

Lundin Mining and BHP Investments Launch Vicuña Corp in \$690 Million Strategic Alliance to Dominate Copper Mining

Lundin President Jack Lundin Announces the Creation of Vicuña Corp.,
Uniting Two Major Copper Mining Projects.

redimin.cl

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In a groundbreaking move, Lundin Mining has confirmed the completion of an unprecedented transaction: the joint acquisition of Filo Corp. alongside BHP Investments. This agreement represents a milestone in the mining industry and establishes a unique 50/50 strategic partnership under the name Vicuña Corp.

Through this alliance, Vicuña Corp. will integrate the Filo del Sol and Josemaría projects, both located in the eponymous copper district. Recognized for its high development potential, this district is set to become the epicenter of world-class mining activities. The transaction involves the sale of a 50% stake in the Josemaría project to BHP Investments, with a total investment of \$690 million.

Optimizing Economies of Scale and Boosting Future Explorations

The geographical proximity of the Filo del Sol and Josemaría projects creates an ideal environment for cost optimization and phased expansion strategies. This operational synergy will also enable Vicuña Corp. to capitalize on future exploration opportunities in the region.

A mineral resource assessment for both deposits is expected to be completed in the first half of 2025.

“This agreement not only strengthens our operational capacity but also positions the Vicuña district as a future world-class mining hub capable of meeting the growing global demand for copper,” emphasized Jack Lundin, President and CEO of Lundin Mining.

Escondida | BHP Hosts Supplier and Startup Fair at Mining Site

■ CONNECTION. Twenty companies showcased their innovative solutions and services.

El Mercurio de Antofagasta

Yesterday marked the inaugural “Supplier Fair: Innovation and Productivity,” an unprecedented event organized by Escondida | BHP at its mining site.

The activity brought together representatives from 20 local and national companies and startups connected to the mining industry. These participants showcased their solutions and services in areas such as safety, productivity, efficiency, and sustainability to executives and delegations from various technical departments within the company.

The fair aims to establish itself as a space for collaboration and opportunity generation between Escondida | BHP and industry suppliers. This initiative comes as the company recently unveiled its Growth Plan, a portfolio of projects to be executed over the next 10 years, in which suppliers will play a key role, the company highlighted.

Strengthening Relationships

Cristóbal Marshall, Head of Procurement and Supply at Escondida | BHP, stated, “This fair represents a new milestone in our current relationship with local and national suppliers, who are an essential part of our value chain and our commitment to the Antofagasta Region and the country. As we consider Escondida’s upcoming challenges, we are working to become a safer, more productive, and sustainable operation. Achieving this requires collaboration with suppliers, incorporating new innovations and technologies to prepare us for the coming decades.”

Companies Presented Their Solutions in a Pitch Format

Focus on Los Pelambres and Centinela:

Antofagasta Minerals to Invest USD 3.9 Billion This Year in Expansion Projects

■ The mining group reported 2024 copper production of 664,000 metric tons, consistent with the previous year.

El Mercurio de Santiago
C. Muñoz-Kappes

Antofagasta Minerals plans to invest USD 3.9 billion this year in expansion and development projects. Last year, the company announced an investment of USD 2.7 billion. This increase, according to the mining company controlled by the Luksic group, reflects progress in the Nueva Centinela Project and the Operational Adaptation Project at Los Pelambres.

“Our main projects continue to advance according to their respective schedules, within the planned timelines and budgets. Once completed, these projects will enable one of the most significant increases in copper production in the industry, while enhancing competitiveness and providing a solid platform for long-term growth,” said Iván Arriagada, CEO of Antofagasta Minerals.

The planned expenditures come at a time when the industry is experiencing growing demand from the electromobility sector and copper prices have remained above USD 4 per pound.

Stable Production

In 2024, the mining company achieved a production of 664,000 metric tons of fine copper, a 1% increase compared to the previous year. Antofagasta Minerals attributed this result to higher production at Los Pelambres and increased cathode output at Centinela, which offset lower grades in the sulfide line.

Gold production for the year fell by 11% to 186,900 ounces, while molybdenum production remained stable at 10,700 metric tons.

For this year, the company projects copper production between 660,000 and 700,000 metric tons, with a net cash cost of USD 1.45 to USD 1.65 per pound. In contrast, the 2024 net cash cost was USD 1.64 per pound.

Regarding copper's outlook, Arriagada stated, “Copper remains the key critical mineral for energy transition, global economic growth, and energy security, as it plays a fundamental role in electricity generation, transmission, and storage, as well as economic development.”

Projects

Arriagada also mentioned efforts to prevent the temporary closure of the Zaldívar Mine in May this year. In collaboration with technical agencies and authorities, the company seeks to obtain environmental permits to extend operations at the site until 2051.

“This is important not only for the Group but also for the Antofagasta Region and the country. Today, Zaldívar provides jobs for 4,000 families and conducts business with over 300 suppliers of goods and services, many of them local,” he said.

Regarding the Centinela expansion project, which includes a second concentrator plant, Arriagada noted that construction is on track with its timeline and budget. For Los Pelambres, the Operational Adaptation Project (PAO) has already begun. This project involves building a new concentrate pipeline and doubling the current capacity of the desalination plant located at Punta Chungo port in Los Vilos.

Rio Tinto and Glencore Discuss Possible Merger That Could Create a New Global Leader in the Mining Industry

■ The deal would be the largest in the sector's history and grant Rio Tinto access to Collahuasi.

Diario Financiero
January 17, 2025
By Bloomberg

Rio Tinto and Glencore have been discussing the possibility of merging their businesses, according to people familiar with the matter, in what could become the largest deal in the history of the mining industry.

Rio Tinto is the world's second-largest mining company, with a market value of approximately USD 103 billion at the close of trading in London on Thursday, while Glencore was valued at about USD 55 billion.

The combination of the two companies could potentially create a giant that surpasses the long-standing industry leader, BHP, which has a valuation of approximately USD 126 billion.

Representatives from Rio and Glencore declined to comment. Rio's American Depositary Receipts (ADRs) fell, while Glencore's ADRs rose.

The mining industry has been driven by a wave of mergers and acquisitions over the past two years, largely motivated by the major producers' desire to expand in copper, a metal critical to the world's decarbonization efforts.

Both Glencore and Rio own some of the world's top copper mines. However, Rio, like BHP, still relies heavily on iron ore to drive its profits.

Impact on Mining

The acquisition of Glencore would give Rio a stake in the Collahuasi mine in Chile, one of the richest deposits, which the company has coveted for over a decade.

Glencore also operates one of the world's largest commodity trading businesses, buying, selling, and shipping vast volumes of metals, coal, and oil.

A merger with Rio would raise questions about Glencore's coal mining assets, a business Rio divested several years ago. Glencore is also the world's largest exporter of thermal coal and a major producer of metallurgical coal.

Lundin Mining and BHP Complete Acquisition of Filo

Lundin Mining completes the joint acquisition of Filo with BHP and the sale of 50% of Josemaría to form Vicuña Corp.

reporteminero.cl. January 16, 2025.

Lundin Mining, together with BHP, has completed the joint acquisition of Filo. At the same time, Lundin Mining and BHP have formed a 50/50 joint venture, Vicuña Corp., which owns the Filo del Sol (FDS) and Josemaría projects.

As part of the agreement, BHP paid Lundin Mining a cash consideration of US\$690 million for a 50% stake in the Josemaría project.

Vicuña will establish a long-term strategic partnership between Lundin Mining and BHP to jointly develop an emerging copper district with the potential to support a world-class mining complex.

The proximity of the FDS and Josemaría projects enables greater economies of scale, phased expansions, and the incorporation of future exploration opportunities as the district matures.

"Vicuña aims to conduct a mineral resource estimation for both the Filo del Sol and Josemaría deposits during the first half of 2025. This resource estimate will serve as the foundation for an integrated technical report that will outline the phased development plan for the district," said Jack Lundin, President and CEO of Lundin Mining. Lundin's president added, "The district represents an opportunity to meet the growing global copper needs in a significant way, both in terms of scale and operational excellence. The Joint Venture is committed to applying international industry standards to every facet of the business, from technological innovation to sustainability and capacity building."

Government Expresses Satisfaction with SEIA Reform Progress and Outlines Key Proposals

■ Regarding the proposal to replace the Ministers' Committee, the Environment Minister states it is one of the issues that "we will very likely have to continue discussing."

Diario Financiero
January 17, 2025
By Karen Peña

More than a year after its introduction to Congress, the reform to the Environmental Impact Assessment System (SEIA) reached a milestone on Tuesday: it was approved in the Senate's Environment Committee in particular and forwarded to the Finance Committee. This marks a departure from previous failed attempts, where the process did not even reach a voting stage.

For these reasons, Environment Minister Maisa Rojas told DF: "We are satisfied that the 2.0 environmental reform is progressing." She highlighted advances in the two key objectives of the reform: providing certainty to the system and reducing processing times.

In her assessment, Rojas emphasized the technical leadership of the SEA but noted that voluntary early participation was not included in the text—a point she believes "we will probably insist on." She also raised concerns about the rejection of a proposed Consultants Register and a recently approved amendment by Senator Carmen Gloria Aravena, which she described as "the most concerning issue at the moment."

- You mentioned on Tuesday that some things pleased you and others did not...
- We proposed a Consultants Register to enhance transparency, ensuring clarity about a consultant's work and previous projects. This is something we will likely push for again. Senator Carmen Gloria Aravena introduced an amendment stating that if you have an RCA (environmental approval) and wish to modify a project, it will never have to undergo another environmental evaluation. This is something we will need to improve.
- Do you see it as a setback not to have secured approval for the alternatives proposed to replace the Ministers' Committee and Coevas?
- We held hearings where many expressed concerns about the Executive's original proposal to leave decisions in the hands of a single individual, deeming it risky. Similar concerns were raised in the chamber when the project was approved in general. In response, we proposed a Reclamation Council, which was also rejected. This is one of the topics we will very likely have to keep discussing.
- Will you persist with the idea of the Reclamation Council, or does the approved formula generate greater consensus?
- We will need to see the Chamber's opinion. Our proposal was a response to the feedback we received, but it was ultimately not approved. More discussion will be needed.
- So, persisting with the Reclamation Council is not off the table?
- Exactly.
- Regarding the Coevas, there was also no consensus in the Committee of Experts...
- This highlights that these two topics are likely the most challenging to resolve in our current and future environmental assessment systems. Parliamentarians themselves noted that this is just one stage and that more discussions will follow.
- Are you concerned about the absence of some proposals?
- We now need to evaluate whether the overall package provides the reassurance and addresses the concerns raised by senators across the political spectrum and stakeholders during the hearings. It is worth noting that the proposal to allow direct access to environmental courts—a proposal of ours—was included. This measure saves a significant part of the appeals process.
- Could the process in the Chamber of Deputies begin in March, as you mentioned at the end of 2024?

- I hope so.

- And is it feasible to have the text approved during the current administration?

- That is definitely our goal.

Reflections on Dominga

- What reflections arise from the back-and-forth decisions regarding Dominga?

- First, I must note that I was disqualified from participating in last week's Ministers' Committee. As Minister of the Environment, my role is to safeguard the country's natural heritage, particularly in this case, the Humboldt Archipelago, an area of high ecological value. Last week, we held an Environment Committee session in Coquimbo. I heard significant recognition of the area's value and its economic and sustainable potential. Sustainable development is not only possible but essential, and I am confident it can be achieved responsibly.

- Was rejecting the project the only option from an environmental care perspective?

- Protecting the environment requires ensuring the preservation of habitats for threatened species such as penguins and whales.

- If the SEIA reform were in effect, could this series of decisions have been avoided? Would the project's outcome have changed?

- I would respond in two ways. First, this situation is unprecedented. A system must work for 80-90% of cases. This project's back-and-forth through courts and the Supreme Court, which our proposal does not address, makes it unique. However, with the reform, the outcome would undoubtedly have been different, as it eliminates the Ministers' Committee.

"We are satisfied that the 2.0 environmental reform is progressing."

"We now need to evaluate whether the overall package provides reassurance and addresses the concerns raised."

CMP Enters Copper and Gold Mining Through Alliance with Mogotes Metals in Vicuña District

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▣ Compañía Minera del Pacífico (CMP), a company affiliated with Grupo CAP and historically known for iron ore mining, has announced a strategic alliance with the Canadian firm Mogotes Metals Inc. to explore and develop copper and gold deposits in the Vicuña District, spanning parts of Argentina and Chile. The largest producer of iron and pellets on the American West Coast stated in a press release: "Through this option agreement on CMP's concessions in Chile, the integration of 1,303 hectares of mining concessions in Filo Sur, within the Vicuña mining district, is secured. Mogotes is collaborating with other companies to consolidate and explore key areas with high geological potential."

Between Higher Spending and Lower Revenue, Total Reaches USD 4.9 Billion:

Fiscal Impact of Pension Reform Would Be 1.7% of GDP, and CFA Joins the Debate

■ The Council requested data on the amendments from the Dipres, expected to be delivered today, and convened a group of experts to evaluate the fiscal aspects of the proposal.

El Mercurio de Santiago

By J.P. Palacios

The amendments introduced by the Government to its pension reform entail a much higher fiscal cost than the reforms that established the Solidarity Pillar and the Universal Guaranteed Pension (PGU).

While the previous initiatives cost around 1% of the Gross Domestic Product (GDP), the latest amendments, agreed upon with senators from the Labor Commission, imply a fiscal impact of 1.7% of GDP in the long term—nearly USD 5 billion (see graph).

According to the financial report from the Budget Office (Dipres), in the long term (by 2050), the increased amount and coverage of the PGU, the rise in contributions for public employees, contributions to the Autonomous Pension Protection Fund, and the new system's institutional framework will result in higher fiscal spending of USD 3.213 billion (calculated at yesterday's closing exchange rate).

Meanwhile, lower revenue from reduced tax collection on the global complementary tax—due to employers having to bear higher personnel costs and a decline in their profits—along with the reduction in reserve requirements (the obligation for pension fund managers to invest part of their own capital), will mean a revenue loss of USD 1.755 billion. Adding this amount to the increased spending brings the total fiscal effect to USD 4.968 billion in the long term.

CFA Intervention

According to the minutes of the Autonomous Fiscal Council's (CFA) extraordinary session on January 10, the agency organized a work plan for the coming weeks to assess the fiscal implications of the amendments to the pension reform project. The minutes state that the Council requested a formal presentation from Dipres on the fiscal effects of the project. The CFA confirmed to El Mercurio that this information would be provided by Dipres this Friday during a meeting with the Council.

The CFA also convened a group of experts to analyze the fiscal aspects of the reform and instructed its research management team to compile recommendations from international organizations on fiscal principles applicable to pension systems.

Fiscal Alerts

Experts have also raised concerns about the high state cost of the amendments to the reform. In this context, Itaú's chief economist, Andrés Pérez, highlighted the increased spending on the PGU. "The rise in the PGU creates significant long-term fiscal pressure. This is concerning given the deterioration observed in public finances in recent years," he warned. Pérez also believes it is likely that "the impact of the proposed measures on the formal labor market is being underestimated."

Meanwhile, Juan Ortiz, senior economist at the Ocec of Diego Portales University, explained that the increased expenditures and reduced revenues "would imply a deterioration of the fiscal position, as the higher permanent expenses would not be matched by higher permanent revenues." He added, "There are other factors to consider, such as the fiscal impact of the temporary 1.5% contribution loan and its recording in fiscal accounting."