

# Zaldívar Mine Closure Controversy: Regional Council Opposes Extension Plan

PROJECT. Council members cited a prior decision to prohibit the use of continental water for mining operations.

**El Mercurio de Antofagasta. December 20, 2024.**

**By Sebastián Macías.**

Minera Zaldívar, owned by the Luksic Group, is racing against time to maintain operations as it seeks to renew its permits with the Environmental Assessment Service (SEA) of Antofagasta. The urgency is such that the company announced a temporary closure plan if agreements cannot be reached before the May 2025 deadline. Yesterday, the Regional Council (CORE) reviewed for the third time the addenda submitted by the mining company to the environmental authority, which would allow Zaldívar to extend the use of continental water for its operations until 2028. Following the analysis, the Health and Environment Commission recommended that the full council oppose the project. While the council's vote is non-binding, the SEA will ultimately decide the project's environmental approval.

## **ZALDÍVAR PLAN**

The current plan by Antofagasta Minerals and Barrick, which co-own Minera Zaldívar, aims to extend the mine's life until 2051. The project proposes extracting water from the Negrillar aquifer or another source from 2025 to 2028 while transitioning to seawater usage.

The Negrillar aquifer was recently central to a ruling by the First Environmental Court, where Zaldívar, alongside Minera Escondida and Albemarle, was required to cease groundwater extraction and compensate for environmental damage.

Given these factors, the Regional Council decided to leave Zaldívar's addenda under observation.

## **CONTINENTAL WATER**

Víctor Guzmán (PC), Regional Councilor for Antofagasta and President of the Health and Environment Commission, stated, "A prior decision by the Regional Council prohibits the use of continental water for mining processes, yet Zaldívar insists on using such water until 2028."

During the council session, Guzmán added, "The commission recommended that Zaldívar return its water rights. However, the company responded that it will retain ownership. Of the 510 liters per second authorized, no more than 50 liters per second will go toward maintaining biodiversity. How this will be done is unclear, but what is clear is that Minera Zaldívar will not relinquish its water rights indefinitely."

Guzmán also highlighted the irreparable damage to aquifers like Negrillar, emphasizing that, "Any effort to reduce the use of this water is worthwhile. We hope Zaldívar commits to using alternative water sources by 2028, which is feasible."

Regarding the recently announced closure plan, Guzmán stated, "The only information we have is tied to the continuation of the current project, which includes a closure plan for 2052. Beyond that, no additional details have been presented to the council."

Andrea Merino (PS), another councilor from Antofagasta, reiterated, "The Regional Council has had a standing agreement for years to prohibit the use of freshwater for industrial activities like mining. Many companies have invested in desalination plants, and we expect all to follow suit. This ensures the conservation of a vital and scarce resource for future generations while supporting industry and employment."

Dagoberto Tillería (UDI), also a councilor for Antofagasta, expressed agreement with the council's stance but voiced concern about the potential closure, stating, "We are a mining region, and many jobs depend on this industry. The closure could create significant labor issues, but conditions must be established. While the loss of jobs would be unfortunate, we also bear the brunt of the environmental consequences."

## **GOVERNOR DÍAZ**

Despite the council's majority vote to oppose the addenda, Regional Governor Ricardo Díaz expressed concern over the potential consequences of rejecting Zaldívar's plan.

In prior statements to El Mercurio de Antofagasta, Díaz explained that Zaldívar's closure plan was a legal obligation as its operating permits were set to expire. However, he noted that approval of the SEA application would eliminate the need for the closure plan.

On the potential impacts of a mine closure, Díaz remarked, "It would affect a large number of direct and indirect jobs."

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**US\$1.2 billion is the investment required for Minera Zaldívar's water transition project.**

# Spence Production | BHP Reaches 187.6 Thousand Tons from January to September 2024

Ordinary revenues from sales totaled approximately USD 1.917 billion, reflecting a 14% increase compared to the same period in 2023.

By PortalMinero

December 19, 2024

The copper production at Spence from January to September 2024 reached a total of 187.6 thousand tons, consisting of 114.6 thousand tons of payable copper in concentrates and 73 thousand tons of copper cathodes. This total is similar to the 186.1 thousand tons produced during the same period in 2023.

Ordinary revenues from sales amounted to approximately USD 1.917 billion, a 14% increase compared to the same period in 2023, mainly due to higher copper prices.

Costs, excluding net financial costs, were USD 1.414 billion, representing a 12% increase compared to USD 1.268 billion in the same period of 2023.

As a result, operating income reached USD 503 million, a 20% increase compared to the USD 418 million recorded in the same period of 2023, largely due to the improved copper price in 2024.

From January to September 2024, Spence accounted for tax expenses totaling USD 149 million, a figure similar to that of the same period in 2023.

Net profit for the period was USD 391 million, a 37% increase compared to the same period in 2023, attributed to the factors mentioned above.

## Cerro Colorado | BHP

From January to September 2024, the company reported no copper production due to the scheduled cessation of operations in December 2023. As a result, Cerro Colorado generated no sales revenue during the current period, contrasting with the USD 291 million recorded in the same period in 2023.

Costs, excluding net financial costs, amounted to USD 112 million from January to September 2024, a 64% decrease compared to the same period in 2023. This reduction was primarily due to the absence of sales-related costs following the cessation of operations.

Operating activities resulted in a USD 112 million loss, compared to a USD 22 million loss in 2023, driven by the reasons outlined above.

Between January and September 2024, Cerro Colorado recorded a fiscal benefit of USD 3 million, primarily due to tax adjustments from previous years. This contrasts with the USD 8 million fiscal benefit recorded in the same period in 2023. The company is currently in a tax loss position, with no expected payment of corporate taxes or mining royalties for the 2024 fiscal year.

As a result, the net loss for the period was USD 119 million.

## Summary of Results January-September 2024 | Pampa Norte | BHP

- Fine copper production: 187.6 thousand tons
- Operational results: USD 391 million
- Tax expenses: USD 146 million
- Total profit: USD 272 million

# **Caitán Plant Appeals to Constitutional Court Over Fine Imposed by Mejillones Municipal Works Department**

**Mercurio de Antofagasta**

Paula Jerez, legal representative of Caitan SPA, the company that owns the desalination and industrial water supply plant in Mejillones, has filed an application for inapplicability with the Constitutional Court. This appeal challenges the sanction imposed by the Municipal Works Department (DOM) of Mejillones and the fine levied by the Local Police Court of Mejillones, amounting to CLP 5,166,915.

According to the information provided, the fine results from an administrative and judicial process that determined the project lacked the necessary municipal construction permit, as stipulated by the General Urban Planning and Construction Law.

The installation in question, which the DOM argues requires a construction permit, includes a seawater pumping station and an energy dissipator located within the same facility.

"The fine imposed by the Local Police Court of Mejillones is disproportionate, lacking objective parameters and proper gradation, and is inadmissible as it failed to consider the factual and legal evidence presented by my client. This evidence demonstrates that the works did not require a construction permit," the appeal states. The application, filed this week, has been admitted for processing by the Constitutional Court.

*Codelco:*

## **Chuquicamata Votes on Collective Bargaining Agreement**

One of the unions reported last night that the offer was approved.

**MERCURIO DE SANTIAGO**

**By C. Muñoz-Kappes**

Voting on the proposed collective bargaining agreement for Codelco's Chuquicamata division, one of the corporation's largest, continued late into the night yesterday. Over 3,300 workers, represented by five unions, participated in the early collective negotiation process. The current agreement remains in effect until May 31, 2025.

The process reached its final stage after the state-owned mining company presented its proposal on Tuesday evening. According to the information shared with workers, the new collective agreement will last 36 months, extending until May 2028, and includes a 1.5% base salary adjustment.

Shortly after midnight, the Chuquicamata Workers' Union announced that its members had approved the offer. A total of 636 workers from this union participated, with 487 voting in favor, 148 rejecting the proposal, and one null vote. As of this publication, results from the other unions were not yet available.

According to the company's proposal, workers will receive a net total bonus of \$22,900,000 CLP, along with advances that bring the final amount to \$27,350,000 CLP.

# Los Pelambres Submits Plan to SEIA to Extend Mine's Life Span

The extension of operations until 2050 entails an investment of \$2 billion.

MERCURIO DE SANTIAGO – By C. Muñoz-Kappes

Minera Los Pelambres, the flagship mine of Antofagasta Minerals, has submitted a project to the Environmental Impact Assessment System (SEIA) to extend the operational continuity of the mine beyond 2035. This proposal involves an investment of \$2 billion.

According to the Environmental Impact Study (EIA) presented, the mine's life span extension will add approximately 1,200 metric tons of additional reserves to the 2,100 metric tons already environmentally approved under the 2004 Environmental Qualification Resolution (RCA).

During the first half of 2024, Antofagasta Minerals produced 284,700 tons of copper, a 3.7% decrease compared to the same period in 2023. By July, the company projected an annual production of around 670,000 tons.

The project proposes adjustments to the processing rate, reducing the daily maximum from 210,000 tons to an annual average of 205,000 tons per day, with peak daily limits of 245,000 tons. These changes aim to compensate for the declining ore grade at the deposit, the company noted in its EIA submission.

The initiative also includes increasing the capacity of the El Mauro Tailings Dam from 1,700 metric tons to 2,900 metric tons. Additionally, part of the desalination plant infrastructure will be modified to boost its final production capacity to 1,600 liters of desalinated water per second. As a result of this measure, the project foresees halting surface water extractions for production purposes starting in 2035.

These measures could extend the operational life of Minera Los Pelambres by an additional 15 years, from 2035 to 2050.

# **CMP to Operate with 100 Percent Renewable Energy Starting in 2026**

**ANNOUNCEMENT.** The company has agreed with Atlas Renewable Energy and AES Andes to supply 100 percent renewable energy for its operations in the Atacama and Coquimbo regions.

**El Diario de Atacama.**  
**December 20, 2024.**

Compañía Minera del Pacífico (CMP), part of the CAP Group and the country's leading iron producer, will operate its facilities in the Coquimbo and Atacama regions with 100 percent renewable energy starting in 2026. The energy will be supplied by Atlas Renewable Energy and AES Andes.

This initiative aligns with the company's ongoing decarbonization and environmental care efforts. It will be implemented across the nine sites the company operates in the Elqui, Huasco, and Copiapó valleys.

CMP's General Manager, Francisco Carvajal, stated, "This milestone reaffirms CMP's leadership as a key player in the transition to more sustainable mining. These agreements not only ensure a reliable and renewable electricity supply but also strengthen our commitment to operational efficiency and the sustainable development of the communities where we operate. It is a decisive step toward the future we want to continue building for CMP and the regions where we operate."

## **ELECTRICITY SUPPLY**

Once the agreements are fully implemented, Atlas Renewable will be able to supply up to 450 GWh annually. To achieve this, it will develop a solar project in the Atacama region with a battery energy storage system (BESS), enabling 100 percent renewable energy supply around the clock.

Alfredo Solar, Atlas Renewable Energy's Regional Manager for Chile and the Southern Cone, highlighted, "This new supply agreement continues to position us as a strategic partner in energy solutions for major industry players who have entrusted us with their operations' energy needs under long-term contracts."

Meanwhile, AES Andes will be able to supply up to 450 GWh annually starting in 2027, sourced from its renewable plants in operation and new renewable projects the company is developing in northern Chile.

AES Andes CEO, Javier Dib, affirmed, "This agreement reaffirms our commitment to accelerating the future of energy, making a concrete contribution to the country's decarbonization. It is not only a significant step forward for our companies but also a contribution to Chile's sustainable development."

# "It's a Guillotine": Sonami Urges the Government to Increase Extraction Limits for Small-Scale Miners

The president of the industry group, Jorge Riesco, sent a letter to the Finance Ministry reiterating this demand alongside two other proposals, which are part of the organization's pro-growth agenda.

**Diario Financiero – December 20, 2024**

**By Patricia Marchetti**

"Let us loosen the reins," pleads Jorge Riesco, president of the National Mining Society (Sonami), borrowing from a classic José Alfredo Jiménez song. He has been pushing the same request to the government for a year: raising the extraction threshold for small-scale mining from 5,000 to 45,000 tons of ore per month.

"Small miners must enter the Environmental Impact Assessment System (SEIA) if they produce more than 5,000 tons of ore per month. Many stay at 4,999 because going through an Environmental Impact Declaration (DIA) is cumbersome and very costly for them—between 6,000 and 9,000 UF," he explains. "This threshold is a true guillotine for the sector," Riesco stresses.

The measure has found no support from the executive branch. Riesco says that pushing this issue will be his main task in 2025, and if unsuccessful, he will continue to press "without ceasing" after running for re-election in August.

## Why 45,000?

According to Sonami's calculations, the new royalty law classifies small miners as those producing less than 12,000 tons of fine copper annually. Above this level, royalties apply.

In a simplified exercise, Riesco explains that producing 1,000 tons of fine copper monthly would require 100,000 tons of ore with a 1% grade. However, small-scale mining typically achieves higher grades, and Enami—the company buying their output—requires a minimum ore grade of 2.5%.

With a 2.5% grade and recovery rates ranging between 85% and 90%, the corresponding ore quantity for small-scale miners would be about 45,000 tons per month to produce 1,000 tons of fine copper without paying royalties.

"This measure would allow small-scale mining to double its annual production: from the current 45,000–50,000 tons of fine copper to 90,000–100,000 tons," says Riesco.

## Other Proposals

In November 2023, the Sonami president submitted pro-growth proposals to the Ministries of Finance and Mining. Earlier this month, he reiterated them in a memo to Mario Marcel's office.

At the annual meeting of the Technical Suppliers and Engineering Association for Mining and Industry (Sutmin), Riesco elaborated on these proposals:

"We've gone to the Ministry of Mining, Environment, Economy, and Finance, but they say nothing. They don't even respond. It's incredible. A huge opportunity is being wasted," he told attendees.

One proposal involves distinguishing between new and existing projects for medium-scale mining, defined as companies producing between 12,000 and 50,000 tons of fine copper annually.

"Every time one of these medium-sized companies wants to extend its operational life, it has to re-enter the SEIA and start all over again," said Riesco. "The issue is that projects in this segment have an average lifespan of five years. It doesn't make sense, nor is it proportional to the size of these operations, to require them to repeat the entire process every five years," he added.

Sonami suggests that operational life extensions should only require environmental pertinence assessments or sworn statements unless significant changes occur in the original project.

The third proposal stems from the "rigidity of Environmental Qualification Resolutions (RCA) regarding the production and processing limits imposed on medium and large-scale projects," Riesco explained.

"Several companies with process and equipment optimization projects could increase copper production but are hindered by these restrictions, depriving us of the additional output we urgently need," he said.

The proposal seeks a one-time increase of up to 20% in the processing capacity of production facilities over a five-year period. This adjustment could add 1 million tons of fine copper to the country's annual production, raising it to 6.3 million tons.



According to Sonami's calculations, this would generate \$1.5 billion in fiscal revenue through income tax and royalties—"simply by shifting from a rigid to a flexible interpretation while maintaining all environmental standards and commitments," Riesco concluded.

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### **Escondida Union No. 3 Secures \$33.2 Million Bonus in First Collective Bargaining Agreement**

With 96% member turnout, 317 votes in favor, and only one against, the new Union No. 3 of Minera Escondida (BHP) approved the company's offer. It includes a conflict-resolution bonus of \$33.2 million, extended to fixed-term employees as well. The new 36-month collective agreement also features increases in all base amounts for variable bonuses, base salaries, and Zone and Housing allowances. Additionally, it incorporates training initiatives aimed at improving employability with a gender focus—67% of union members are women—and approved multi-tasking roles.

The leadership includes President Marcelo Fonseca, Secretary Pedro Marín, Treasurer Tamara Orrego, and Directors Nathalia Vergara and Maribel Rojas.

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700 small-scale mining producers work with Enami.

# Payments to Corfo for Lithium from the Salar de Atacama Hit Lowest Quarterly Level in Three Years

The drop in lithium prices impacted the amounts SQM and Albemarle must pay for operating in the Salar de Atacama during the quarter, totaling \$87 million. Year-to-date, payments by both companies to Corfo have fallen 85%, reaching \$366 million. By September 2023, they had paid \$2.453 billion, even though production will hit a record high this year.

**PULSO – By Víctor Guillou**

The adjustment in international lithium prices has directly affected the payments Corfo receives from SQM and Albemarle. The steep decline in the value of this key mineral for electromobility—down more than 50% so far this year—has dragged down the amounts the two companies owe to the state agency for leasing the Salar de Atacama, the world's largest lithium deposit.

According to Corfo records accessed by Pulso, total payments collected in the third quarter amounted to \$87 million. Of this, SQM paid \$60 million between July and September, while the U.S.-based Albemarle contributed \$27 million during the same period.

This marks the lowest quarterly payment level in exactly three years. The last time figures were this low was in the third quarter of 2021, when Corfo received \$42 million from leasing its concessions to both companies. The difference in revenue between the periods is primarily explained by sales levels: in 2024, the two companies reported a combined total of 62,000 tons sold during the quarter, compared to just over half that amount—36,000 tons of lithium carbonate equivalent (LCE)—in the same period three years earlier. However, pricing levels also played a role.

For the year to date, payments by the two companies to Corfo have decreased by 85%, totaling \$366 million. By comparison, from January to September 2023, payments soared to \$2.453 billion, while in 2022, they reached a record \$2.619 billion.

Meanwhile, sales volumes in 2024 have reached historic highs, with a total of 191,000 tons of LCE sold so far.

The performance during the first nine months of the year reflects production increases enabled by contract renegotiations: Albemarle's in 2016 and SQM's in 2018, which allowed both to expand production capacities.

Since then, production has risen rapidly. From 25,000 tons of LCE in 2017, output more than doubled to 67,000 tons the following year. In 2022—a record year for prices—production surpassed 200,000 tons for the first time, reaching 211,000. With quarterly output exceeding 60,000 tons in 2024, the year is on track to far surpass 2023's total of 219,000 tons.

In the third quarter of 2024, the spot price of lithium in China averaged \$10,398 per ton. This marks a 54% drop compared to the \$22,930 per ton average in the same quarter of 2023.

Moreover, prices are nearing the upper limits of the leasing fees set in contracts with SQM and Albemarle, which establish higher rates depending on the price level at which the mineral is sold. The fees start at 6.8% when lithium carbonate prices are below \$4,000 per ton and progressively increase to 40% when prices exceed \$10,000. If prices continue to decline, mining payments to Corfo could drop even further.

In its latest earnings report, SQM already warned that the prices at which it sells lithium produced in the Salar de Atacama had fallen below this threshold.

In its management discussion, the company reported that its average sales price for the third quarter was \$9,700 per metric ton—a 67% decrease compared to the average sales price reported in the same period of 2023.

Outlook for the remainder of the year suggests no short-term recovery. "We believe this market trend will continue, and our realized price for the fourth quarter should be lower than in the third," the company stated at the time.