporación de Fomento de la Producción (Corfo) Updated 3 years ago

Allan Brown Updated 3 years ago

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