

Following years of regulatory uncertainty, the election of José Antonio Kast signals a pivotal shift toward pro-investment policies. This report analyzes the strategic pivot from state-led control to market facilitation and its impact on the \$104.5bn project pipeline.

STRATEGIC IMPORTANCE: WHY CHILE MATTERS

Global Copper Output

24%

World's Largest Producer

Global Lithium Reserves

30%

Critical EV Supply Chain

GDP Contribution

10-14%

Economic Backbone

Annual Export Rev.

\$35-45bn

55% of Total Exports

⚠ THE STRUCTURAL BOTTLENECK (Pre-2025)

Despite geological advantages, Chile's appeal declined due to extended timelines. Large mining projects now take 7-10 years from exploration to construction, with environmental approvals alone consuming 3-5 years of this cycle.

THE PIVOT: FROM STATE CONTROL TO MARKET FACILITATOR

BORIC ADMINISTRATION

(2022-2026)

- Philosophy: Increased State Involvement & Social Distribution.
- National Lithium Strategy: Proposed a framework requiring majority state ownership in new strategic projects.
- Codelco's Role: Tasked with negotiating contracts on behalf of the state.
- Fiscal Policy: Pushed for higher mining royalties to fund social programs.
- Impact: Regulatory uncertainty spiked, investor confidence fell, and key projects were deprioritized.

PRESIDENT-ELECT KAST

(Direction of Change)

- Philosophy: State as Facilitator, not Controller.
- Lithium Stance: Opposes the 'National Lithium Company' model; prioritizes private sector efficiency.
- Copper Strategy: Review Codelco's financial structure (Debt is ~6x EBITDA). Focus on JVs over privatization.
- Tax Reform: Proposal to lower corporate tax from 27% to 23% to boost global competitiveness.
- Goal: Restore legal certainty & speed up investment cycles.

REGULATORY REFORM: UNLOCKING CAPITAL

Streamlined Permitting

Kast aims to eliminate 'unnecessary regulation' and enhance agency coordination. The goal is to drastically cut the 3-5 year environmental approval lag, offering predictability for multi-decade assets.

Legal Certainty

Markets have reacted positively (rising stocks/peso) to the promise of stable, long-term rules. This is critical for projects requiring >\$1bn initial CAPEX and 20-30 year horizons.

Fiscal Stability & Tax

The proposal to lower the corporate tax rate (27% → 23%) directly enhances after-tax returns (IRR), making Chile competitive against jurisdictions like Australia and Canada.

INVESTMENT OUTLOOK (2025-2034)

\$104.5 BN
TOTAL INVESTMENT PIPELINE



81% BROWNFIELD (Expansions)
19% GREENFIELD (New Projects)

Challenge: Speeding up Greenfield projects currently stuck in preliminary stages via the new digital mining database.

INFRASTRUCTURE & ESG ENABLERS

- **Water Crisis Solution:** New administration is prioritizing desalination and water reuse tenders to solve shortages in the North.
- **Energy Transition:** Support for renewable diversification and energy storage aligns with miners' decarbonization strategies, lowering long-term OPEX.
- **Digitalization:** Launching a digital mining database to improve access to geological data.

IMPLICATIONS FOR FUND MANAGERS & MINE OWNERS

Reduced Risk Premium (Lower Cost of Equity)

Restoring respect for contract integrity and rule of law lowers the country risk discount rate applied to Chilean cash flows. This directly boosts Net Present Value (NPV) for existing assets.

Valuation & Multiple Expansion

Enhanced regulatory clarity supports higher equity multiples for companies with significant Chilean exposure. The market rewards jurisdictions with stable fiscal regimes.

Capital Allocation Efficiency

Predictable permitting improves visibility on Free Cash Flow (FCF). Multinational miners are better positioned to unfreeze Greenfields and proceed with capital-intensive Brownfield expansions.

ARANCA VIEW: AN INFLECTION POINT

The election of José Antonio Kast marks a constructive turn for Chile's mining sector. While institutional checks will moderate the speed of change, the direction is clear: a return to market-led development and legal certainty.

For investors, this shift restores confidence. We expect a stable operating environment to gradually unlock the stalled project pipeline, improving medium-term capital inflows and enhancing the global competitiveness of Chilean assets. The focus on efficiency over state expansion is a net positive for private capital.

Chile Mining Reset

Policy Shift & Implications for Global Investors



2500+

Global clients

500+

Strong, professional team across
multi-disciplinary domains

120+

Sectors and sub-sectors
researched by our analysis

80+

Countries where we have
delivered projects

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