

Collahuasi Reported Profits of \$1.255 Billion Through September, with Fiscal Contributions Up 31%

■ Tax contributions include the new mining royalty, which, since its implementation, have surpassed the amounts recorded in the same period of 2023 by 107%.

Diario Financiero
December 24, 2024

Compañía Minera Doña Inés de Collahuasi reported fine copper production of 431,177 tons by the third quarter of 2024, an EBITDA of \$2.473 billion, and profits of \$1.255 billion. These results were attributed to a rise in the average copper price and "as a result of strict operational cost controls and efficiency measures," the company stated.

As of September 30, the company's fiscal contribution totaled \$733 million, representing a 31% increase compared to the same period last year.

This figure includes \$336 million from the mining royalty during the first nine months of 2024, compared to \$162 million from the Specific Mining Tax in the same period of 2023.

The company—owned by Anglo American (44%), Glencore (44%), and Japan Collahuasi Resources (12%)—highlighted that the 107% increase in royalty payments was mainly due to the enactment of the new Royalty Law in January of this year. This law allocates additional resources to municipalities in mining regions such as Tarapacá and other areas across the country.

"The production and competitiveness levels achieved have enabled a significant contribution to the state through the royalty, benefiting mining municipalities such as Pica, Pozo Almonte, and Iquique. At Collahuasi, we value that the benefits of our operations contribute to the economic and social development of the residents of Tarapacá and the country," said Jorge Gómez, CEO of Collahuasi.

Between January and September, Collahuasi generated \$3.768 billion in revenue from copper concentrate sales, including byproducts. This amount was influenced by a rise in copper prices, which averaged \$4.14 per pound, 6% higher than the same period last year.

Regarding its fine copper production of 431,177 tons—5% more than in the third quarter of 2023—the company stated that it expects to close the year with a total production similar to the previous year (573,183 tons).

In its report submitted to the Financial Market Commission (CMF), the mining company also detailed progress on the construction of the C20+ project, which includes a desalination plant, its pumping system from the coast to the highland operations, and increased production capacity.

The overall project has reached 80% completion, while the desalination-related works are 56.4% complete, aligning with plans to start operations in the first half of 2026.

Fatal Accident

After presenting its results, Collahuasi's CEO expressed deep regret over the death of a contractor employee from Innomotics in late October.

"We extend our condolences to his family and reaffirm our commitment to safety to prevent this from happening again," he said.

The 33-year-old man lost his life while working in the Ujina sector. Following the incident, the company stated, "Immediately after the accident, the appropriate protocols were followed, and the authorities and public services were notified."

\$336 million paid in royalties as of September.

Codelco Submits \$868 Million Project to SEA to Extend Gabriela Mistral Division's Operations

The initiative aims to extend the mine's operational life, located in the Sierra Gorda commune, by 28 years starting in 2028. It also includes water transition initiatives to cease using continental water sources by 2035.

PULSO

By Víctor Guillou

Codelco submitted a new key project for environmental assessment on Monday to sustain its future copper production levels. The project, titled "Operational Continuity and Water Transition of the Gabriela Mistral Mining Division," was presented by the state-owned mining company to Antofagasta's Environmental Assessment Service (SEA) for processing. According to the official Environmental Impact Assessment (EIA) documents, the project involves an investment of \$868 million.

Specifically, the project aims to extend the division's operational life until 2055. Since its inception in 2008, "Gaby" has maintained an average production of 115,000 tons of fine copper annually. To ensure operations continue beyond 2028, the project includes extending open-pit mining activities while maintaining the annual exploitation rate at a maximum average of 91.1 million tons per year without increasing the approved mineral processing rate of 46 million tons per year. The project also includes expanding waste dumps, ripios, and mineral stockpiles, as well as upgrading the leaching plant, among other adjustments.

Additionally, the project introduces long-term water supply changes, phasing out the use of continental water by 2035 and transitioning to industrial water sourced from authorized third parties starting in 2036.

Currently, the state mining division uses water rights from extraction wells in the Laguna Seca, Mariposa, and Elvira areas. While the project allows an eight-year extension of continental water use, it includes mitigation measures to address its impact.

The project also proposes the construction and operation of a brine plant with a storage and processing capacity of approximately 5,400 tons. This facility will enable the integration of chlorinated leaching into the production process, involving the adaptation of the existing leaching plant. According to a press release, the state-owned company stated it "will continue to exploit oxides before transitioning to sulfides," incorporating sodium chloride (salt) in the chlorinated leaching process to enhance mineral recovery.

Claudia Cabrera, General Manager of the division, highlighted the project's alignment with Codelco's commitments: "It reflects our pledge to the country to continue contributing to its development through resource generation, regional employment, and fostering local and national suppliers, while supporting Codelco's mission to be a pillar of sustainable development for Chile and the world."

The company emphasized that "Gaby" provides employment for approximately 4,000 people, including direct employees and contractors. For the project's construction phase, the operational life extension will involve 280 workers during construction, 1,200 during operations, and 188 during the closure phase.

Gabriel Méndez, Vice President of Corporate Affairs and Sustainability at Codelco, noted that planning for the project began nearly two years ago: "Our goal is to ensure Gabriela Mistral remains a sustainable, efficient, and productive operation. This includes initiating a water transition process to create conditions for sourcing water from non-continental sources."

The company reported that the division has only utilized 2% of the water volume stored in the basin, despite being authorized to use 5%. As a compensation measure for extending continental water use until 2035, Codelco proposes providing a volume of water equivalent to the project's consumption over the seven-year transition period to the Antofagasta Region, where the company has available infrastructure.

"Although the basin supplying us is not used by people, flora, or fauna, nor connected to other aquifers, our commitment is to maintain high standards in its usage control, recognizing its significance not only for the present but also for the future," Cabrera stated.

The EIA design began in 2023, involving multidisciplinary teams and technical assessments of all environmental components to proactively address them and uphold responsible operations.

In the second half of 2024, Codelco initiated an Early Citizen Participation process in Sierra Gorda and Baquedano, key areas influenced by the Gabriela Mistral operation. This initiative featured two cycles, including open houses, door-to-door outreach, and meetings with social organizations, as well as local, environmental, and governmental institutions.

Two visits to the Gabriela Mistral Division were also organized, one by the Sierra Gorda Communal Environmental Committee and another by families from the areas of influence. Participants observed the site's water extraction system, toured the open-pit mine, visited the training center, learned about autonomous truck operations, and explored the division's shipment yard.

Los Bronces Operation

Anglo Faces Fines of \$17 Billion

SMA Files Charges for Environmental Violations

**MERCURIO DE SANTIAGO
EYN**

The Environmental Superintendency (SMA) has filed four charges against Anglo American Sur S.A. for breaches of environmental permits related to projects at its Los Bronces mine, located between Lo Barnechea and Los Andes. According to the regulatory body, the company could face fines of up to \$17 billion.

The first violation, deemed extremely serious, involves the lack of a definitive solution for managing acidic drainage generated at the Donoso Waste Rock Deposit. The company stated that in October it submitted a project for environmental assessment to address this issue permanently. Meanwhile, a temporary measure is in place for "controlling contacted water."

The second charge, classified as serious, pertains to the failure to implement a system for the restitution of acidic water collected downstream of the Waste Rock Deposit, as outlined in the project's environmental assessment.

The third charge, also considered serious, concerns the failure to implement additional measures required by the Environmental Qualification Resolution (RCA) for controlling infiltration at the Las Tórtolas tailings dam.

Anglo American has responded, stating that it is already implementing works to optimize the hydraulic barrier approved by the authorities to enhance infiltration control.

Consultation Sent to Comptroller Over New Council Composition:

Ministerial Committee Steps Down From Future Votes on Dominga Mining Project

Despite the decision, the Environmental Assessment Service (SEA) appealed to the Supreme Court to challenge the First Environmental Court's ruling that overturned the 2023 rejection of the initiative."

MERCURIO DE SANTIAGO

C. Muñoz-Kappes and J. Baeza

The Committee of Ministers has decided to recuse itself from voting on the Dominga mining-port project after rejecting the initiative in 2023. In an extraordinary session held yesterday, the ministers resolved that they would not participate in any future decisions regarding the \$2.5 billion Andes Iron project, located in La Higuera, Coquimbo Region.

As a result, the Committee will submit a consultation to the Office of the Comptroller General regarding the composition and leadership of a future Committee of Ministers that will address the project.

At a press conference, Minister of the Environment Maisa Rojas, who normally chairs the Committee of Ministers, announced that the recusal decision was made because the current members of the committee had already expressed their stance on the project during the January 18, 2023 vote. This vote was recently annulled by the Antofagasta Environmental Tribunal for being illegal.

One reason cited by the Environmental Tribunal for requiring the Committee to revisit the Andes Iron proposal was the failure of some ministers to recuse themselves in 2023 despite having previously expressed opinions about the project.

In the January session, the Committee unanimously ruled against the Dominga project. According to the Environmental Assessment Service (SEA), this decision was "based on reports from technical agencies with environmental jurisdiction and the analysis of the Committee's technical secretariat, which is housed within the SEA."

The Legal Appeal

Simultaneously, the SEA filed an annulment appeal on procedural and substantive grounds against the First Environmental Tribunal's early December ruling (see sidebar).

Minister Rojas addressed the SEA's appeal to the Supreme Court, explaining that it is a legal mechanism "available to defend (...) the resolution issued by the Committee of Ministers in January 2023." She added that the appeal seeks to have "the Supreme Court rule on the substance and form of the arguments in the annulment request."

Rojas reiterated that the Committee stands by its unanimous decision to reject the Dominga project, describing it as "a well-founded decision in adherence to institutional frameworks." She emphasized that the Committee had reviewed "reports from technical agencies with environmental jurisdiction, the SEA evaluation, and, unanimously, resolved to accept the 12 claims presented to us (...) and thus rate the Dominga project unfavorably."

Additionally, the SEA requested the suspension of the Environmental Tribunal's ruling, seeking to pause the 15-day deadline (which expires on December 31) imposed on the Committee to issue a new resolution.

The Role of the Ministry of the Environment

During the press conference, Minister Maisa Rojas referred to an August 2023 ruling by the Comptroller General, which stated that both she and then-Mining Minister Marcela Hernando were eligible to vote on the Dominga project in the Committee of Ministers.

She stated, "We are conducting an environmental impact evaluation in a highly valuable and fragile territory. The role of the Ministry of the Environment is to safeguard our natural resources."

Rojas emphasized that the mining-port project is located in "an area of extraordinarily high ecological value" that is "unique," "precious," and "fragile." She described it as "an ecosystem that sustains the livelihoods of the local communities through various activities. It is an ecosystem cherished by Chileans (...) and internationally, especially by the scientific community. This site is as important as the Galapagos."

Environment Minister Maisa Rojas Defends Rejection of Dominga Project, and stated that the project is located in an area of 'exceptionally high ecological value.'

The SEA Challenges the Environmental Tribunal's Ruling

The Environmental Assessment Service (SEA) filed a procedural and substantive annulment appeal with the Supreme Court against the First Environmental Tribunal's ruling, which favored the Dominga mining-port project. Acting in its role as the Committee of Ministers' technical secretariat, the SEA stated that the appeal aims to "challenge the tribunal's ruling and uphold the legality of the Committee of Ministers' resolution from January 18, 2023."

Additionally, the SEA requested the Environmental Tribunal to suspend the ruling's effects while the Supreme Court resolves the annulment appeal.

The Environmental Tribunal had given the Committee of Ministers 15 days to issue a new resolution on Dominga. According to experts, it is now up to the environmental judges to determine the deadlines. "The Environmental Tribunal must decide whether to suspend the effects. Until it does, the ruling must be enforced," said Sebastián Herrera Larraín, partner at Lathrop Mujica Herrera & Diez Abogados. The deadline expires on December 31, 2024.

Iván Poklepovic, director of Natural Resources at Aninat Abogados, outlined two potential outcomes. If the tribunal grants the SEA's suspension request, the ruling's effects will be on hold until the Supreme Court rules on the annulment appeal. However, "if the suspension is not granted, failure to resolve the Dominga project within the given deadline could be considered non-compliance," he added.

Separately, Jorge Riesco, president of the National Mining Society, criticized the SEA's decision to file annulment appeals. "We are witnessing inconsistencies, as the same entity responsible for leading the evaluation process is now filing appeals to prevent enforcement of the Environmental Tribunal's ruling," he commented.

Union Rift Emerges at Escondida After Collective Bargaining with New Organization

The workers' group claims the company was involved in forming the new union to 'weaken' them."

MERCURIO DE SANTIAGO

C. Muñoz-Kappes

Days after Escondida's newly formed Union No. 3, established in November, concluded its collective bargaining with a \$32 million conflict resolution bonus, Union No. 1 of the same mining company accused Escondida-BHP of anti-union practices at the world's largest copper mine.

According to the powerful Union No. 1, which staged a strike lasting less than a week during its last collective bargaining process, the company allegedly had an "active role" in the formation of Union No. 3, as part of what they claim was an "attempt to weaken our union."

Patricio Tapia, president of Union No. 1, told El Mercurio that while the union rules out staging protests over the matter, it will focus on legal actions. Union No. 1 has filed a complaint with the Labor Court of Antofagasta for anti-union practices.

The union, widely regarded as a benchmark in the mining industry's labor movement, claims that in August, Escondida's Labor Relations Superintendent, Óscar Valencia, sent an email to the company's Labor Relations Manager and to Marcelo Fonseca—who would later become the president of Union No. 3—inviting them to "discuss strategies, next steps, and the status of Union No. 3."

For Union No. 1, this email demonstrates "direct interference by the company, where the employer itself is involved in reviewing the status and situation of a union entity that is supposed to be autonomous."

They also claim that this coordination led to the mass hiring of new workers to make the union viable, with membership growing from 50 to 360 members since August. Furthermore, Tapia alleges that some members of the union are fixed-term employees, a situation he described as "unprecedented."

When contacted by El Mercurio, Union No. 3 declined to comment, stating that they had not been notified of any legal claims. "We understand that any legal issues must be addressed exclusively in court. As for us, we will remain focused on obtaining and maintaining the best working conditions for our members," Fonseca told the publication.

BHP Responds

In a statement, Escondida-BHP expressed regret over "these accusations, which seek to distort and question a process that adhered to the law with a union formally constituted before the authorities."

The company maintains that the email referenced by Union No. 1 is part of routine communication with workers.

"At Escondida, we maintain regular communication channels with all worker representative entities. The mentioned meeting is part of these activities, and its content is on record with the relevant authority through properly documented channels," the company stated.

Union No. 3 of Escondida was officially established in November this year.

Bonuses in Mining: Codelco-Chuquicamata Workers to Receive Over \$27 Million

Codelco announced that its Chuquicamata Division has reached an agreement with five worker unions.

maray.cl

December 23, 2024

Codelco announced that its Chuquicamata Division has reached an agreement with five worker unions, representing approximately 3,400 employees. Unions No. 1, No. 2, No. 5, Chuquicamata, and Minero accepted the state-owned company's offer during an early collective bargaining process initiated in early December. The agreement includes a \$27.3 million bonus and a 1.5% salary adjustment. The new benefits and conditions, effective for 36 months starting in June or September 2025, aim to incentivize goal achievement and productivity improvement.

René Galleguillos Pallauta, General Manager of the Chuquicamata Division, highlighted the "spirit of dialogue and collaborative work" during the negotiations, with the shared objective of generating resources for Chile and improving the mine's long-term competitiveness. He emphasized that the agreements recognize workers' contributions and serve as an incentive to continue their commitment, talent, and effort towards business success, always prioritizing safety and health.

In the private mining sector, Union No. 3 of Escondida BHP also reached a historic agreement with the company. The collective contract signed includes a \$32 million bonus, the highest ever recorded in the industry, as well as additional benefits related to production, performance, and improvements in social conditions. Special attention was given to female union members, who make up 68% of the total 330 members. This contract, valid for 36 months, also includes enhancements in life insurance, childcare facilities, scholarships, and bonuses for childbirth and marriage.