Lithium Power / Salar Blanco – Agreement with the Chilean government over Maricunga operating licence

Lithium Power International {ASX: LPI}

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Salar Blanco has dropped its lawsuit against Chile

SANTIAGO, July 10 (Reuters) – Foreign-backed miner Salar Blanco, which is 50 percent-owned by Lithium Power International , has dropped its lawsuit against Chile to block state-run Codelco from exploiting a lithium deposit where both have claims, the Australian-listed smallcap announced.

Lithium Power International said that following three months of talks, Salar Blanco ended its legal proceedings against the Chilean government last week and the government said the firm could apply for a special operating license for its Maricunga project.

"*This permit – once approved and subject to the EIA approval – will be the final approval required to produce lithium under the present Chilean legislation*," **Lithium Power International said in a statement on Monday in a reference to Chile's environmental impact study on the project.**

The company said it plans to submit its application for the special operating license in August.

Lithium is among the world's hottest commodities and a key ingredient in the rechargeable batteries that power everything from cellphones and tablets to electric vehicles.

The lawsuit, filed in March, had been monitored carefully by potential investors being courted by the country’s new government.

The little-known and remote Maricunga salt flat is far smaller than the expansive Salar de Atacama, where top lithium producers Albemarle and Chile’s SQM rule supreme.But the legal conflict at Maricunga under the conservative government of President Sebastian Pinera may prove a bellwether for foreign miners anxious to invest in Chile, which is home to half of the world’s known lithium reserves.

The skirmish had pitted Salar Blanco, which has smaller stakes held by Canada’s Bearing Lithium and local capital, against state copper miner Codelco, in a country that is famously protective of its lithium.