

Six Months After Its Failed Attempt, BHP Cleared to Bid Again for Anglo American

■ Market speculation persists regarding a renewed acquisition attempt by the Anglo-Australian giant.

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By Patricia Marchetti

The third time was not the charm for BHP, which attempted in May to acquire Anglo American through a series of increased offers. However, the Anglo-Australian mining giant is now cleared to pursue the deal again, as the six-month waiting period required by London's acquisition rules following its last withdrawn bid has elapsed. The deadline passed last Friday, the same day Anglo American's shares surged 5.42%, fueled by market speculation about a potential renewed bid.

At the end of October, BHP Chairman Ken MacKenzie stated during the company's annual general meeting that the firm had "moved on" from its failed bid. However, BHP later clarified that his remarks were not intended as an official declaration. As a result, the UK Takeover Panel decided not to interpret his comments as a formal statement of intent to withdraw permanently from making a new bid.

If realized, the acquisition would have been the largest in the mining sector in more than a decade, making BHP the world's largest copper producer, surpassing Chile's state-owned Codelco.

"While we believed our bid for Anglo American was a compelling opportunity to effectively enhance value for both groups of shareholders, we were unable to reach agreement on key opinions regarding risk and the regulatory costs in South Africa," said BHP CEO Mike Henry in the statement announcing the company's decision to withdraw its formal offer.

In May, BHP abandoned its \$49 billion proposal to acquire Anglo American after three rejections.

At the start of negotiations, BHP proposed \$39 billion, triggering a strong response from the South African government and key shareholders, who viewed the offer as a significant undervaluation and an unattractive deal for shareholders.

"BHP's proposal is opportunistic and does not reflect Anglo American's prospects," said Anglo American Chairman Stuart Chambers. "The proposed structure is also unappealing, creating substantial uncertainty and execution risks borne almost entirely by Anglo, its shareholders, and other stakeholders," he added.

Globally, BHP is focused on expanding its copper portfolio. The acquisition of Anglo American would grant access to its copper mines and assets in South America. According to BHP's projections, global copper demand is expected to grow by 70% by 2050, reaching 50 million tons annually.

As part of this strategy, BHP has announced a \$13.7 billion investment plan in Chile, which includes constructing a new concentrator plant to replace Los Colorados, reopening the Cerro Colorado mine, and expanding the Laguna Seca plant, among other initiatives.

In May, BHP dropped its \$49 billion bid for Anglo American after three rejections and the failure to reach an agreement on the deal's structure.

Milei to Begin Second Year in Office with Mining Investments Exceeding \$5.3 Billion

■ Argentina has attracted the interest of companies like BHP and Glencore, which announced projects following the launch of the Regime of Incentives for Large Investments (RIGI).

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By María Gabriela Arteaga

Argentine President Javier Milei marks his first year in office on Tuesday, a period defined by the implementation of shock policies that have restored balance to the country's public accounts. However, this has come at the cost of a harsh economic adjustment, which has driven poverty levels above 50% of the population, despite sustained decreases in inflation.

While recurring political and economic victories intersect with internal disputes and the tangible toll on citizens' livelihoods, the government insists it will not halt the deregulation of the economy, for which it created a dedicated ministry. Similarly, it remains steadfast in its call to boost investment in the country.

This week, Economy Minister Luis Caputo defended the "cultural battle" spearheaded by the libertarian government as a means of attracting capital. Specifically, he referred to the Regime of Incentives for Large Investments (RIGI), which aims to attract investments exceeding \$200 million by offering 30 years of fiscal stability, tax benefits, reduced customs duties, and eased capital controls. These incentives are viewed as a pivotal tool to stimulate projects in mining, energy, and infrastructure.

Mining Momentum

Mining has been a standout sector under the current administration, generating significant interest.

In July, Australian mining giant BHP and Canadian firm Lundin Mining announced a joint venture to equally manage the Filo del Sol (FDS) copper project—located in the Andes near the Chilean border—and the Josemaría project in San Juan, owned by Lundin.

The Filo del Sol project, which marks BHP's return to Argentina after more than two decades, involves an investment of \$3.25 billion. Meanwhile, the Josemaría project entails a \$500 million contribution from Lundin.

Together, the companies are projecting total investments between \$6 billion and \$7 billion for these initiatives.

Other notable mining projects include the Taca Taca project in Salta by Canadian company First Quantum, which has the potential to produce 250,000 metric tons of copper annually. Swiss-based Glencore is advancing its Mara and El Pachón projects, with a combined investment of \$400 million over the next two years. These efforts focus on copper, a vital resource for the global energy transition.

In the same vein, the RIGI framework emphasizes accelerating lithium projects, despite declining international prices for the mineral. Australian company Galan Lithium has announced a \$200 million investment in its Hombre Muerto Oeste (HMW) project in Catamarca.

Meanwhile, South Korean-founded Posco has committed \$1 billion to its integrated lithium project in the same region. Posco, which entered Argentina in 2018, is conducting advanced exploration in the Sal de Oro area, located in the Hombre Muerto Salar.

Projections

Under the RIGI program, Argentina is expected to increase its production of copper and lithium in the coming years, with at least eight advanced copper projects in various stages of development in the northern mountainous region.

These announcements are seen as a vote of confidence in the new regime, though challenges remain concerning economic stability and infrastructure.

8 mining projects have been announced under the RIGI program.

\$3.25 billion will be allocated by BHP and Lundin for the Filo del Sol project.

Tarapacá Among the Regions with Lowest Mining Investment by 2033

The region ranks third-to-last in projected mining investment for the next decade.

ESTRELLA DE IQUIQUE

By Javiera Tapia Zapata

The Chilean Copper Commission (Cochilco) has released its report, "Investment in Chilean Mining - Project Portfolio 2024-2033," which places Tarapacá among the regions with the fewest mining projects. The region accounts for only two initiatives, totaling \$4.02 billion—equivalent to 5% of the national mining investment. The report outlines 51 projects across the country, with a combined investment exceeding \$83 billion, marking a 26.6% increase from the previous report and the highest figure in the last decade.

Despite this growth, Tarapacá lags significantly, with the third-lowest investment figure nationwide. It is only ahead of Biobío (\$130 million, 0.2%) and the Metropolitan Region (\$1.206 billion, 1%).

In Tarapacá, the most significant project is the "210 KTPD Production Capacity Improvement" by Compañía Minera Doña Inés de Collahuasi, representing an investment of \$3.67 billion. The second project is the "Nueva Victoria Iodine Plant" by SQM, requiring \$350 million and expected to begin operations in 2025.

The Association of Industrialists has analyzed the report, highlighting the challenges Tarapacá faces in attracting more investment and enhancing its competitiveness against other regions.

Marcos Gómez, General Manager of the Association of Industrialists of Iquique and Tamarugal, explained that mining investment reports are dynamic and reflect specific points in time.

"Two years ago, Tarapacá had projected investments of \$8 billion, but many of those projects have been completed, leaving only two approved initiatives. However, other investments are on the verge of entering the Capital Goods Corporations system, so these figures could rise in the short term," Gómez said.

He acknowledged that the current figure of \$4.02 billion is significant but pales in comparison to the \$19 billion projected for Antofagasta.

"Future investments are likely, such as those from BHP, Cerro Colorado, and projects at Spence and Escondida. There are also non-metallic mining initiatives awaiting key authorizations and processes," he added.

Gómez stressed the importance of the region proactively positioning itself for investments that are currently under development.

"It's crucial to establish close communication with companies planning investments that aren't reflected in these reports. Furthermore, Tarapacá's industry needs to adapt to work not only regionally but across the entire northern macro-zone, covering areas from Coquimbo to Antofagasta," he said.

While major investments remain concentrated in Atacama and Antofagasta, Gómez pointed out that Tarapacá still has significant opportunities.

"Although only two projects were announced for the region, there is a broad supply chain that could benefit indirectly by providing services to clients in other regions. This opens meaningful growth opportunities for local businesses, even at secondary and tertiary levels," he noted, adding that this perspective remains positive for Tarapacá.

Linkages

Sergio González Carvajal, an economist and academic at the Faculty of Business Sciences at UNAP, offered a more critical view of private investment in the region.

González warned that many investments fail to create local "productive linkages," emphasizing the need to improve workforce and supplier origins in new projects.

"Often, labor and suppliers aren't local. We need to ask why local companies aren't preferred," he concluded.

\$4.02 billion is the projected mining investment for Tarapacá through 2033.

The General Manager of the Industrialists emphasized that additional projects are still awaiting approval.

Dewatered Tailings: Anglo American's Award-Winning Innovation Redefines Sustainable Mining

This year, the "PwC Innovation Award" in the "Established Company" category was awarded to Anglo American for its Hydraulic Dewatered Stacking (HDS) technology, which enables greater water recovery, improved compaction and surface stability, and faster environmental land remediation.

latercera.cl
Thursday, December 5

Anglo American has achieved a significant milestone in the mining industry with the implementation of its dewatered tailings system, an innovative process tested globally for the first time at its El Soldado operation in Chile's Valparaíso Region. This project, known as Hydraulic Dewatered Stacking (HDS), promises to revolutionize tailings management by merging technological advancements with environmental sustainability.

A New Approach to Water Resource Management and Environmental Stability

The HDS system recovers up to 80% of the water contained in tailings, dramatically reducing water consumption in mining operations. This is achieved through a natural drainage system strategically designed to extract water from stored tailings without the use of filters, which also lowers the carbon footprint and operational costs. In addition, HDS ensures faster and safer tailings compaction, improving land stability and expediting environmental remediation processes. According to Anglo American, reclaimed land could begin restoration just months after waste disposal concludes—a radical departure from traditional methods.

Innovation Driving Sustainability

The project aligns with Anglo American's *FutureSmart Mining*™ strategy, aimed at transforming mining operations into more efficient and environmentally conscious practices. Patricio Hidalgo, Anglo American's Executive President in Chile, described this technology as "the tailings storage facility of the future" and a fundamental shift in tailings management.

"Our purpose is to reimagine mining to improve people's lives. Innovation in mining means challenging boundaries to develop new solutions," Hidalgo stated.

National Recognition

The HDS system's significance has garnered praise from Chilean authorities. Former Mining Minister Marcela Hernando called the project "crucial in the transition to more sustainable mining." Meanwhile, Sernageomin's National Director, Patricio Aguilera, emphasized its impact not only on the safety and stability of tailings but also on the potential for community use of reclaimed land.

El Soldado: A Global Innovation Hub

The El Soldado operation has become a proving ground for cutting-edge technologies with global potential. The HDS pilot project is complemented by another FutureSmart Mining™ advancement: the Coarse Particle Recovery (CPR) system, which has enhanced material quality and facilitated the implementation of HDS. With this initiative, Anglo American positions itself as a leader in mining innovation and underscores its commitment to a more sustainable future where advanced technologies and environmental stewardship transform the industry.

The Future of Sustainable Mining

The success of the HDS system at El Soldado not only promises to revolutionize tailings management at other Anglo American sites but also sets a new global standard for the mining sector. Its combination of water savings, increased safety, and accelerated environmental recovery serves as a testament to how innovation can address the most pressing environmental challenges of our time.

President Boric Directs Economic Cabinet to Boost Investment in Six Key Areas for 2025

■ Minister Grau announced 254 investment projects across the country with environmental approvals and advanced sectoral permits.

Diario Financiero, December 6, 2024
By R. Carrasco and C. Vergara

President Gabriel Boric held an extensive meeting on Thursday with sectoral ministers forming part of Chile's Pro-Growth Cabinet. During the meeting at La Moneda Palace, he instructed them to prioritize efforts in 2025 to increase investment in six key areas where the country has competitive advantages.

"We reviewed the actions we are undertaking in the short and medium term to accelerate public investment and develop strategic industries like energy, mining, and the digital economy. There is no time to waste," the president wrote on his X social media account, summarizing the meeting's analysis.

Finance Minister Mario Marcel highlighted the President's directive, emphasizing a "special focus on investment in the coming months" to ensure 2025 is a year of substantial growth in investment. He noted that these efforts should focus on areas with potential far beyond the immediate act of investing.

"In recent years, while investment levels have remained stable, they have not experienced significant declines. Still, the country needs more investment to achieve higher growth," Marcel said.

The targeted sectors for this investment surge include sustainable mining, lithium, renewable energy, green hydrogen, the digital economy, and tourism—industries where Chile holds comparative advantages.

"What has been agreed is to set and refine specific goals for these industries for the remainder of this administration, identifying the steps needed for decisive progress in investment," Marcel explained.

Marcel noted that part of the investment agenda involves legislative actions. The government aims to pass five key bills before the summer recess, including legislation to reduce timelines for sectoral permits.

Another critical focus is the coordination of regional public services to support these projects and accelerate their implementation.

Economy Minister Nicolás Grau added that the country has identified 254 capital investment projects in a national registry, all of which already have environmental approvals and are advancing through sectoral permitting processes. These projects are expected to commence by 2025.

Grau stated that these initiatives represent \$28 billion in investments, to be implemented over their respective timelines. "We aim to instill a sense of urgency within the government so that these projects materialize starting in 2025. A key step will be Senate approval of the sectoral permits bill in January," Grau emphasized.

Tax Incentives for Investment

Marcel also pointed to ongoing work on a neutral income tax reform bill, soon to be presented to Congress.

Within this context, the cabinet discussed direct investment incentives, such as a tax credit fund to support projects with multiplier effects, particularly those aligned with environmental goals.

Simultaneously, the government plans to renew and enhance the existing research and development (R&D) tax incentives. "We're not only looking at extending this mechanism but also tripling its scope to amplify its impact," Marcel concluded.

Pending Appointments for Over a Year:

Justice and Environment Ministries Dispute Responsibility for Nominating Environmental Court Judges

Seven vacancies remain unfilled across the three courts, hindering their operations. The government is responsible for submitting a shortlist to the Senate.

Mercurio de Santiago
By Tomás Vergara P.

The three Environmental Courts (Tribunales Ambientales, TA) in Chile should have 15 judges, yet only eight positions are currently filled, leaving seven vacancies. This shortage has significant repercussions, with major investment projects sometimes waiting up to 1,300 days for a ruling. Experts and lawmakers have pointed fingers at the government, particularly the Ministry of Justice, for delays in nominating candidates—some of which have been pending for more than a year.

The nomination process for the TAs—located in Antofagasta, Santiago, and Valdivia—involves the Public Senior Management System, the Supreme Court, the government, and the Senate. Lawmakers agree that the executive branch must accelerate its role in the process.

The Ministry of Justice, however, shares responsibility with the Ministry of the Environment and claims that its focus has been on other appointments.

Discrepancies

“The Ministries of Justice and Human Rights and the Environment have been tasked with completing the process to fill the vacancies in the Environmental Courts,” the Ministry of Justice stated to *El Mercurio*. It added: “Three appointments have already been sent to the Supreme Court and the Office of the Comptroller General, so now it is time to proceed with the appointments for the Environmental Courts.”

The Ministry of the Environment, however, contends that its role is strictly limited to issuing the corresponding decree. “When the Senate reaches a decision, the case formally arrives at the Ministry of the Environment for the issuance of the decree,” the ministry, led by Maisa Rojas, explained.

Sources familiar with these processes point out that historically, the Ministry of Justice has handled the preparation of the shortlists submitted to the Senate. Even former Minister Luis Cordero personally interviewed candidates during his tenure.

Priorities

“There are several appointments requiring Senate ratification,” said Javier Naranjo, former Minister of the Environment, commenting on the reasons cited by the Ministry of Justice. “The executive branch as a whole sets the priorities. If it places this third—behind Supreme Court and Comptroller appointments—that’s an executive decision. But it clashes with the goal of reducing delays in processing projects,” noted Naranjo, now a partner at JDF Abogados.

Emanuel Ibarra, a partner at Moreno Sáez & Avilés, argued that faster progress could have been made. “Some appointments may indeed take precedence over others, but the key is to manage all of them as swiftly as possible. Prolonged vacancies directly affect people,” he said.

One possible explanation for the delays lies in the law itself. In a letter published in *El Mercurio* on Thursday, the Public Senior Management Council highlighted that the nomination process is inherently complex. Additionally, “the legislator did not establish deadlines for the various actors involved to complete their respective parts of the procedure,” the council stated.

Consequences

Specialists argue that the Environmental Courts’ consistent lack of a full bench underscores a systemic failure. On average, these courts take 415 days to issue rulings, according to data from the Confederation of Production and Commerce (CPC).

“These delays are due to the lengthy and complex stages of the appointment process and the management of vacancies. It is vital that both the executive and legislative branches prioritize expediting these appointments. Without all judges in place and actively working, access to environmental justice remains meaningless,” said Ibarra.

“The Ministry of Justice and Human Rights and the Ministry of Environment have been tasked with completing the process to fill the vacancies in the Environmental Courts.”

Ministry of Justice

“When the Senate reaches a decision, the case formally arrives at the Ministry of the Environment for the issuance of the decree.”

Ministry of the Environment

The Environmental Court in Santiago and the one in Valdivia began operations in 2013, while the court in Antofagasta started in 2017.