

The investment in the Atacama deposit could exceed US\$ 3 billion:

Four years after the closure of Pascua Lama, Barrick explores a new mega gold project

The Canadian mining company says it has been rebuilding its relationship with the Alto del Carmen community for four years and that the proposal will play an "important role" globally for the company.

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

Four years after the First Environmental Court confirmed the closure of Pascua Lama, Canadian company Barrick will begin a new drilling project to explore for gold near the site of the failed mining initiative. The exploration proposal involves an investment of US\$ 35 million, and if drilling proves successful, the project's Environmental Impact Study (EIA) could be submitted shortly before 2030.

Marcelo Álvarez, executive director of government relations for South America at Barrick, stated that the El Alto prospecting project would be located near Pascua Lama in the Atacama Region. "Since 2019, when Mark Bristow (president and CEO of the company) joined Barrick, there has been a significant change in management," Álvarez told "El Mercurio."

Under Bristow's new leadership, the executive explained that "the mistakes were acknowledged, litigation was ceased, legal matters with Chile were resolved, and we moved towards taking action to do things differently."

"For the past couple of years, we have been reevaluating everything related to the original project, geology, and metallurgy. Bristow believes the original project was poorly conceived, mainly in terms of geology," Álvarez said. If exploration is successful and the project materializes, it would "definitely have an important regional role in Barrick's global operations." The company's most significant deposit is in Nevada, producing three million ounces annually. In Latin America, the combined projects of Pueblo Viejo (Dominican Republic), Veladero (Argentina), and the new initiative in Chile could produce more than three million ounces annually.

In September 2020, the First Environmental Court confirmed the definitive closure of Pascua Lama, located in Alto del Carmen, due to violations of its Environmental Qualification Resolution (EQA). Specifically, the company was penalized for failing to monitor glaciers and glacial environments properly, not monitoring and discharging contact water into the Estrecho River as required, and using an unauthorized methodology to calculate water quality alert levels, which allowed for more permissive thresholds than those established in the environmental approval.

Álvarez stated that the company has focused on rebuilding its relationship with the Alto del Carmen community over the past four years. "We made mistakes, things went poorly for us. We have been working for four years to rebuild the relationship," he said. "We are working with a new approach with the communities. We have a project aimed at fostering entrepreneurship, which already benefits more than 480 people," he added.

The project

The first step in the drilling initiative will be to carry out an Early Citizen Participation Process (PACA). According to Álvarez, this process will take two to three months. "The idea is to work with them, carry out a proper PACA, and move forward together to avoid past issues," he explained.

The project's Environmental Impact Declaration (DIA) is expected to be submitted during the first quarter of the year, a process that could take a year. "After that, there will be two summer campaigns involving 43 platforms and approximately 56 drills. Then, it will take another year or so to finish evaluating the project, determine its viability, and proceed with an EIA," Álvarez clarified. The EIA could be submitted "shortly before" 2030.

The goal is to find a deposit capable of producing more than 500,000 ounces annually for over 10 years at an average market operation cost. Barrick classifies such mines as "tier 1."

"The geology, resources, and reserves in the area point to a tier 1 deposit. If you consider that and look across the mountain range at Veladero, it's a project that has been operating for 20 years, employs 4,500 people, and exports US\$ 800 million in gold annually. It's a project of significant magnitude, maybe not twice the size, but much larger than Veladero," Álvarez said.

- What would the project's investment be? What's the starting point?

"Roughly speaking, an additional US\$ 3 billion to US\$ 3.5 billion would be needed. I don't have a final figure yet, and the El Alto prospecting is crucial to that. Additionally, in Argentina, the processing plant construction needs to

be completed. If we consider that global projects of this scale and remoteness demand investments of at least US\$ 3 billion to US\$ 3.5 billion, those figures can serve as a reference."

- Will the project remain binational?

"There's no other option. On the Chilean side, it's impossible to build a processing plant due to the area's geography—it's a large ravine. Additionally, on the Argentine side, there's already significant progress in the plant's construction, which is crucial to recover and capitalize on."

"On the Argentine side, that part is under care and maintenance. So, an additional 20% to 30% investment is needed to finish the plant, approximately US\$ 400 to US\$ 500 million," Álvarez said.

Álvarez clarified that the project would operate under the Mining Integration and Complementarity Treaty between Chile and Argentina, effective since 2000. "The mineral will be extracted in Chile and processed in Argentina, from crushing to dore production," he added.

Water usage

The executive explained that, despite being located near the Pascua Lama site, the project would not use the infrastructure previously built, which included 13% of the open pit and 1% of the waste dump initially planned.

"Nor will water for the El Alto exploration be drawn from the same basin," Álvarez emphasized.

- How will this be addressed?

"For the El Alto prospecting project, water usage is minimal."

- What about the future project?

"In terms of engineering, this is still under evaluation. The first option is a desalination plant, but it is far away. The second option is compensation with what already exists. This involves creating reservoirs or dams that can generate water downstream, possibly through desalination plants to produce freshwater for the community, while the project uses what is already approved in terms of water."

"If we consider that today, projects of that scale and in remote locations require investments of at least US\$ 3,000 to US\$ 3,500 million, those figures can serve as a reference to put it into perspective."

Marcelo Álvarez

Executive Director of Government Relations for Barrick South America.

In September 2020, the First Environmental Court confirmed the definitive closure of Pascua Lama in Alto del Carmen due to violations of its Environmental Qualification Resolution.

Minera El Abra Submits Project for a Second Exploration Campaign While Advancing Studies for a Multi-Billion-Dollar Expansion

The company, 51% controlled by U.S.-based Freeport-McMoRan and 49% owned by Codelco, plans to drill 73 exploratory boreholes in a project with a lifespan of three years. Meanwhile, it continues developing the Environmental Impact Study for a \$7.5 billion project aimed at tripling its current production levels.

PULSO

By Víctor Guillou

Minera El Abra seeks to expand geological information across its more than 74,000 hectares of mining concessions at the open-pit deposit located in the Calama commune, Antofagasta region. The company, 51% controlled by U.S.-based Freeport-McMoRan and 49% owned by Codelco, submitted an Environmental Impact Statement (DIA) on Thursday for the "Expansion of the El Abra Exploration Drilling Campaign" project, which involves a declared investment of \$3.5 million.

According to the company's official documents submitted to the Environmental Evaluation Service (SEA), the initiative aims to drill 73 exploratory boreholes over a three-year project lifespan. This follows an initial exploration campaign conducted between 2020 and 2022, consisting of 27 boreholes, which did not undergo Environmental Impact Assessment as it was not categorized as a project listed under Article 3 of DS No. 40.

The new drilling campaign will cover an intervention area of approximately 37.21 hectares and does not include the construction of additional support facilities, as existing infrastructure will be utilized.

"El Abra holds exploration and exploitation concessions near the open pit and processing plant, and such activities are essential to verify the existence of mineral resources," the company stated in response to inquiries about the project. It also ruled out a third campaign "for now," noting that "a decision will be made once the results of the second campaign are available."

The project area was defined based on the mineralization potential identified in the first campaign. According to official documents, "it is necessary to complement the studies and deepen geological knowledge" based on those initial findings.

"The objective of the project is to supplement the data collected during the first campaign through a second campaign, involving the execution of 73 exploratory boreholes to reduce geological uncertainty of the mineralized body and evaluate the geological potential of the study area," the company explained.

The project's construction phase will involve only two workers for land preparation, including road and platform setup. During operations, ten workers will handle drilling activities, core sample management, and transportation, with work conducted 24 hours a day.

El Abra's second exploration campaign is progressing alongside the company's \$7.5 billion expansion plans, announced in July 2024, whose Environmental Impact Study (EIA) remains under development.

The expansion aims to achieve annual production of 750 million pounds of copper—equivalent to over 340,000 metric tons—more than tripling the 98,000 metric tons produced in 2023.

However, the company clarified that the new exploration campaign "does not directly interact with the expansion project but rather seeks to improve the level of information to better understand the mineral resource potential outside the area where reserves for our expansion project are located."

A few weeks ago, the company submitted a DIA for the "Modification of the Sulfolix Leaching Heap" project to maintain and optimize current production levels. It is also continuing development of an expansion project to extend operations beyond 2029.

The Environmental Impact Study (EIA) for this project is expected to be submitted for evaluation by late 2025.

Freeport-McMoRan's timeline includes three additional years for permitting and another four years for construction, with the expansion project slated to begin operations in 2033.

Freeport-McMoRan is well aware of the lengthy permitting process in Chile. In her last conference with analysts in October 2024, Freeport-McMoRan CEO Kathleen Quirk remarked that developing projects like El Abra's expansion in Chile "takes a long time due to permitting requirements."

Rajo Inca: the controversial Codelco project has a date

A long history of setbacks has repeatedly prevented the schedule of this initiative, essential to extending the life of the Salvador division, from being fulfilled. But its end is in sight: the mine is already ready, and the plant should reach its design capacity in the second quarter of 2025.

Pulso. January 11, 2025.

By Ignacio Badal Z.

Some joke about that old store sign that said “no credit today, but tomorrow, yes.” The story of Codelco’s structural project Rajo Inca seems like a never-ending tale, as its commissioning, originally planned for 2019, has been postponed time and again. Last year alone, four dates were given. Now, at least it is known that the mine is already operating. The plant is still pending.

In February 2024, state company authorities said it would start operations in the first half of the year and begin feeding the Potrerillos smelter in the second half. In July, the deadline for the activation of the concentrator plant was changed to September. In November, they said the concentrator would start operating in the last quarter of the year.

A history of ups and downs

During the 2000s, the possibility of closing the Salvador division loomed in Codelco, which would mean the end of the town that lives exclusively from it, due to the depletion of its deposits. In 2010, when the state-owned company made its historic announcement of structural projects that would allow it to extend the useful life of its divisions (Mina Ministro Hales, Chuquicamata Underground, El Teniente-New Mine Level, and Phase 2 of Andina), Salvador did not appear. But the authorities of the time said that the greater global demand for copper driven by China, higher prices, and the worldwide exploitation of lower-grade deposits made it possible to reevaluate the idea of closure since there were exploitable deposits in the area.

In 2013, Codelco’s portfolio of major projects included Rajo Inca for the first time, with an estimated investment of \$1 billion, which would allow Salvador to produce more than 120,000 tons for up to four decades.

After Ministro Hales was inaugurated in 2016, Rajo Inca was seen as the next structural project to deliver. But it was delayed. It was not until 2021 that pre-stripping works (removal of non-commercial rock covering the mineral reserve) were awarded to the Belarusian-Chilean consortium BelAZ-Movitec (CBM). But for reasons still being litigated in court, the contractor fell behind, so the corporation accused it of failing to meet its commitments. At the end of 2022, the consortium was expected to show an 81% progress rate but had only reached 33%, mediated by a fatal accident in July of that year and a consequent stoppage of work for several months. In February 2023, Codelco terminated the contract with CBM, claimed a guarantee bond for \$163 million, and re-tendered the remaining works, awarding them to the Trepsa-Cerro Alto consortium. At the time of CBM’s departure, in January 2023, about 30% of the associated expenditure had been executed, with a total cost of \$520 million.

New contracts

According to documents accessed by Pulso, Codelco signed at least five contracts with Trepsa-Cerro Alto to complete Rajo Inca between January and December 2023, valued at approximately \$430.5 million in total. The first, called “Leasing, Maintenance, and Operation Service for Loading Equipment,” signed on January 11, 2023, amounted to \$65.2 million. The second, for “Drilling and Wall Control Service,” dated March 29, 2023, reached \$102.7 million. The third, called “Production Support Service-Equipment Leasing,” was signed on April 10, 2023, and reached \$28 million. The fourth, for “Material Movement Development and Operation Service in the Mine,” dated May 17, 2023, was valued at \$185.1 million. The fifth, called “CAEX Leasing Service” and dated December 1, 2023, reached \$49.5 million.

The changes in contracts, delays, and cost increases mean that Rajo Inca now has an investment budget nearly three times the initial one: \$2.74 billion.

But apparently, the work of the new contractor worked. By March 31, 2023, progress was at 42.6%, and a year and a half later, on October 30, 2024, it was at 87.7%, with the mine works completed, as the controversial pre-stripping was finished in August 2024. “Its pre-stripping was executed exceptionally despite its complexity

and the contingencies caused by the previous contractor's failures. Mineral is now visible to begin treatment at the plant, which is undergoing operational testing to subsequently start production in the last months of this year," the company said.

Moreover, the Salvador division, whose last copper production was in December 2023 and had not shown a single pound in 2024, showed a glimmer of hope in October: it reported a production of 1,700 tons. "This corresponds to oxide minerals from Rajo processed in the hydro line and inventory management," the company explained.

The mine, which already moves 330,000 tons of mineral per day, has more than 7 million tons of oxide and sulfide mineral in stock "to ensure the steady treatment of both operational lines in the second half of 2025." The waste dump and truck workshop are ready, and the concentrator plant finally started operating in December, with the primary crusher and tailings thickener.

With these works completed, the schedule has been clarified: "The commissioning of the Rajo Inca concentrator is divided into two stages: the first involves the process necessary to reach a processing capacity of 15 ktpd (thousand tons per day), with operational tests completed in the second half of December 2024; while the second aims to complete the tests to reach the design capacity of 37 ktpd during the second quarter of 2025."

Third Innovation and Entrepreneurship Meeting by Escondida | BHP Tackles Antofagasta's Challenge as a Sustainable City

The event, organized by the company since 2022, gathered over 200 representatives of the local ecosystem to foster networking and collaboration.

portalinnova.cl
January 10, 2024

During the event, Aster's Demo Day took place, where two winning startups received funding of US \$50,000 and US \$20,000, respectively.

Mayor Sacha Razmilic and Juan Pablo Ortega, co-founder and former director of Ruta N, analyzed Medellín's success story as an innovative city and the future opportunities for Antofagasta.

The third Innovation and Entrepreneurship Meeting, organized by Escondida | BHP, brought together nearly 200 attendees on Thursday, including regional authorities, business leaders, and key players in the local ecosystem. The event showcased advancements in the company's entrepreneurial portfolio, which comprises seven integrated initiatives spanning all stages of the entrepreneurial cycle—from idea conception to commercialization and scaling.

The initiatives included in Escondida | BHP's portfolio are the entrepreneurship lab Usqai, the triple-impact competition AntofaEmprende, the indigenous entrepreneurs program Balloon Internacional Lickan Antai, the Aster accelerator, the Copernico fund, the Atacama Angels investor network, and BHP's Local Procurement Program, which fosters business relationships with local SMEs for mining.

Abel Benítez, Corporate Affairs Director at Escondida | BHP, stated, "Through these integrated initiatives, we aim to promote the identification, acceleration, and financing of innovative solutions for the region and the mining value chain. Over this period, we have supported more than 60 tech-based startups through our Aster accelerator and worked with over 1,700 suppliers from our Local Procurement Program. These concrete advancements enable us to boost innovative talent and build a better region."

A Space for Dialogue and Collaboration

A highlight of the event was a presentation by Juan Pablo Ortega, co-founder and former director of Ruta N, who shared Medellín's success as a model for territorial transformation and a global innovation benchmark through public-private collaboration.

"To become a leader in innovation, it is essential to set a big, ambitious goal with a deadline: what we want to achieve and when. In 2009, Medellín declared that we would be the innovation capital of Latin America by 2021. It was a massive challenge, but we created a collaborative plan involving all stakeholders and defining roles to consolidate what is now an ecosystem that has yielded significant results," Ortega explained during his talk.

The event also featured a discussion panel titled "The Importance of Sustainable Territories for Enhancing Local Talent," with participation from Antofagasta Mayor Sacha Razmilic, Solange Pérez, Maintenance Manager at Coloso of Escondida | BHP, and innovation leader Juan Pablo Ortega. The session explored opportunities for Antofagasta to position itself as a hub for innovation and sustainability.

"In Antofagasta, we have a mature ecosystem with abundant resources that are crucial for the city's future development. We are a city with many challenges but also great opportunities. As the mining capital of copper and lithium, we have renewable energy resources. What Juan Pablo Ortega taught us today with Medellín's case is the importance of consistency, ambition, and working together for the region's growth," emphasized Mayor Sacha Razmilic.

One of the event's highlights was the Aster Demo, where six startups from the accelerator's sixth cohort presented their solutions to a jury of ecosystem leaders.

The winning innovations were Remote Waters, which secured funding of US \$20,000, and Botiia, which received a follow-on ticket of US \$50,000. Additionally, "Acquora" and "Tumi Robotics" were awarded the "Kelu" prize, recognizing and promoting women's participation in the mining industry, with an extra US \$5,000 in funding. Through this event, Escondida | BHP reaffirms its commitment to developing a robust entrepreneurship and innovation ecosystem in Antofagasta, solidifying the region as a strategic hub for talent and sustainability.

SEIA Reform: Commission to Forward It to the Senate Floor Without Consensus on Formula to Replace the Ministerial Committee

By Monday or Tuesday, the vote and subsequent forwarding of this project to its next legislative stage will conclude. The initiative is part of the legislative fast-track agenda for economic projects. The president of the Environmental Commission, Senator Sergio Gahona (UDI), stated that the proposal seeks "to optimize project processing times, ensure legal certainty, and effectively protect the environment."

PULSO

By Carlos Alonso

Amid the controversy surrounding the Ministerial Committee's vote on the Dominga project, the reform initiative for the Environmental Evaluation System (SEIA) could take a crucial step forward this Monday. A year after the government revived the discussion and introduced a substitute proposal, the debate has taken place in the Senate's Environmental Commission. That body is expected to finish voting on the articles by Monday or Tuesday, according to the commission's president, UDI Senator Sergio Gahona.

To reach this point, several modifications were made to the government's original proposal to bridge differences with the opposition. Despite these efforts, a central element of the reform—the institutional framework to replace the Environmental Evaluation Commission (Coeva) and the Ministerial Committee—has not reached consensus. As a result, it will be decided through a vote.

The government's initial proposal suggested transferring these decisions to the Environmental Evaluation Service (SEA), delegating project evaluation and qualification tasks to the SEA's regional or national director, as appropriate.

This approach faced criticism from experts and the private sector, who argued that removing political criteria should not involve placing decision-making on appeals in the hands of the SEA's executive director, appointed by the government of the day.

In response, the government introduced several adjustments in August, proposing the creation of an Environmental Appeals Council. This collegiate body would resolve disputes over SEIA-evaluated projects within set timeframes. Members of the council would be selected by the Public Senior Management System.

However, this proposal was not well-received by opposition senators. "From the opposition's perspective, the appeals council was like creating a 'Ministerial Committee 2.0,' with higher costs and bureaucracy. As the opposition, we decided to remove this and keep the decision-making with the regional and national environmental evaluation directors, incorporating an optional administrative appeals system. This allows project owners or appellants to either pursue an administrative route or go directly to environmental courts," Gahona explained.

The senator expects the proposal to be approved unanimously by the commission members but noted that, if not, the opposition majority would prevail. In addition to Gahona, the commission includes RN Senators Francisco Chahuán and Rafael Prohens for the opposition, and Ricardo Lagos Weber (PPD) and Isabel Allende (PS) for the government coalition.

"This bill represents a significant effort to strengthen environmental institutions—on that, there is no doubt. The goal is to optimize project processing times, ensure legal certainty, and effectively protect the environment," Gahona said.

Despite the lack of full consensus on all issues, Gahona has a positive outlook on the reforms being implemented. For the senator, the reforms "advance toward establishing a more transparent, efficient Environmental Evaluation Service focused on its role as a key tool for sustainable development."

Nevertheless, Gahona highlighted the fundamental differences between the government and the opposition. "We see the environmental evaluation system as a mechanism to enable sustainable development, while the government views it as an ecologically protectionist tool. We believe the environment must be protected, but economic growth and community development should not be neglected."

THE JOURNEY SO FAR

In January 2024, the government introduced the bill to reform environmental evaluations for investment projects. In May, the Senate's Environmental Commission approved the bill in general terms. By June, it passed the Senate floor, opening a window for amendments to be submitted.

One of the reform's key objectives was to optimize environmental evaluations by depoliticizing decision-making. For this reason, the Environmental Evaluation Commission (Coeva) and the Ministerial Committee, both collegiate bodies composed of political authorities, were eliminated in the proposal.

Fiscal Adjustment Committed to Congress:

Treasury Cuts Spending to Balance Budget and Anticipates Moderation of Public Debt

For the ruling coalition, the adjustment aims to lay the groundwork for sustainable economic growth, although the opposition believes another reduction will be necessary in the coming months.

El Mercurio de Santiago. January 11, 2025.

By A. de la Jara and J. Aguilera

As a signal of fiscal order and to honor one of the commitments that unlocked the discussion on the 2025 budget, the Government announced yesterday the budget items to be reduced by a total of \$600 million compared to the original plan, in a year marked by presidential and parliamentary elections.

The budget cut was part of an agreement with the opposition to move forward with the budget discussion, given the existing doubts about the revenue projection previously presented by the Executive, as has been the case with recent tax initiatives amidst low economic growth and high unemployment.

The Budget Director, Javiera Martínez, explained, "This is a proportional adjustment applied evenly to specific budget subcategories, such as personnel expenses, goods and services consumption, non-financial asset acquisition, and capital transfers."

For BCI Chief Economist Sergio Lehmann, recognizing that fiscal revenues will fall short of projections is an appropriate signal.

"Indications are that revenue associated with the tax compliance law will fall below expectations," Lehmann said. However, he predicts the fiscal deficit will exceed the projected budget, "because in addition to overestimating revenues tied to this law, economic growth forecasts are higher than consensus and our estimates, which means tax revenues for the year are still somewhat optimistic. We foresee a revised deficit of around 1.6% of GDP, even with this public spending cut."

Where the Cuts Are Made

Specifically, the adjustment will focus on capital transfers, which will be reduced by \$146.817 billion (a 5% cut). Personnel expenses will decrease by \$142.696 billion (a 2% cut), while the Treasury's lower allocation amounts to \$138.834 billion.

The fiscal adjustment also includes Subcategory 22, which regulates expenses on goods and services consumption, reduced by \$96.530 billion (a 5% cut), and Subcategory 29, linked to non-financial asset acquisition, reduced by \$19.101 billion, also a 5% adjustment.

Deputy Jaime Naranjo (PS) justified these cuts as necessary to lay the foundation for sustained economic growth.

"Balancing the books is not easy. Therefore, this fiscal adjustment should not surprise us; it is the right step to put our economy on solid ground. Of course, one would hope, and we are heading in that direction, that fiscal accounts will finally be ordered," said Naranjo.

With this reduction, total expenditure growth compared to the previous budget will decrease from 2.7% to 2.0%, and primary spending growth will drop from 2.3% to 1.6%, according to Dipres.

For Deputy Miguel Mellado (RN), the Government's announcements fall short, given the low economic growth and constrained fiscal revenues.

"It is insufficient given last year's poor revenue calculations, and since the 2025 revenue estimate is based on that premise, we believe there will need to be another, larger spending cut in March because the Executive's projected revenues for 2025 will not be met. Therefore, they fell short with this reduction," Mellado predicted. Authorities clarified that certain allocations would not be subject to cuts, such as health services, Carabineros and Investigations Police (PDI), Gendarmerie, the school system, public works concessions, and housing subsidies.

Debt-to-GDP Ratio

In another sign of greater fiscal discipline, Treasury Minister Mario Marcel announced that the debt-to-GDP ratio for the fourth quarter of 2024 would be lower than the figure recorded between July and September, when gross debt reached 41.3% of GDP.

"In the fourth quarter, more than 1% of GDP was amortized in debt payments, while new issuances were for a smaller amount. Therefore, with the operations carried out in the fourth quarter, this ratio will decrease. Exchange rate fluctuations might cause additional variation, but those are more transitory," Marcel explained. In a 2024 review, the minister stated that the ratio should be "slightly lower than the third quarter figure, barring any exchange rate effects, and for 2025, the debt-to-GDP ratio is expected to remain relatively similar to 2024."

Additional Adjustment. Personnel expenses will decrease by \$142.696 billion, equivalent to a 2% reduction.