

TITULO: Chilean miner gets loan amid restructuring				
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Chilean miner gets loan amid restructuring

Emily Darby | 07 October 2020



Chile's Guerrero Olivos has helped a group of lenders provide a US\$45 million credit line to local miner Minera Tres Valles as part of the company's restructuring programme.

Local firm Nelson Contador & Compaa advised the borrower in the deal.

A fund jointly owned by British asset manager Kimura and US counterpart GAM provided the financing, along with US financial group Citicorp and British mining group Anglo American.

Minera Tres Valles will use the credit facility to pay for existing debt as part of the company's wider reorganisation programme, which was officially approved on 4 September.

The company began its debt reorganisation in May after coming up against several challenges. The mining operator faced disruption in March when the conditions of Chile's decade-long drought worsened. Central Chile has received 30% less rainfall than usual over the past ten years, with a rainfall deficit of over 80% in 2019. The dry spell, which has been referred to as a "mega-drought" by scientists, has had a damaging effect on the mining sector as it limits the water reserves available to copper mines and reduces their capacity to operate.

Minera Tres Valles had to temporarily suspend operations in March too, as lockdown restrictions took hold. Copper prices have also remained low throughout the covid-19 pandemic.

Aside from making payments on existing debt, the miner's reorganisation programme also includes plans to raise additional capital to expand its mining portfolio and reinstate employees that it made redundant amid the pandemic.

Minera Tres Valles operates the Papaomono and Don Gabriel copper mines near the cities of Salamanca and Illapel in Chile's central Coquimbo region. The mines produce up to 18,500 tonnes per year. The miner is controlled by Canadian equity group Sprott Resource, which has a 70% stake, while Chilean mining company Vecchiola holds the remainder.

Counsel to Anglo American Marketing Limited, GAM Kimura Master Fund Limited and Citicorp International

Guerrero Olivos

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