

Parliamentarians and Zaldívar Closure: “We Are Aware of the Impact It Could Have”

MINING. Lawmakers review temporary closure plan for Amsa operations.

El Mercurio de Antofagasta – December 17, 2024

By Francisco Montecino Lemus

The announcement of the temporary closure plan for Zaldívar has caused a major stir. The mine, controlled by Antofagasta Minerals and Barrick, is currently seeking to extend its operational lifespan by continuing to use continental water, its current water source, whose authorization expires in May next year. The plan envisions transitioning to seawater or another source by 2028.

While Zaldívar awaits a final decision from the Environmental Assessment Service (SEA), where the project is under review, the mine has submitted its temporary closure plan to Sernageomin, according to its General Manager, Leonardo González, in an interview with El Mercurio de Antofagasta.

LEGAL OBLIGATION

Various public authorities must review and approve or reject Amsa's request, including Governor Ricardo Díaz. When consulted, Díaz downplayed the closure plan announcement, explaining it is "a legal obligation, as the permits allowing its operation are set to expire." He added that if the SEA approves the mine's request, "this closure plan would become void."

"I believe the company is doing the right thing by adhering to the legal regulations that govern it," the governor stated. Regarding the potential impact of Amsa's operations shutting down, Díaz noted it "would affect a large number of direct and indirect jobs."

However, he refrained from further commenting due to his role in the evaluation process. "I believe the most appropriate approach is for my opinion to be expressed through the Environmental Qualification Resolution, where the Regional Government can provide its perspective on whether Zaldívar Mine should continue operating," he said.

A POSITIVE OUTCOME

Lawmakers agree that the ultimate goal is for the situation to reach a positive resolution.

Senator Esteban Velásquez (FREVS) stated, "It is undesirable to reach such extremes where the company announces this kind of closure. It's naturally unsettling for everyone in the region when any company takes actions that risk leaving many workers, both direct and indirect, as well as suppliers, without jobs."

"However, we also have clear rules. One may or may not agree with them, but there is an Environmental Assessment System with its timelines, and it largely ensures the protection of various ecosystems," the senator emphasized.

"Still, we hope that technical bodies involved can make decisions promptly and ensure that the continuation of any operation does not harm ecosystems or communities," Velásquez added.

Senator Pedro Araya (PPD) pointed out that "companies know they must comply with current legislation, and Zaldívar knew it needed to renew its permits." He also criticized the company for what he described as using "the announcement of a temporary closure as a pressure tactic to expedite proceedings."

"Everyone is aware of the impact this could have on employment and the regional economy. I hope that SEA and other agencies carefully review the process submitted by Zaldívar Mine," Araya said.

"We cannot afford, as a region or as a country, to halt a strategic operation like Zaldívar Mine," Senator Paulina Núñez (RN) emphasized. While acknowledging that the company must fulfill "all necessary requirements and procedures," she also noted, "It is undeniable that if the process were less bureaucratic, the situation would be different. In my view, excessive bureaucracy is one of the most critical issues our country faces, stifling development and severely impacting competitiveness in key sectors like mining."

EXPEDITING PROCEEDINGS

Deputy José Miguel Castro (RN) argued that the Zaldívar case will test "the government's commitment not only to the economy but also to workers. The mine accounts for 4,000 jobs. The company has done its part by applying for permits to continue operating. Therefore, I urge the government to prevent the temporary closure by speeding up the approval process before May."

Deputy Sebastián Videla (Independent - Liberal Party) stressed the importance of all stakeholders coming together to find a solution. "That is the most crucial thing because there are people here who depend on this for their daily livelihood. These projects generate many external jobs, which are sorely needed in the north." Finally, Deputy Yovana Ahumada (PSC) highlighted the need to consider not only the economic significance and thousands of jobs tied to the operation but also the environmental sustainability. "I value that the company is exploring alternatives like seawater usage and water compensation measures while implementing long-term solutions," she said.

"It is essential for all involved parties to act responsibly and efficiently to ensure the operation continues, but always under standards that protect the environment and respect nearby communities," Ahumada concluded.

Who Votes in the Environmental Assessment Commission?

Ricardo Díaz, Regional Governor; Karina Araya, Regional Secretary of Agriculture; Mauricio Zamorano, Regional Secretary of Social Development; Alberto Godoy, Regional Secretary of Health; Gustavo Riveros, Regional Secretary of Environment; Paula Monsalves, Regional Secretary of Housing

Other Deliberative Bodies

Additional organizations involved in the process include the National Monuments Council; Undersecretariat of Fisheries and Aquaculture; Antofagasta Maritime Authority; Regional offices of the Directorate General of Water (DGA), National Disability Service (Conadis), Agricultural and Livestock Service (SAG), and Sernageomin.

Rio Tinto Announces \$2.5 Billion Investment in Lithium Project in Argentina

Located in the heart of Argentina's 'lithium triangle,' the Rincón project involves brine extraction through a network of production wells and processing and effluent facilities.

PortalMinero – December 16, 2024

Rio Tinto has approved a \$2.5 billion investment to expand the Rincón project in Argentina, marking the mining company's first large-scale commercial lithium operation. The investment underscores Rio Tinto's commitment to establishing a world-class portfolio of battery materials.

Jakob Stausholm, Rio Tinto Group CEO, stated, "The attractive long-term outlook for lithium, driven by the energy transition, supports our investment in Rincón. We are dedicated to developing this world-class resource on a large scale at the lower end of the cost curve. Equally, we are committed to meeting the highest ESG standards, using advanced technology to halve the amount of water used in the refining process while continuing to strengthen our mutually beneficial partnerships with local communities and the province of Salta."

He further added, "Thanks to Argentina's exceptional resources, skilled workforce, and favorable economic policies, we are well-positioned to become one of the world's leading lithium producers. This investment, along with our proposed acquisition of Arcadium, ensures lithium will be a cornerstone of our commodity portfolio for decades to come."

Project Overview

Located in the heart of Argentina's 'lithium triangle,' the Rincón project involves brine extraction through a network of production wells, processing and effluent facilities, and associated infrastructure. The project utilizes Direct Lithium Extraction (DLE) technology, a process that conserves water, reduces effluents, and produces lithium carbonate more consistently than traditional methods.

Rincón is a vast, long-life asset expected to be in the first quartile of the cost curve, showcasing its resilience and profitability throughout market cycles.

The project's capacity of 60,000 tons of battery-grade lithium carbonate per year includes an initial 3,000-ton plant and an expansion plant producing 57,000 tons. The mine is expected to have a 40-year lifespan, with construction on the expanded plant slated to begin in mid-2025, pending permit approvals.

First production is anticipated by 2028, followed by a three-year ramp-up to full capacity. This phase will generate substantial employment and economic opportunities for local businesses.

New and Replacement Projects: Mid-Sized Mining Sees Investments of Nearly US\$ 3.2 Billion by 2033

■ According to a Cochilco report, the segment generated nearly 20% of mining sector employment and recorded exports of US\$ 2.268 billion by the end of 2023.

Diario Financiero, December 17, 2024

By Patricia Marchetti

The country's mid-sized mining sector, comprising about 20 companies producing less than 50,000 tons of fine copper annually, has an investment portfolio of US\$ 3.179 billion for the next decade. This represents a 16.6% increase compared to last year's projection.

The figure accounts for 3.8% of the total mining project portfolio for the 2024-2033 period, which amounts to US\$ 83.181 billion, according to the latest Cochilco survey (excluding BHP's US\$ 13.7 billion announcement).

Aligned with the sector's overall outlook, mid-sized mining has accumulated its largest portfolio for the next 10 years since the copper super cycle, specifically the 2013-2022 period, when investments reached US\$ 3.273 billion.

According to the "Monitoring of Relevant Variables and Indicators of Chilean Medium and Small Mining" report by the Chilean Copper Commission (Cochilco), accessed by Diario Financiero, the updated portfolio for the mid-sized sector by 2033 includes nine key initiatives (see table).

The projects are: Michilla Development Plan (US\$ 235 million), which will extend the site's operations for 21 years; Sierra Norte (formerly Diego de Almagro) for US\$ 597 million, aimed at producing copper cathodes and concentrates; Ciclón Exploradora (US\$ 125 million), which involves exploiting two underground mines to extract copper, zinc, silver, lead, and gold; and Arqueros Cobre (US\$ 200 million), projected to start operations in 2026. Additionally, La Farola Mineral Exploitation and Processing Project (US\$ 260 million), which includes open-pit mineral exploitation, a processing plant, and a filtered tailings deposit; Costa Fuego (formerly Productora), with an investment of US\$ 1.100 billion; El Espino (US\$ 624 million), a copper and gold project; Barreal Seco Mine Operational Continuity (US\$ 73 million); and Minera Tres Valles Operational Continuity (US\$ 30 million).

In total, the portfolio includes four replacement projects and five new ones.

Regarding production, the document reveals that mid-sized mining reached 226,151 tons of fine copper by the end of 2023, marking its best performance since at least 2019 and representing 4.2% of national production (5.3 million tons in 2023).

On the other hand, gold production totaled 4,906 kg, a 13% decline compared to 2022, while silver production fell 26.4% to 59,195 kg.

Though labeled as "mid-sized," these companies are relatively large compared to other firms. In fact, the segment's exports totaled US\$ 2.268 billion, a figure comparable to the wine or pulp export industries.

In terms of employment—considering companies with 50 to 199 workers—51,565 people were employed in the sector in 2023, equivalent to 19% of the total mining workforce.

Small-Scale Mining

Small-scale mining produced 50,246 tons of fine copper in 2023, a 3% increase compared to 2022, accounting for 0.9% of national production. Export shipments, including copper, gold, and silver, reached US\$ 569.5 million. Gold production in 2023 reached 1,989 kg, a 42.7% increase over 2022. The regions of Atacama and Valparaíso contributed the most, with 1,044 kg and 370 kg, equivalent to 40.5% and 19.6% of the total, respectively.

Meanwhile, silver production has fluctuated between 9,123 and 25,728 kg over the last three years, concentrated in the Atacama, Coquimbo, and Valparaíso regions. Companies in this segment, employing between 1 and 49 workers, totaled 21,467 employees in 2023, accounting for 8% of the sector's total workforce.

"Small-scale mining faces significant challenges: declining ore grades, deeper deposits, human capital training and development, increased site safety, and progress toward green mining," Cochilco stated. The report emphasizes that the transfer of technologies from larger mining segments to smaller operations is crucial.

The report also highlights that Enami's promotion policies and financial support have been essential for boosting both small and mid-sized mining. In 2023, the entity invested US\$ 9.4 million in development instruments, with more than half allocated to technical advisory services and specialized consulting linked to mining projects to facilitate and enhance execution.

US\$ 83 billion is the total estimated mining investment portfolio through 2033.

Energy and Desalination Sectors Take Complaints About Permit Delays to Congress

Kimal-Lo Aguirre Connection warns of the need to process nearly 5,000 permits, while the desalination industry points to a 10-year timeline for approvals.

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By Amanda Santillán R.

During the second day of the Senate Economy Committee seminar aimed at expediting the reform of sectoral permits, representatives from the energy and desalination sectors presented their assessments and proposals. The Executive Director of the Energy Transmission Association, Javier Tapia, explained that as these projects are developed in multiple regions across the country, they require an average of about 300 permits per project, and often more.

“The number of permits associated with a post-Environmental Qualification Resolution (RCA) has tripled over the past 20 years, meaning that today about 10% of a project’s investment value goes solely towards obtaining permits, as well as fulfilling general socio-environmental commitments,” he stated.

For this reason, Carola Venegas, Sustainability Manager for the Kimal-Lo Aguirre connection project, reported that it would need to process 4,941 permits across various offices. Some permits, she noted, take up to 600 days on average.

“For example, each provincial Conaf office must issue differentiated felling permits depending on the species in question. Each Municipal Works Directorate must grant permits for worksite installations and working fronts. Every regional health department must issue different permits, and it is even possible to find differing criteria between regions or provinces,” Venegas explained.

The Kimal-Lo Aguirre electrical transmission project spans 1,352 kilometers, requiring the installation of 2,691 high-voltage towers across 28 municipalities in the Antofagasta and Metropolitan regions. It represents a reference investment of USD 1.48 billion and a peak workforce of 6,249.

Stages Remaining

Rafael Palacios, Executive Vice President of the Chilean Association for Desalination and Reuse (Acades), shared “not very encouraging” conclusions about the draft legislation.

While he acknowledged that it would improve some sectoral permits identified as critical for desalination investment projects, he noted that major stages, such as maritime concessions, the RCA, and the Directorate General of Maritime Territory and Merchant Marine (Directemar), remain unaddressed.

“A desalination plant takes an average of 10 years to obtain permits, and we are talking about relatively simple technology—not nuclear power plants or anything of that nature,” he said.

Palacios also highlighted concerns about two proposed bills currently under discussion: one on desalination and another transferring maritime concession authority from the Armed Forces to the Ministry of National Assets. He argued that these proposals put the sector in a “significantly worse position.”

“The regulations targeting the sector leave us with 310 business days purely for administrative deadlines, whereas projects of this nature currently require a maritime concession with a maximum six-month timeline. Now, we’re looking at a year and a half just for administrative processes,” he criticized.

In response, the association proposed eliminating the exclusion of maritime concessions for desalination projects, the general application of enabling alternative techniques, the removal of permit categories, and unifying the prioritization system for SEIA and sectoral permits.

Public Sector Wage Adjustment Advances in Senate Finance Committee

The Senate Finance Committee approved the public sector wage adjustment bill in general terms on Monday, which includes salary increases, holiday bonuses, and other benefits.

During the session, several lawmakers praised the agreement reached between the Public Sector Table and the government regarding the adjustment figure (a nominal 4.9% increase to be paid in three stages). However, certain provisions sparked debate.

One such provision was the article granting an annual bonus equivalent to one month's salary for 24,000 Carabineros personnel (40% of the institution). This benefit faced criticism across party lines, with senators arguing that it "should have been extended to all personnel." When put to a vote, the bonus was approved with only three votes in favor and two abstentions.

Grupo Errázuriz Secures Approval to Extend Lifespan of Iodine Project in Iquique After Reversing SEA Decision

On Friday, the executive directorate of the Environmental Assessment Service (SEA) accepted the appeal filed by Cosayach against the same institution, allowing the environmental permit to be approved on its third attempt to incorporate new mining property for caliche exploitation at the Negreiros mining site.

Pulso, By Víctor Guillou

The Errázuriz Group recently scored an administrative victory. The executive directorate of the Environmental Assessment Service (SEA), led by attorney Valentina Durán, decided to accept the appeal submitted by Cosayach (Compañía de Salitre y Yodo), a subsidiary of the traditional Chilean business group. This decision overturned the resolution issued by the same government entity in December 2023, which had rejected the project known as Negreiros Expansion.

The initiative aims to extend the lifespan of the mining site by incorporating new mining property for caliche exploitation, maintaining the current extraction rate of 1,000,000 tons of caliche per month, generating 2,500 additional tons of iodine sales, annual exports of US\$150 million, and production of 22,000 m³ of iodide per year. The resolution, signed by Valentina Durán last Friday, establishes that regarding the project's territorial compatibility, the proposed works in the rural zone are not incompatible with the provisions of the Tarapacá Coastal Intercommunal Regulatory Plan.

Additionally, the SEA determined that, due to the nature of the works, sector-specific permits for subdividing and urbanizing rural lands were not required. This is because the works consist of leaching piles, storage pools, pipelines, and internal mining roads, and not constructions requiring building permits.

Finally, concerning the archaeological component, the SEA conditioned the project on the implementation of concrete mitigation measures that the company committed to undertaking to reduce the initiative's impacts in that area. The entity stated in its resolution that this was done "within the broad powers held by this executive directorate when reviewing and deciding on an appeal against an environmental qualification resolution."

According to company estimates, the SEA's resolution will enable more than two thousand people, directly or indirectly, to retain their jobs.

"This is excellent news that reflects the importance of public-private dialogue in advancing high-impact investment projects. The SEA's executive directorate swiftly received and analyzed the new evidence presented by the company and regional bodies, resolving the matter in a short period. This resolution provides significant reassurance to our workers on a very meaningful date," said Marcelo Valdebenito, Corporate Affairs Manager at Cosayach.

The Errázuriz Group executive highlighted that "we have developed a work agenda with local authorities in the Tarapacá region, which has allowed us to advance this project positively, with a great deal of dialogue and learning. This approval enables us to continue operating and contributing to Tarapacá and the country."