

SONAMI President Urges to Avoid Demolition of Desalination Plant Supplying Spencer Mine in Mejillones, Citing Investment Concerns

The President of the National Mining Society (SONAMI), Patricio Céspedes, has urged authorities to prevent the demolition of the desalination plant that supplies water to BHP's Spencer mine in Mejillones.

Biobio Radio transcription

December 4, 2024

"The President of the National Mining Society (SONAMI), Patricio Céspedes, has urged authorities to prevent the demolition of the desalination plant that supplies water to BHP's Spencer mine in Mejillones. He warned that this action could harm Chile's reputation as a reliable destination for future investments. However, local lawmakers have defended the municipality's decision, arguing that the company built the facility in a location not authorized by the municipal zoning plan, emphasizing that no entity is above the law. Diego Saez reports.

The demolition order, issued in November, continues to stir debate among industrial stakeholders and former officials. The Mejillones municipality issued an exempt resolution demanding the dismantling of the pump station, citing the plant's lack of proper building permits and violations of the local zoning regulations. Former SONAMI Vice President Patricio Céspedes highlighted the potential socio-economic impact, stating that up to 22,000 families in the Antofagasta region could be affected due to job losses linked to the Spencer mine's operations.

"We must also consider the potential harm this could inflict on Sierra Gorda, where the Spencer mine operates. We hope the Mejillones municipality and BHP can resolve this critical issue, as it could tarnish Chile's image as a reliable destination for foreign investors," Céspedes said. Legal avenues to challenge the decision remain under consideration, but Mejillones' municipality stands firm, asserting that the project, developed by Caetán, was built in a non-authorized zone and exceeded its initially reported boundary, expanding from 150 to 400 meters.

The political sphere has shown broad support for the demolition order. Regional lawmakers, including independent pro-PPD deputy Jaime Araya and National Renewal deputy José Miguel Castro, have argued that legal compliance is non-negotiable. "These are positive signals that we must appreciate. This is not unusual in our legal framework," said Castro.

Araya added, "Municipal building departments have the authority to mandate the demolition of structures that do not comply with construction permits. In this case, BHP failed. Despite their extensive PR campaigns about their good practices, they seem to be falling short on basic community relations."

In addition to the demolition, BHP will face financial penalties, which will be determined by the local police court."

22:00 News: Former SONAMI Vice President Urges to Halt Demolition of Desalination Plant Supplying Expense Mine in Mejillones

Former SONAMI Vice President Patricio Céspedes has called for the prevention of the demolition of the desalination plant that supplies industrial water to the Expense mine, owned by Australian mining giant BHP, in Mejillones. Diego Sáez reports.

In November, the Mejillones municipality issued an exempt resolution demanding the demolition of the pump station of this desalination plant, citing the lack of proper construction permits. Céspedes warned that this decision could directly impact up to 22,300 families in the Antofagasta region due to potential job losses linked to the mine's operations.

He also highlighted the broader implications for Sierra Gorda, where the mine is located, emphasizing the potential negative impact on the local community. Céspedes expressed hope that Mejillones municipality and BHP can resolve this critical issue, warning that the situation could damage Chile's reputation as a reliable destination for foreign investors.

The 51 Projects Driving the Mining Sector: \$83.181 Billion in Investments.

Chilean Copper Commission (Cochilco) Report Highlights Investment Initiatives for the Next Decade

Las Últimas Noticias
December 5, 2024

The Chilean Copper Commission (Cochilco) released its annual "Investment in Chilean Mining" report this Wednesday, outlining the projects expected to materialize between 2024 and 2033. The report features 51 initiatives with a combined value of \$83.181 billion, marking a 26.6% increase compared to last year's report (2023-2032).

This rise is attributed to the addition of 11 new projects, contributing \$15.659 billion in investments. Notably, the expansion of El Abra stands out with a projected budget of \$7.511 billion, making it the second-largest project in terms of investment after ongoing developments at El Teniente, which were already listed in the previous report (see table).

This annual report is compiled using public information from mining projects with a minimum investment of \$30 million. Minister of Mining, Aurora Williams, clarified that BHP's recent announcement of a nearly \$13 billion investment, primarily in Minera Escondida, was not included because it was made after the report's closure. "We are witnessing the most significant investment portfolio in the mining industry over the past decade," stated the minister.

Claudia Rodríguez, acting Executive Vice President of Cochilco, outlined the regional distribution of these investments: 38% is concentrated in Antofagasta with \$31.318 billion, while Atacama accounts for 17% with \$14.744 billion. Atacama also stands out for its project diversity, with 15 initiatives, including \$4.745 billion allocated to non-copper minerals, such as the Paloma project focused on lithium production.

"This substantial wave of investments presents a major opportunity for large mining suppliers. The government's agenda to streamline permits is crucial; our estimates indicate that permitting times for major mining projects could be reduced by over 30.6%," stated Minister of Economy, Nicolás Grau.

Cochilco also noted that the Dominga project (\$2.890 billion) remains on the investment list despite being rejected by the Council of Ministers in 2023. The project's owner, Andes Iron, has appealed the decision in environmental courts, keeping it under consideration.

Schwager's New International Face: "If You Combine Chile, Peru, and Mexico, You Reach Almost 50% of the Potential Copper Supply"

Alex Acosta, general manager of the traditional Chilean firm, discusses the transformation that has led the company to focus on process support and maintenance services for major mining companies.

PULSO,
by Victor Guillou

Schwager, the traditional company founded in Coronel in 1847, is advancing in its transformation process. Although it has been focused on services and solutions for large-scale mining for 12 years, the firm was historically linked to coal operations. Thanks to this resource, it supplied energy to various industries nationwide. Today, only a few warehouses remain in the iconic coal-mining city.

In recent years, the company has consolidated a path of revenue growth that has allowed it to resume dividend payments. In 2024, \$0.037 per share was distributed, representing 40% of the \$2.069 billion profit achieved in 2023. Recently, a new interim dividend of \$0.02 per share was approved, charged against 2024 results, or 32% of the \$1.403 billion in profits accumulated by June.

Currently, the bulk of its business comes from one of its four subsidiaries, Schwager Service, which contributes 90% of the revenue. With around 2,000 employees and 14 contracts in various mining operations, it provides services to major mining companies such as Codelco, Antofagasta Minerals, and Lundin Mining.

"We have reinvented ourselves in terms of how we view 21st-century mining. We understand this era of mining as an industry integrated by copper producers and various specialists in technologies, supplies, services, and solutions," says Alex Acosta, general manager since 2011. His role has been focused on bringing the company back into the mining world, which it had left in 1994. Acosta's 15 years at Codelco helped pave the way.

Schwager specializes in addressing specialized maintenance requirements, including annual maintenance plans for mining operations. These tasks can involve a full review of concentrator plants, deploying 200 to 300 workers, depending on the project. The contracts typically last between three and five years and also include support in areas such as water resource management and tailings handling. Additionally, it provides engineering services and specific equipment overhauls.

Their progress in Chile has led them to expand internationally. A year ago, Schwager signed a partnership with Cosapi, a Peruvian company offering similar services. Earlier, in 2020, they signed a memorandum of understanding with Grupo México Servicios de Ingeniería, a subsidiary of Grupo México, to participate in bidding processes in Chile.

"When we expanded our offering, we naturally looked at mineral-producing countries and strategically selected Peru and Mexico," commented Acosta on their strategy.

"The move toward internationalization is a reality in today's world. Focusing on a specific geographic area might not make sense. In mining, this is particularly true, as combining Chile, Peru, and Mexico accounts for nearly 50% of the potential global copper supply. These countries need to collaborate and find common ground," he stated.

In each country, Schwager has formed consortia with local partners for bidding processes. The international team currently includes 10 executives led by commercial manager Carlos Salazar, traveling between countries to build experience. Although they have not yet won any contracts in Peru or Mexico, Acosta is confident that the shared experience with Chile will soon yield results.

"This approach is already delivering results by refining our strategy. Once the strategy is clear, everything else follows. We are in various bidding processes and are ready to start operations with our partners in the regions we are targeting," he said.

"The mining sector in Chile is at one of the most challenging moments in its history. Without critical minerals like copper, there can be no energy transition. Without an energy transition, there is no stopping global warming," Acosta stated when asked about the current state of the mining industry. He compares the energy transition to the industrial revolution, emphasizing that it involves significant changes at all levels, from homes to large corporations.

"Copper must be available, and copper-producing countries need to see this as both an opportunity and a responsibility. The world currently produces about 25 million tons of refined copper annually, but in the coming years, nearly double that amount will be needed. It's a challenging time," Acosta summarized.

When asked if Chile is aware of this challenge, Acosta responded, "Those of us in mining feel the country doesn't see itself as a mining nation." However, he expressed optimism about regional integration, particularly with Peru:

"Our collaboration with our Peruvian partners and clients has been very successful."

Regarding Argentina, Acosta said, "If this understanding extends further, we will naturally consider Argentina.

After all, we share the Andes, and where there is a mountain range, there are minerals."

Meetings Between Colbún and SEA Amid Suspension of \$1.4 Billion Project

■ Since the energy company halted the development of the Paposo power plant, both parties have held three meetings to analyze the authority's decision.

Diario Financiero, December 5, 2024
By Karen Peña

A new chapter is unfolding around Colbún's Paposo Pumped Storage Project, involving a \$1.4 billion investment. After the Matte family-owned energy company decided to suspend the initiative planned for Taltal to carefully evaluate potential courses of action, the pressing question for 2025 is whether it will eventually re-enter the Environmental Impact Assessment System (SEIA).

The project was suspended after the Environmental Assessment Service (SEA) of Antofagasta partially accepted the company's appeal on September 17, but upheld the early termination of the process originally decreed on August 12 due to a lack of relevant and/or essential information (IRE).

Since then, Colbún's suspension following the early termination and the rejection of its appeal remains unchanged. Colbún recently informed Diario Financiero that there have been no updates, as the company is still assessing all possible avenues to reverse what it considers an "erroneous" decision.

While the company conducts a quiet internal review, Colbún and SEA have held meetings to discuss the matter. According to sources, these meetings aim to gather information and clarify the evaluation criteria.

Following the suspension announcement on September 24, various meetings have been recorded on the Lobby Law platform between the environmental authority and Colbún. The day after the announcement, Colbún's CEO José Ignacio Escobar, Sustainability and Corporate Affairs Manager Daniel Gordon, and General Manager Rodrigo Pérez met with SEA Executive Director Valentina Durán. According to the meeting log, the discussion was "within the framework of projects presented by Colbún to the SEIA."

Another meeting took place on October 14 between Durán and the same Colbún executives, specifically addressing the Paposo Pumped Storage Project.

Further talks were held with the acting regional director of SEA in Antofagasta, Tomás Ballesteros, who took over after Ramón Guajardo's resignation, requested by Valentina Durán amid the controversy over the early termination of the project. On November 12, five Colbún representatives, including Daniel Gordon and Environmental Manager Pedro Rosmanich, met with Ballesteros.

Colbún reiterated that "the Paposo Pumped Storage Project was suspended in September and remains in that state." They added, "The meeting with the SEA of the Antofagasta Region aimed to understand the scope and rationale of the information that, according to the environmental authority, justified the project's early termination."

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Government Opens Six New Lithium Deposits to Private Investors

■ This is the second list based on expressions of interest submitted by companies and consortia in July.

Diario Financiero, December 5, 2024

By Patricia Marchetti

The government is set to announce a second list of six prioritized lithium deposits—both inside and outside salt flats—for private development projects. These deposits were selected based on expressions of interest submitted by companies and consortia in July.

Unlike the initial announcement made in late September, which focused solely on salt flats, this new call will not specifically include those ecosystems. This shift stems from the results of the Request for Interest (RFI) process launched by the Ministry of Mining in April, which received 88 expressions of interest: 53 for 16 salt flats or saline lagoons and 28 for other types of deposits.

Experts explain that a deposit can be found within a saline system or in a separate mineral source. The six prioritized salt flats from the government's first call—eligible for Special Lithium Operation Contracts (CEOL)—are Coipasa in the Tarapacá Region, Ollagüe and Ascotán in Antofagasta, and Piedra Parada, Agua Amarga, and Laguna Verde in the Atacama Region.

The Ministry of Mining is preparing to initiate indigenous consultations required before granting CEOLs in three of these salt flats. Consultations are scheduled for Ollagüe on December 6, Ascotán on December 12, and Coipasa on December 17. The ministry plans to begin consultations for the remaining three salt flats in January after concluding those for Salares Altoandino and Maricunga, expected to close between late 2024 and early 2025. Meanwhile, Corfo is conducting a consultation process for the Atacama Salt Flat under the Codelco-SQM agreement, expected to conclude between May and June 2025. "It's a complex, lengthy, and interesting consultation, with a massive team deployed in the field," said Corfo's executive vice president, José Miguel Benavente.

Mining Minister Aurora Williams emphasized that consultations are enablers, not obstacles, to projects. "If there are doubts, Corfo and the Ministry's teams are available in the territories. Our people are always present," she said.

When asked if community rejection could halt a project, Williams highlighted the nuanced nature of the process, citing the Salares Altoandinos case: "The community indicated that one of the four salt flats held particular significance, so it was excluded from the project." The excluded salt flat is Salar Infieles.

Williams also reminded stakeholders that the deadline to submit documentation for the simplified CEOL process for the six prioritized salt flats is December 31. This streamlined procedure aims to accelerate approvals for companies or consortia holding mining concessions covering at least 80% of the saline system's area.

Corfo to Allocate Over \$10 Million to Lithium, Cobalt, and Rare Earth Projects

■ The funding comes from lithium contracts with SQM and Albemarle.

More than \$10 million will be allocated by Corfo to research projects related to lithium and other minerals, addressing challenges in the private sector. These funds are tied to lithium contracts with SQM and Albemarle, which include an R&D clause allowing Corfo to select nonprofit entities with state or university representation for project management.

The first call focuses on efficient cobalt extraction from mining tailings, a process that "could be very inexpensive," according to José Miguel Benavente. He estimates potential export revenues exceeding \$1 billion. Corfo will co-finance up to 80% of the total cost, capped at \$3 million, with a three-year execution period.

The second call aims to develop and pilot technologies for sustainable rare earth recovery from secondary sources, with funding capped at \$4 million over three years.

In the lithium sector, the third call seeks to develop a platform for piloting direct extraction technologies, with Corfo covering 100% of costs up to \$2 million over 2.5 years. Additionally, Corfo will fund research into reinjecting residual brine from direct lithium extraction technologies to assess hydrogeological and ecological impacts on salt flats. This initiative will receive up to \$2 million and a 2.5-year timeline.

"We aim to enhance the export offering and build local value chains," Benavente said, encouraging mining companies to form partnerships that integrate local components.

WATER SECURITY REPORT TO THE NATIONS IN CHILE:

Extreme Water Stress and Unsustainable Use of Groundwater Warned in the Country

The 7th report prepared by the Center for Climate Science and Resilience (CR2) and presented at the University of Concepción highlights the urgent need for governance transformations to address the effects of climate change and ensure water access in the coming decades.

Diario Concepción.

Diciembre 5, 2024.

The report addresses key topics such as water use and governance in the country, historical and future changes, unsustainable use of groundwater, water security in rural populations, and legislative issues. These are the main topics covered in the Water Security Report to the Nations in Chile, presented at the University of Concepción.

The seventh edition of the document was prepared by the CR2 and presented at the University of Concepción with the support of the Water Resources Center for Agriculture and Mining (Crhiam), affiliated with the university. The CR2 is a research center bringing together around 60 researchers from the social and natural sciences from the University of Chile, the University of Concepción, the Austral University of Chile, and other academic institutions. Its purpose is to generate knowledge on climate science and resilience from an interdisciplinary perspective, studying how climate change impacts Chilean ecosystems and society.

The report defines water security (WS) as access to water in sufficient quantity and quality, adapted to the characteristics of each basin, for sustainable use and ecosystem conservation, while considering prevention against droughts, floods, and pollution. Additionally, it presents specific proposals to advance this goal, taking into account territorial realities and climate change challenges, emphasizing opportunities to integrate community perspectives and foster evidence-based public policies.

Key Findings

The findings were presented by CR2 researchers Camila Álvarez Garretón and Juan Pablo Boisier.

Álvarez stated that this report "provides a series of governance and management recommendations to incorporate this new information—this evidence—into public policy and set concrete, quantifiable water security goals that can guide discussions on how to progress toward those goals."

She also emphasized that one of the primary objectives of the document is to generate data and make it available for public policy decision-making aimed at improving water safeguards in the country.

The document reveals a critical panorama regarding water management in the country, highlighting a sustained increase in water stress, particularly in the central zone, due to the megadrought, decreased rainfall, and intensive water use. Furthermore, it warns that the current use of groundwater in central Chile exceeds the aquifers' recharge capacity.

The researcher stated, "Since we don't have sufficient surface water availability, we are relying on reserves from underground reservoirs. This is unsustainable over time because it poses intergenerational justice dilemmas."

The report also highlights governance failures, such as provisions in the Water Code that exacerbate resource overuse. It proposes reinforcing ecological flow protections, supporting rural communities, and optimizing Strategic Water Resource Plans for Basins as paths to sustainable management.

To disseminate these resources, the researcher mentioned the importance of keeping data readily available: "We create platforms to distribute and provide access to all the products and information generated. We also strive to be proactive in drafting adaptation plans that are highly synchronized with this report's findings. Through public consultation, we have incorporated these water security learnings into those plans."

Adapting to the New Scenario

The report presentation was introduced by Crhiam Director, Dr. Gladys Vidal Sáez, who highlighted that "currently, the entire planet and humanity are embedded in a triple helix affecting the planet—climate change, pollution, and biodiversity loss. In this context, water is the vector connecting climate change, biodiversity, and pollution, making it the key element to consider when managing this issue across territories."

"We need to think about how to adapt to different scenarios to achieve water security in quantity and quality," she added. She emphasized the importance of these meetings to foster dialogue and invite other disciplines, as this is an interdisciplinary problem.

"These dialogues and meetings are essential. We've done it at the University of Concepción, but the key is to go beyond that. To achieve interdisciplinary and transdisciplinary solutions, we need to engage with all interested parties who can contribute—communities, municipalities, local governments, and local universities that understand water behavior in different territories."

During the event, a panel discussion was held with the participation of Dr. Camila Álvarez Garretón, Dr. Noelia Carrasco Henríquez, and Dr. Juan Pablo Boisier Echenique of the CR2, and Crhiam Director, Dr. Gladys Vidal Sáez. The session was moderated by University of Concepción geophysics academic, Dr. Martín Jacques Coper. The full document is available on the CR2 website.