

By the Third Quarter

Minera Escondida Contributes US\$ 1.724 Billion to the Treasury

The 42% increase compared to the same period in 2023 is partly explained by the rise in the mining royalty.

**MERCURIO DE SANTIAGO
C. MUÑOZ-KAPPES**

By the end of the third quarter, Minera Escondida, operated by the Australian company BHP, recorded tax payments of US\$ 1.724 billion, a 42% increase compared to the same period in 2023.

The contributions to the treasury include income tax and the mining royalty paid by the company. The increase from January to September 2023 is attributed "mainly to the rise in the company's operational results and the higher rates of the new mining royalty, compared to the rates of the Specific Mining Tax applied during the same period last year."

Escondida stated that "the ad valorem component of the mining royalty, amounting to US\$ 83 million, is recorded as part of the company's operational costs. Additionally, US\$ 268 million was paid in taxes on dividend distributions."

Escondida's contribution to the treasury is the highest in the past five years, driven by increased production, higher copper prices, and recent changes to mining taxation.

Production

By the third quarter, Escondida's copper production reached a total of 901.6 thousand metric tons, representing a 10.23% increase compared to the same period in 2023. Of the total production from January to September 2024, 762.5 thousand metric tons were payable copper in concentrates, while 139.1 thousand metric tons were copper cathodes.

Revenue from sales amounted to US\$ 8.675 billion, a 25% increase compared to last year.

Costs rose by 13.5% during the year, which the company attributed to higher inflation and production levels.

Operating income reached US\$ 4.497 billion, a 38.7% increase due to higher copper prices and increased sales. Consequently, net income for the third quarter stood at US\$ 2.606 billion, 40% higher than in the same period in 2023.

Spence

Meanwhile, Spence's copper production between January and September 2024 totaled 187.6 thousand metric tons, similar to the volume recorded at the close of the third quarter in 2023.

Despite maintaining similar production levels to last year, net income for the period was US\$ 391 million, 37% higher than the same period in 2023. Spence attributed this to better copper prices in 2024.

As a result, Spence recorded tax expenses totaling US\$ 149 million, a figure similar to that of the same period in 2023.

In contrast, Cerro Colorado reported a net loss of US\$ 119 million. This was due to the absence of copper production from January to September 2024, following the planned cessation of operations in December 2023.

As a result, the company is in a tax loss position, and no payments for first-category income tax or mining royalty are expected for its 2024 commercial activities.

US\$ 2.606 billion

Escondida's earnings between January and September 2024, driven by higher copper prices and increased production.

Between January and September 2024, Minera Escondida produced 901.6 thousand metric tons of copper, a 10.23% increase compared to the same period in 2023.

Stable Production and Rising Profits: BHP Reports \$1.917B in Copper Revenue for 2024, Despite Closure of Cerro Colorado

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Cristian Recabarren Ortiz

December 18, 2024

Mining company BHP reported that copper production at its Spence mine remained stable during the January-September 2024 period, reaching a total of 187.6 thousand tons. This figure includes 114.6 thousand tons of payable copper in concentrates and 73 thousand tons of copper cathodes. Compared to the same period in 2023, production showed no significant change, as 186.1 thousand tons were produced in 2023.

Revenue and Costs

Revenue from copper sales amounted to approximately USD 1.917 billion, representing a 14% increase compared to the revenue generated in the same period in 2023. This increase is mainly attributed to the rise in copper prices during the January-September 2024 period.

Regarding costs, excluding net financial costs, they totaled USD 1.414 billion, which represents a 12% increase compared to the previous year, when costs amounted to USD 1.268 billion.

Operating Activities Results

The operating income from activities was USD 503 million, representing a 20% increase compared to the same period in 2023. This increase is primarily attributed to the higher copper prices during the January-September 2024 period.

Tax Expenses and Net Profit

During the January-September 2024 period, Spence had tax expenses totaling USD 149 million, a figure similar to the same period in 2023.

The net profit for the period was USD 391 million, representing a 37% increase compared to the same period in 2023. This increase is due to better operational results and the rise in copper prices during the reported period. In contrast, the Cerro Colorado mine did not produce copper during the January-September 2024 period due to the cessation of operations. Therefore, no sales revenue was recorded during the current period, unlike the USD 291 million generated in the same period in 2023.

The costs for the January-September 2024 period were USD 112 million, a 64% decrease compared to the previous year. This decrease is mainly due to the lack of sales costs following the cessation of operations mentioned earlier.

As a result, Cerro Colorado | BHP reported an operating loss of USD 112 million during the period, compared to an operating loss of USD 22 million in the same period of 2023.

Tax Benefit and Net Loss

Between January and September 2024, Cerro Colorado reported a tax benefit of USD 3 million, mainly due to tax adjustments from previous years. This amount contrasts with the USD 8 million tax benefit reported in the same period of 2023. It is important to note that the company is in a tax loss position, so no first-category tax or mining royalty is expected to be paid for the 2024 fiscal year.

As a result, Cerro Colorado | BHP incurred a net loss of USD 119 million during the January-September 2024 period, compared to a net loss of USD 82 million in the same period of 2023, due to the reasons previously mentioned.

BHP continues to operate and face industry challenges, adjusting its strategies and adapting to market changes. Despite the current challenges, production and results are expected to improve in upcoming periods.

Mining Investments to Reach Their Highest Value in the Next Decade, Valued at USD 83.181 Billion

The Chilean Copper Commission (Cochilco) has published the report "Investment in Chilean Mining: Project Portfolio 2024-2033," detailing the projects mining companies plan to implement over the next decade in the country.

revistacrisol.cl
December 18, 2024

The report was presented by the Minister of Mining, Aurora Williams; the Minister of Economy, Development, and Tourism, Nicolás Grau; and Cochilco's Acting Executive Vice President, Claudia Rodríguez.

The report includes 51 initiatives valued at USD 83.181 billion, an amount 26.6% higher than the previous survey, marking the highest in the last ten years.

Chilean capital accounts for 64.5% of the investment, with significant contributions from Codelco, El Abra, and Antofagasta Minerals. Canada follows with 10%, driven by companies like Teck, Capstone Copper, Los Andes Copper, and Kinross, with the first two responsible for a large portion of Canadian investments. Japan ranks third with 5.7%, led by conglomerates such as Sumitomo Metals and Mitsubishi Corp. Australia is in fourth place with 5.2%, represented mainly by Bhp Billiton.

IN THE ATACAMA REGION

Regarding regional participation, Juan Carlos Peña, the Regional Secretary for Mining, highlighted that investment is concentrated in the northern part of the country. Specifically, the Atacama Region accounts for USD 14.744 billion, representing 17% of the national total for this period.

"This demonstrates the importance and weight of our region in the country's mining economy," Peña stated. The Atacama Region stands out not only for the scale of its investment but also for the diversity of its project portfolio. It includes 15 projects, eight of which involve copper minerals with an investment of USD 9.429 billion, while the remaining seven focus on non-copper minerals, totaling USD 4.745 billion.

The mining project portfolio comprises initiatives from both state-owned and private companies, primarily involving copper mining, along with projects related to gold, iron, lithium, and other industrial minerals.

Mining Permitting and Investment

Letter by Samuel Toro, Mining Business Manager at Symnetics

Diario Financiero
December 19, 2024

Dear Editor,

The announcement of mining investments exceeding USD 7.7 billion in 2025 is excellent news for Chile and reaffirms the strategic role of the sector in the economy. This figure is part of a vision for 2033 that projects investments of over USD 80 billion.

However, challenges related to permitting highlight a critical obstacle to the competitiveness of our industry. Lengthy timelines, mainly tied to environmental procedures, risk delaying key projects. Despite advances in technology and best practices, approval processes can take five years or more. This not only creates uncertainty for investors but also compromises the positive impact of these initiatives.

It is imperative to move toward a more efficient and predictable permitting model. This does not mean relaxing environmental standards but rather optimizing processes, establishing clear deadlines, and fostering early and constructive dialogue.

Chile has the potential to lead global sustainable mining, but reducing administrative barriers is essential to unlock that potential.

Samuel Toro
Mining Business Manager at Symnetics

Escondida Increases Profits by 40% Through September, Reaches Net Income of US\$ 2.606 Billion

■ BHP's operation saw a 43% rise in income tax and royalty payments, totaling US\$ 1.724 billion.

Diario Financiero 19 Dec 2024

The world's largest copper mine, BHP's Escondida, reported a net income of US\$ 2.606 billion between January and September 2024, marking a 40% increase compared to the same period in 2023.

The company announced that production reached a total of 901,600 metric tons, a 10.23% rise compared to the same period in 2023. This increase was mainly attributed to a higher expected ore grade and a larger volume of ore processed in the concentrator plants.

Revenue from sales totaled US\$ 8.675 billion, reflecting a 25% growth compared to the same period in 2023.

Costs (excluding net financial expenses) amounted to US\$ 4.178 billion, a 13.5% increase from the same period the previous year, driven by inflation and higher production levels.

Operating income reached US\$ 4.497 billion, a 38.7% increase primarily due to higher copper prices and a greater volume of copper sold.

From January to September, Escondida accounted for income tax and mining royalties (linked to the mining margin) totaling US\$ 1.724 billion, a 42% increase compared to 2023, according to the company, which is operated by BHP.

It is worth noting that both at Escondida and Pampa Norte (Spence and Cerro Colorado), BHP is executing an ambitious investment plan amounting to nearly US\$ 14 billion, the largest since the mining operations were established in Chile.

BHP's Spence operation reported a net income of US\$ 391 million as of September, a 37% increase compared to the same period in 2023. Copper production at Spence totaled 187,600 metric tons in the first nine months of the year.

Between January and September 2024, Spence recorded tax expenses totaling US\$ 149 million, a figure similar to that of the same period in 2023.

At Cerro Colorado, there was no copper production from January to September due to the scheduled cessation of operations in December 2023. Consequently, the net loss for the period was US\$ 119 million.

Escondida Increases Production by Over 10% Between January and September

RESULTS. BHP operation achieved 901.6 thousand tons of copper.

El Mercurio de Antofagasta
December 19, 2024.

Minera Escondida, operated by BHP, reported its results for the January–September 2024 period, achieving a production of 901.6 thousand tons of copper compared to 817.9 thousand tons in the same period of 2023, representing a 10.23% increase.

Production as of the third quarter rose primarily due to an expected increase in ore grade and a higher volume of ore processed at concentrator plants. This total includes 762.5 thousand tons of copper concentrates and 139.1 thousand tons of copper cathodes.

The company also disclosed that ordinary sales revenues amounted to USD 8.675 billion, a 25% increase compared to the same period in 2023. Additionally, the copper producer reported a 13.5% rise in costs (excluding net financial costs) year-on-year, reaching USD 4.178 billion, primarily due to inflation and higher production levels.

Escondida also recorded income taxes and mining royalties totaling USD 1.724 billion, a 42% increase compared to the same period in 2023. This rise is mainly attributed to improved operational results and higher royalty rates compared to the previous year's specific mining tax rates.

As a result, the net profit for the period was USD 2.606 billion, 40% higher than that of the same period in 2023.

THE MINING COMPANY RECORDED TAXES OF USD 1.724 BILLION.

Codelco completes final payment to Enami, concluding the 10% Quebrada Blanca purchase

■ “The parties thoroughly reviewed the asset, and the analyses confirm that the transaction was conducted at a fair and market-based price,” stated Enami.

Diario Financiero 19 Dec 2024
BY PATRICIA MARCHETTI

The Executive Vice President of Enami, Iván Mlynarz, and Codelco Board Chairman, Máximo Pacheco. The sale is finalized. Enami and Codelco completed the due diligence process on Wednesday for the purchase of 10% of Quebrada Blanca, controlled by Canadian company Teck. The copper giant disbursed the remaining US\$ 338 million of the total purchase price, which amounted to US\$ 520 million.

The operation, approved in early September, is part of Enami's financial sustainability plan to maintain its operations, strengthen its position, and partially reduce its US\$ 740 million debt.

The first payment of the transaction had a positive impact on the company's third-quarter results, with losses transitioning from US\$ 129.5 million in September 2023 to a profit of US\$ 129.5 million by the ninth month of 2024. Of the US\$ 259 million improvement, US\$ 181 million stemmed from the transaction.

Máximo Pacheco, Chairman of Codelco's Board, remarked after the deal's conclusion, “This is a very good deal for Chile. First, it maintains state ownership of the deposit, and second, it strengthens Codelco's leadership as the world's leading copper producer.” He added, “With this acquisition, Teck joins the list of Codelco's partners, alongside Freeport-McMoRan (El Abra), Anglo American (Anglo American Sur), and Rio Tinto (Nuevo Cobre).”

Enami's Executive Vice President, Iván Mlynarz, highlighted the swift closure of the transaction, emphasizing the benefits it has brought to normalizing the company's finances. “The parties thoroughly reviewed the asset. The analyses confirm that the transaction was conducted at a fair and market-based price, with significant benefits for both state-owned companies,” he stated.

Enami executives forecast positive results across all financial lines: operating margin, operational margin, and overall results. However, they clarified that the transaction only impacts the bottom line, not the business results. “We've worked hard,” they noted.

The advisors

The purchase was challenged by the mining union Sonami, whose president, Jorge Riesco, accused a “total lack of transparency” and questioned the asset's valuation. A Scotiabank report published in late September described the US\$ 520 million valuation as “poor” and estimated the price of the 10% stake in QB at US\$ 736 million.

For the transaction, Codelco was advised financially by Banchile, with its legal team led by the state company's Vice President of Legal Affairs, Macarena Vargas, and representation by Gonzalo Grez of Cariola Díez Pérez-Cotapos.

Enami was advised financially by BTG Pactual, while the legal aspect was led by Luis Felipe Arze of ACR Abogados and the company's Vice President of Legal Affairs, Javiera Estrada.

Commenting on the negotiations, Arze told Diario Financiero, “Both teams conducted a deep and methodical analysis to determine that the price was indeed an appropriate market valuation. Ultimately, the process—featuring financial, environmental, regulatory, legal, and asset audits—demonstrated that the price was correct.”

Regarding estimates like Scotiabank's, he noted that “they reflected competitive processes that could have lasted up to 20 months, which would have had other financial and operational impacts for Enami.”

US\$ 520 MILLION WAS THE VALUE OF THE TRANSACTION.

Pacheco: Codelco Has Held Talks with 10 Companies to Expand Smelting Capacity in Chile

Simultaneously, it was announced that the state-owned copper company completed the acquisition of Enami's 10% stake in Quebrada Blanca, a copper deposit controlled by Canada's Teck.

PULSO

By V. Guillou / E. Carrizo

Máximo Pacheco, chairman of Codelco's board, revealed on Wednesday that the company is in discussions with about ten firms interested in developing a project to install and operate a new smelter for the state-owned copper producer.

"We have toured Europe, Asia, and Latin America to promote the project of building more installed smelting and refining capacity in Chile," Pacheco said while addressing the Mining and Energy Committee of the Chamber of Deputies.

The discussions began in early 2024, Pacheco explained, and the process is open to signing a contract for the purchase of Codelco's concentrates, although he did not specify which divisions of the state-owned company would supply the material.

"We have worked on attracting investment and have an ongoing process. We invited 10 companies, and we are in discussions [...] to sign a long-term off-take agreement to expand smelting capacity in Chile. It is a concentrate off-take contract," he added.

Regarding the potential location for the new smelter, Pacheco noted that "alternative locations" to the existing ones are under consideration. Codelco currently operates three smelters and refineries: Chuquicamata, Salvador, and El Teniente. In 2023, the company closed the Ventanas smelter while retaining its refinery, focusing on enhancing its electrolytic processes.

However, the smelter associated with the Salvador Division, known as the Potrerillos Smelter, has faced challenges, with its activity significantly reduced despite an investment of US\$461 million since 2011 to comply with arsenic emissions standards.

Pacheco detailed that, in 2023, 79% of the material processed at Potrerillos came from external concentrates, while 21% originated from other Codelco divisions such as Chuquicamata. In 2024, this ratio shifted to 52% from internal concentrates and 48% from external sources. By 2027, Codelco's projections indicate that Potrerillos will process nearly 740,000 metric tons of material.

Separately, Codelco announced the completion of its purchase of the 10% stake owned by the National Mining Company (Enami) in Quebrada Blanca, a copper deposit controlled by Teck. According to the state-owned companies, the transaction was finalized with a payment of US\$338 million, completing the total purchase price of US\$520 million.

Quebrada Blanca is a major copper deposit with a resource base of 10 billion tons and an average copper grade of 0.38%. Codelco highlighted that, once the second phase of operations is fully operational, Quebrada Blanca will rank among the top 20 copper-producing operations globally. In Chile, it will become the sixth-largest producer, following Escondida, Collahuasi, El Teniente, Radomiro Tomic, and Los Pelambres based on 2023 production levels.