

August 8, 2010

On Thursday, the Chilean National Society of Mines (SONAMI) held a seminar called "Lithium and the National Economy" in collaboration with the Ministry of Mines. The goal of the meeting was to outline Chile's role in the lithium economy, and to explore potential changes to the laws that govern the exploration and exploitation of lithium resources.

In his opening address, Albert Salas (President of SONAMI) mentioned that Chile produced 45% of the world's lithium, followed by Australia (25%), China and Argentina. The country's exports of lithium in 2009 totaled US\$140 million. He also said that lithium demand could double by 2020 to 140,000-150,000 tons, or 7-8% growth per year on average. An inaugural address was also given by Laurence Golborne Riveros, the Chilean Mining Minister

The main purpose of the seminar was to look at the Chilean Law on Mining Concessions (1982) and the Mining Code (1983), which assert that lithium is reserved for the State and mining concessions cannot be granted. SONAMI believes that these provisions are a detriment to the Chilean economy. Many automotive industry manufacturers are seeking long term agreements with Chilean lithium producers, but they cannot be fulfilled under current laws.

Patricio de Solminihac, Chief Operating Office and Executive Vice President of lithium producer SQM, said "Today, lithium-based technologies are the winners...and Chile definitely has a role to play and is a force in this industry."

Monika Engel-Bader, president of Chemetall Gmbh said that if Chile can guarantee long term access to mining and water rights, Chile will be able to tap into the burgeoning Mexican and Brazilian auto markets.

The IAGS TREM Center was represented at the panel by Dr. Gal Luft. He said, "The

continuation of the current regulatory environment could cause Chile to lose its competitive edge and miss out on an important business opportunity."

Chilean Senator Jaime Orpis (Independent Democratic Union Party) said, "there is a tradeoff between the state and its investments. The best way would be for the State to raise funds through taxes the resources they get private companies to exploit the mineral." He noted that globally, there are 14 lithium projects under development, 65 in exploration phase, and 21 exploration applications. Of these 100 projects, only one is in Chile.

Chilean Senator Baldo Prokurica (National Renewal Party) said, "What differentiates countries are not mineral resources, but it is the institutions that exist to make efficient use of resources available"

