

BHP's Expansion Projects in Chile Backed by Strong Copper Market Deficit, Says Brandon Craig, President of BHP Americas

The mining company recently presented investors with an ambitious 10-year growth plan involving capital expenditures of at least \$11 billion, potentially exceeding \$14.7 billion if the Cerro Colorado restart proceeds.

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A significant copper market deficit of 10 million tons anticipated over the next decade is driving global mining giant BHP to advance major projects exceeding \$11 billion, Brandon Craig, President of BHP Americas, revealed to Reuters.

In his first interview since assuming the role, Craig described meeting the global demand for copper—critical for electrification and the energy transition—as "a fairly challenging task." "We believe there is a very high potential for an imbalance between supply and demand, which is why we are pushing so hard in our investment focus," he said.

Craig explained that the capital intensity of developing projects averages around \$25,000 per ton, requiring approximately \$250 billion globally to develop and operationalize projects over the next 10 years.

Decarbonization and the adoption of electric vehicles will be the clear drivers of demand. With this in mind, the company recently presented investors with an ambitious 10-year growth plan involving capital expenditures of at least \$11 billion. This figure could rise above \$14.7 billion if the restart of Cerro Colorado proceeds.

"As we move towards final investment decisions, you'll see these capital ranges progressively narrow. But I think the way to look at it is a number in the range of \$11 billion or more," Craig explained. According to the timeline presented this week, the bulk of the expenditures will come toward the end of the decade.

"You reach peak spending approximately midway through the project. Applying that logic to this period, around 2030-2031—perhaps by the end of fiscal year 2029—you should expect to see the peak capital deployed," he estimated.

Escondida in the Spotlight

As BHP's largest asset, the focus is on Escondida—the world's largest copper mine—where plans include extending the life of a concentrator, expanding the Laguna Seca concentrator, building a new concentrator to replace Los Colorados, and adopting leaching technologies.

"Our effort has really been centered on what investments we make at Escondida to offset both an increase in ore hardness and declining ore grade," Craig detailed. While the company previously envisioned Escondida transitioning into an underground mine, Craig dismissed the idea in the medium term.

"At current copper prices, it would not be profitable to develop an underground mine at Escondida," he emphasized, though he acknowledged it could be a possibility in the long term. "If you look 10 or 20 years ahead, you know circumstances will be very different. So it's one of those things you need to evaluate and keep monitoring," he noted.

The investment plan also includes smaller-scale adjustments at the Spence mine and the potential relaunch of Cerro Colorado. However, options for the smaller mine are "less defined." Craig stated that the company had set aside its interest in selling Cerro Colorado, which was closed last year due to water use permitting issues.

Instead, BHP is exploring a leaching solution that uses seawater.

Permitting Challenges

Addressing concerns about the company's capacity to execute all initiatives simultaneously, Craig expressed confidence in BHP's workforce, contractor expertise, and market support. "It's not just about being confident in the ability to execute; it's about doing so on time and within budget, which is equally important," he remarked. "I think the team we have is exceptional. The performance they can deliver is very good. We want to keep driving productivity and business performance hard," he affirmed.

Craig stressed the importance of unlocking permitting processes for investments in Chile. The country's Congress is currently debating two bills aimed at streamlining evaluations. "We will continue to work closely with

the government to make that happen, because the faster we can advance our projects, the more economic value we can generate," he said, noting that faster permitting could accelerate project timelines.

"We have assumed it will take us approximately 12 months to secure an Environmental Impact Statement (DIA). If we could achieve that in half the time, it would be a fantastic outcome for us," he remarked, adding that it is too early to assume the legal adjustments will pass.

Craig emphasized that his role focuses on maximizing the resources BHP holds. "Our default is to take those resources and develop them," he said. "Our core business in Chile is centered on organic growth," he highlighted.

Under British acquisition laws, BHP is barred from making another offer for Anglo American until the end of this month, following a rejection earlier this year. BHP has not ruled out making a new offer.

Mejillones Officially Requests Demolition of Pumping Station at Desalination Plant Supplying Spence

INDUSTRY. Mayor Carvajal issued the decree, arguing that the plant's facility does not have the permits required by law.

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The conflict over the desalination plant in Mejillones, owned by Caitán and supplying Spence | BHP, has escalated to a critical stage. On Thursday, the municipality formally requested the demolition of the pumping station, citing the absence of construction permits and a certificate of occupancy for the facility. The company was notified of the decision the same day through a resolution signed by Mayor Marcelino Carvajal.

"Under the instruction of Mayor Marcelino Carvajal, and after a thorough analysis of the evidence, the municipality issued and delivered the demolition decree for the pumping station at the desalination plant, as it does not comply with the requirements established by current regulations," municipal authorities stated. They reaffirmed their commitment to dialogue, respect, and the peaceful resolution of conflicts, emphasizing the principle of equal treatment under the law for all entities, whether public or private.

"We urge the community to remain informed through official channels and reiterate that our decisions are always based on the protection of the common good and adherence to regulations," the municipal statement added.

Spence Pushes Back

On Thursday, Cristian Sandoval, president of Pampa Norte | BHP, criticized the municipality's decision, claiming it damages Chile's image as "a reliable actor where investments are facilitated by clear rules."

In a column published in *Timeline*, Sandoval questioned the municipality's actions, alleging that "a local authority—who has publicly stated their intent—seems to have decided to order the demolition of Caitán's desalination plant facilities (...) due to alleged non-compliance, which could mean the plant would cease operations."

Sandoval said the company had sought dialogue to resolve the matter before such drastic measures were taken.

"And we call it drastic because halting the desalination plant would have severe repercussions for Spence's operations, impacting 2,300 families in Antofagasta due to job losses," he warned.

While he acknowledged the importance of adhering to legal norms, Sandoval again called for dialogue and corrective measures "to prevent significant harm to the region's and country's economy, as well as the Mejillones ports, where Spence is one of the main clients."

"Pouring Gasoline on the Fire"

Mayor Carvajal was quick to respond. Speaking to *SoyAntofagasta*, the mayor stated, "You can't put out a fire by pouring gasoline on it. The BHP executive's remarks are entirely inappropriate, especially since the decree hadn't even arrived yet. The decree allows 90 days to respond, and I am not mistaken in applying the law. I'm not halting the region's development or depriving people of their livelihoods. Their arguments are weak."

Carvajal emphasized that the municipality has a duty to act to avoid penalties. "We will not allow a large company to disregard regulations simply because we're a small municipality. We respect businesses, but we also demand respect in return. We haven't made any mistakes—we're simply asking for compliance with the law, which this company has failed to meet."

The mayor explained that Caitán initially claimed the project would span 150 square meters but ended up building over 400. "Additionally, they built very close to the edge of the estuary, a zone under the Navy's jurisdiction, and even constructed a pumping station that exceeded the established limits," he said.

"Upon inspection, we found that this water absorption facility, which should have been small, exceeded the established limits. So why request a permit for 150 square meters and then build 400? That's the first mistake," he added.

Carvajal identified a second error: the project's non-compliance with urban planning regulations. "Our technical team, supported by the Ministry of Housing and Urban Development, determined that a demolition order was

necessary. This has caused controversy, but it's not a measure against the mining company. It's a measure against a company that failed to follow the rules," he stated.

The mayor criticized the use of the media to create pressure. "I find it inappropriate for them to use the press to generate pressure. My intention is not to halt projects, but we must act in accordance with the law. If regulations are respected in Santiago or Viña del Mar, why shouldn't they be respected here? I am the mayor, and municipal authority must be respected. If they want to take legal action, so be it. But this matter could escalate from dialogue to a legal battle if not addressed properly. I'm open to discussion, but at the right time and with the appropriate parties," he said.

Finally, Carvajal declared, "We will not allow large companies to turn a blind eye. Even though this is a small municipality, the rules are clear and must be followed. If Caitán or BHP want to resolve the issue, our doors are open—but only under the established legal terms."

Mejillones Municipality Issues Demolition Order for Desalination Plant

The municipality notified the company Caitán of the decision, directed by Mayor Marcelino Carvajal, citing non-compliance with the permits required under current regulations due to irregularities in the construction of its machine room.

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The Municipality of Mejillones issued a demolition order on Friday for the desalination plant operated by the company Caitán, citing irregularities in the construction of its machine room.

Speaking with **Timeline** earlier today, the mayor of Mejillones, Marcelino Carvajal, defended the decision amid criticism from Cristian Sandoval, President of Pampa Norte | BHP, expressed in a column published by this outlet. Carvajal asserted that the move was not “arbitrary.”

He stated that he was open to dialogue with the relevant parties but insisted discussions must take place on his terms. Furthermore, Carvajal said he would not engage with the company as long as it maintained “this attitude,” referring to Caitán’s decision to challenge a previously issued fine of approximately CLP 4,500,000 in court.

Despite the ongoing legal dispute, the mayor proceeded with the demolition order on Friday.

“Today, under the instruction of Mayor Marcelino Carvajal, and following a thorough review of the case, we proceeded to issue and deliver the demolition order for the pumping station of the desalination plant, as it does not comply with the permits required by current regulations,” the municipality stated in a press release.

The municipal government explained that Caitán had constructed the machine room of its desalination plant in an area not authorized by the local zoning plan. Furthermore, the construction exceeded the originally approved footprint, increasing from 150 to 400 square meters.

Providing additional context, the municipality pointed to the death of a diver at the plant, which prompted two inspections by the Department of Municipal Works.

During the second visit, the company was fined approximately CLP 4,500,000 for these irregularities. “The company refused to pay this fine and opted to take the matter to court,” the municipality reiterated.

“This administration reaffirms its commitment to dialogue, respect, and the peaceful resolution of conflicts. We also uphold the principle of equality before the law for all parties, whether public or private,” the statement concluded.

Escondida Workers Bring Allegations Against BHP to Congress

The Board of Union No. 1 of Minera Escondida met with Congressman Luis Cuello Peña, president of the Labor Commission, to report serious labor violations by Minera Escondida, owned by BHP.

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On Thursday, November 21, the Union No. 1 of Minera Escondida held a critical meeting with Congressman Luis Cuello Peña, president of the Labor Commission, to address severe anti-union practices and violations of Chilean labor laws by Minera Escondida, a company owned by BHP.

The meeting, which took place at the National Congress in Valparaíso, was attended by the Board of Union No. 1, accompanied by their legal advisor, Marco López. Congressman Cuello was joined by his chief of staff, Cecilia Olguín.

The union's president outlined a series of allegations, stating that the company has fostered a climate of fear among workers through arbitrary dismissals and harassment policies. He highlighted cases involving employees on medical leave, including César, a worker on psychiatric leave who took his own life after being terminated under Article 161, citing alleged "company needs."

The union leader also accused Minera Escondida of promoting a "puppet union" to undermine legitimate union activity. According to the union, dismissed workers have been rehired on the condition that they join this alternative organization. "It's a strategy to hollow out our union and block our actions," he stated.

"We Need Safe and Fair Working Conditions"

Additional allegations include serious irregularities affecting pregnant workers. According to Tapia, these workers are exposed to hazardous contaminants and lack proper breastfeeding rooms. He further alleged that, in some instances, female truck operators are forced to use the dump truck bed as a bathroom due to inadequate facilities, contrasting sharply with the treatment of supervisors in similar conditions.

Congressman Cuello expressed his concern over these allegations and pledged to bring visibility to the case.

"The company is employing a strategy to hollow out the union and obstruct its operations. This must be addressed in the Labor Commission," he stated. He invited the union to present its grievances during a special session of the commission in the coming weeks.

Tapia underscored the urgency of political support: "We have exhausted all legal avenues, and there are no results. We need safe and fair working conditions for those employed by this company. This is not just a union struggle; it is a fight for dignity."

Union No. 1 of Minera Escondida reaffirmed its commitment to exposing these violations and pursuing concrete solutions to protect workers' rights. "We will not relent until these practices are exposed and respect for Chilean regulations and labor dignity is demanded," concluded the union president.