

CHILEAN INVESTMENT

SQM's corporate venture arm breaks into water

The Chilean lithium giant is building a pipeline of investments in water with a view to boosting efficiency and hitting its sustainability targets. Who has it taken exposure to so far?

SQM Lithium Ventures, the corporate venture capital arm of SQM, Chile's top lithium producer, has made its first two investments in water after screening hundreds of applications.

After signing a Simple Agreement for Future Equity (SAFE) agreement in January with Chilean start-up Remote Waters – which supplies water purification systems to remote communities – the company last month invested £1 million (\$1.27 million) of equity in UK-based batch reverse osmosis start-up Salinity Solutions.

The latter deal forms part of a wider investment initiative undertaken by SQM, which is unique in the lithium mining industry, and which received 550 applications for its Series A programme across three verticals. Angeles Romo, director of SQM Lithium Ventures, told GWI that approximately the same number of applications were received across the water, lithium and electromobility segments.

"In addition to assessing [applicants'] technological capability, we look at their business models and their ability to scale up, and whether we are the right fit in terms of our capacity to help them transition from early development stages to scaling up," she explained.

The Salinity Solutions deal comes with an option to acquire additional equity in the future. "We are aiming to invest up to

a total of \$2.34 million to include a pilot project in our operations in the Salar, in the Atacama," Romo explained.

"[The company] is a first mover in batch reverse osmosis, delivering significant performance improvements with several registered patents and substantial growth opportunities," she continued. "We are very comfortable with their business model: they have a very high TRL [technology readiness level] and we believe they will be able to scale up rapidly."

For Salinity Solutions, SQM's investment unlocks its next stage of growth. "[It] is part of a total of £1.9 million that we have raised in this round, and it will allow us to fund the next 18 months of growth and development of the company, converting the opportunities and projects that we've been working on into sales," Salinity Solutions CEO Richard Bruges told GWI.

Tim Naughton, the company's founder and chief technical director, says that what motivated SQM to invest in Salinity Solutions was the superior performance of their HyBatch batch RO technology. "We have been proven to reduce energy consumption by 50% compared to traditional continuous RO and semi-batch RO technologies," he explained.

"In addition, we can achieve higher water recovery rates, which will increase opportunities for water reuse, and we will

be looking for ways to implement our technology to increase [SQM's] lithium recovery rates."

Romo confirmed that the pilot project has the overall aim of increasing the efficiency of the lithium recovery process and reducing the volume of brine that needs to be extracted from the Salar de Atacama, thereby contributing to SQM's 2030 water and energy sustainability targets. "There are many potential applications for the technology, both in the lithium recovery process itself and other water-related applications, which will be implemented after an initial feasibility stage of the pilot," she said.

With two investments already in its portfolio, SQM Lithium Ventures won't stop there. "We will definitely look into accelerating other water-tech start-ups to help us solve water-related challenges," Romo emphasised.

In addition to the SQM deal, Salinity Solutions also secured its first pilot project for direct potable reuse this month – a 100m³/d unit that will be deployed at one of Suez's fully operational wastewater treatment plants in France. "This opens up additional opportunities for us in water reuse, and particularly for direct potable reuse projects where we see a really strong additional growth area for our technology," Naughton concluded. ■

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