

The Largest Copper Mining M&A Deals of the Decade: Transactions with Chilean Assets Exceed \$11 Billion

■ A ranking of transactions over \$1 billion highlights five deals involving Chilean resources and one in the Vicuña District, spanning Chile and Argentina.

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By Patricia Marchetti

Driven by a desire to expand their copper operations, industry giants Rio Tinto and Glencore have reportedly entered talks to merge their businesses. If finalized, this could become the largest deal in mining history. The merger would create a giant surpassing BHP, the current global leader valued at \$126 billion. This comes amid a wave of transactions in the copper industry, fueled by growing demand for the metal and the challenges major companies face in boosting production.

Over the past decade (2013-2024), at least 19 copper-related mergers and acquisitions (M&A) exceeding \$1 billion have been recorded globally. Of these, five involved Chilean assets, with one recent cross-border deal in the Vicuña District between Chile and Argentina. These six deals alone total \$11.1 billion.

One notable transaction occurred in 2014 when MMG, part of China's Minmetals, acquired the Las Bambas copper mine in Peru for \$8 billion, ensuring a steady supply for the Chinese market.

In 2022, BHP acquired 100% of Australian copper producer OZ Minerals for \$6.42 billion. Meanwhile, in 2013, First Quantum purchased the now-closed Cobre de Panamá mine for \$5.82 billion.

Chilean Assets

In July, BHP and Lundin agreed to acquire the Filo del Sol project from Filo Corp., located on the Chile-Argentina border, in a \$3 billion deal that was finalized last week. The joint venture also includes Lundin's Josemaría project, for which BHP paid its partner \$500 million for a 50% stake.

Due to its Chilean component, Lundin received legal counsel from Bofill Mir Abogados, while BHP was advised by Philippi Prietocarrizosa Ferrero DU & Uría (PPU).

The next largest deal involved the 2021 sale of a 45% stake in the Sierra Gorda mine by Sumitomo Metal Mining to Australian company South32 for \$2 billion, leaving Polish firm KGHM Polska Miedź with the remaining 55%. For this transaction, Sumitomo was advised by PPU, South32 by Cariola, Díez, Pérez-Cotapos, and KGHM by Carey Abogados.

In 2014, Lundin entered Chile by acquiring 80% of the Candelaria mining complex from U.S.-based Freeport-McMoRan, which was advised by Bofill Mir. Meanwhile, the merger of Mantos Copper with Canadian firm Capstone Mining for \$1.4 billion led to the formation of Capstone Copper Corp. Mantos Copper was represented by Baker McKenzie's Santiago office, and Carey advised Capstone.

Carey also advised Canadian firm Teck in 2019 when it sold a 30% stake in its Quebrada Blanca 2 project to Sumitomo Metal Mining and Sumitomo Corporation. The Japanese buyers, advised by PPU, acquired the stake for \$1.3 billion.

Another notable deal was Antofagasta Minerals' purchase of a 50% stake in Zaldívar from Canada's Barrick Gold for \$1.005 billion. Each party was advised by Bofill Mir and Carey, respectively.

M&A Landscape for 2025

Pablo Mir, lead mining and natural resources partner at Bofill Mir Abogados, has worked in the mining industry for 30 years and participated in three of the six Chilean asset transactions mentioned. He described these negotiations as "extremely complex," often requiring up to 30 specialized lawyers.

Regarding the rise in copper-related M&A activity, he explained, "This trend is happening because developing new projects is increasingly challenging, so large companies are seeking to secure more reserves through mergers and acquisitions."

What does the 2025 M&A outlook hold? "The copper market is very active, with many players involved. The Saudis are trying to make significant inroads into the sector, and in my opinion, we'll see more deals like those on this list. It's likely that some are already underway," Mir concluded.

In 2024, the average processing time was 18.9 months, according to CChC data:

Environmental Approval Delays for Investment Plans Reach a Decade High

Nevertheless, initiatives approved by SEIA totaled \$20.552 billion, a 67% increase compared to 2023. Meanwhile, the amounts submitted and accepted for evaluation reached their highest levels in the past decade.

El Mercurio de Santiago
By Marco Gutiérrez V.

The number of projects submitted and accepted for evaluation by the Environmental Impact Assessment Service (SEIA) in 2024 remained below the average of the last 10 years. However, the associated amounts showed significant increases, reaching their highest levels in a decade.

An analysis of projects approved by the environmental agency also revealed substantial growth, although not record-breaking. Additionally, the processing times for these approved investments remain longer than in previous years.

According to a report by the Chilean Chamber of Construction (CChC), the average approval time for projects approved in 2024 was 18.9 months, a 5% increase compared to 2023. This marks the longest average timeframe in the past decade (see infographic) and continues the upward trend observed since the second half of 2020.

"Facilitating the reactivation of investment requires expediting processing times by improving approval processes and reducing the bureaucracy associated with implementing corresponding projects," stated the CChC.

Challenges in Reducing Delays

Nicolás León, CChC's Manager of Studies and Public Policies, explained that the legal deadlines for environmental evaluations are 90 days for Environmental Impact Declarations and 180 days for Environmental Impact Studies. "These deadlines are often not met because project proponents must request deadline suspensions due to the complexity of observations made during the evaluation process, which require more time than legally established," León said.

He added that achieving compliance with legal deadlines requires both improvements in the quality of projects submitted to SEIA and more active collaboration from the state to ensure observations protect environmental impacts while allowing projects to move forward.

In 2024, 307 projects were approved, totaling \$20.552 billion in approved investment. This represents annual increases of 28% and 67%, respectively. However, the average approved investment over the past decade was \$20.654 billion, and the average annual number of approved projects since 2014 was 396, meaning 2024's figures were below the average.

"Considering the increased processing times within the system, these results reflect the lower levels of investment submitted and accepted for evaluation between mid-2021 and late 2022," León noted.

Among the approved projects in 2024, notable ones include the Maratué urban-housing real estate project in Puchuncaví, Valparaíso Region, valued at \$2 billion and linked to the Lería family, and the Spence Operational Adjustment mining initiative, valued at \$1.652 billion in the Antofagasta Region.

Submissions

According to the study, a total of 496 investment projects were submitted to SEIA in 2024, a 3.5% annual increase but below the annual average of 602 projects in the past decade.

Of this total, 402 plans were accepted for evaluation, a 15% annual increase, while the remaining 94 were recently submitted, withdrawn, abandoned, terminated early, or not admitted for evaluation. Over the past decade, the average number of projects approved for evaluation was 414.

In monetary terms, the investments submitted in 2024 amounted to \$67.125 billion, of which \$61.571 billion were accepted for evaluation—nearly 92% of the total. These figures represent annual increases of 84% and 101%, respectively, and reached their highest levels in the past decade.

The average amount submitted for evaluation in the last 10 years was \$37.438 billion, while the average amount accepted was \$27.376 billion.

Projects

Among the projects submitted and accepted for evaluation in 2024, highlights include the \$11 billion HNH Energy project for green ammonia production and export in the Magallanes Region, the \$10 billion INNA initiative for green hydrogen and ammonia generation, and the \$2.5 billion Volta project, both in the Antofagasta Region. These three megaprojects represent 38% of the investment submitted and processed last year. Other accepted projects include the Los Pelambres Mine Life Extension project, valued at \$2 billion in the Coquimbo Region.

Withdrawals

The report also analyzed projects that were withdrawn or abandoned, which, according to the CChC, indicate a reversal of investment intentions and confidence in the economy. In 2024, 35 projects submitted to SEIA fell into these categories, involving \$2.433 billion, reflecting decreases of 56% and 51%, respectively.

"We view it as a positive sign that the reversal of investment intentions has remained limited in recent periods.

However, we must also consider projects that do not continue their evaluation due to early termination by SEIA, citing a lack of relevant or essential information required for comprehensive evaluation. Such was the case with Colbún's Paposo Pumping Plant project, where the debate over insufficient information ultimately discouraged its development."

The \$11 billion HNH Energy project in the Magallanes Region was accepted for evaluation in 2024.

According to a Sonami Study on Cochilco's 2024-2033 Project Portfolio

Developing a Mining Project Costs 44% More per Ton of Copper Than 14 Years Ago,

Rising costs are attributed to deeper deposits, leading to higher energy and transportation expenses, as well as stricter environmental requirements.

El Mercurio de Santiago

By Catalina Muñoz-Kappes

The rising costs in mining have led to a 44% increase in the cost of developing a project per ton of fine copper compared to 14 years ago, according to a study by the National Mining Society (Sonami) based on the Chilean Copper Commission's (Cochilco) 2024-2033 mining investment portfolio.

Additionally, 80% of the initiatives consist of brownfield investments aimed at expanding or continuing existing projects.

Reinaldo Salazar, Sonami's Head of Studies, explains that two main factors have contributed to the rising costs of developing mining projects—some specific to the industry and others more general.

"The deeper you dig, the harder and more compact the rock becomes. Extracting the mineral from the bedrock becomes more complex and requires more energy, which increases costs," Salazar explains. Furthermore, the deepening of open pits could eventually lead to a shift toward underground operations due to higher operational costs associated with transportation.

In addition to these mining-specific factors, Salazar notes the impact of "stricter environmental requirements, especially for projects undergoing evaluation by the Environmental Assessment Service (SEA)." According to the Sonami study, the average cost of an Environmental Impact Study (EIA) has risen from 11,000 UF in 2010 to 25,000 UF today.

As a result, the cost of producing a ton of fine copper has increased from \$11,000 in 2010 to \$15,800 in 2024—a 43.6% rise over 14 years.

Fewer Greenfield Investments

In addition to the rise in costs, future investments are now primarily focused on expanding or continuing operations at existing projects rather than developing new ones, known as greenfield investments.

According to Sonami, 80% of the projects in Cochilco's 2024-2033 mining investment portfolio are brownfield projects. These initiatives are geared toward replacing or expanding current operations or altering the production processes of existing projects.

The portfolio for the 2024-2033 period includes 51 projects worth \$83.18 billion. However, only a small portion of this amount is allocated to greenfield investments. Sonami attributes this situation to a lack of new deposit discoveries. "This is largely due to a decline in exploration campaigns in recent years, which limits the addition of new deposits to the mining project portfolio," the report states.

Institutional Challenges

Despite the large project portfolio for 2024, one of the largest figures in the past decade, an inflation-adjusted analysis reveals it falls below the decade's average (see infographic).

"The issue of investment is strongly tied to ensuring investors feel secure that their investments will materialize, be safeguarded, and respected over time. When we see, for example, that mining permits in Chile take around 12 years for a large company, it's essential for investors to feel their investments will be protected given the long wait before operations can begin," Salazar comments.

He also criticizes the signals being sent to investors. "We've seen cases where, despite undergoing years of processing and receiving favorable environmental ratings, political decisions have prevented projects from moving forward. What we're seeing is a failure to send the necessary signals to instill greater confidence in investors and encourage them to increase their investments," he concludes.

80% of the projects in Cochilco's portfolio are aimed at expanding or continuing existing operations.

Iván Arriagada: "It is extremely important that we find a way to develop the industry with the common good at its core"

The Executive President of AMSA spoke about the projects currently undertaken by the mining company in the region.

El Mercurio de Antofagasta
By Constanza Caldera Pfeiffer

In an interview with El Mercurio de Antofagasta, Antofagasta Minerals' CEO Iván Arriagada discussed the company's current projects in the region, including Nueva Centinela and Minera Zaldívar. Regarding the latter, its environmental qualification resolution expires this year, prompting the company to submit a permit application to the Environmental Assessment Service (SEA) to ensure operational continuity using seawater or a source other than the current one starting in 2028.

Arriagada, who participated this week in the seminar "Industry, Mining, and Communities," organized by this newspaper, also addressed the future of the Antofagasta Region. He emphasized the significant moment the area is experiencing, considering the substantial investments expected in the coming years.

In this context, the executive stressed the need to develop a mining industry that prioritizes community well-being and the common good, fostering the region's growth and enhancement. He highlighted that these efforts should translate into benefits and improved quality of life for the community.

- What are the projected investments in the region for the coming years?

Antofagasta Minerals is entering a critical investment phase aligned with its aspiration to achieve a production level of approximately 900,000 tons by the end of this decade. This involves three major projects.

One is the construction of Nueva Centinela, a regional project with an investment of around US\$ 4.4 billion. We've already started, completing the first year of construction by late 2024, with progress on schedule and budget. Once completed in 2027, the project will add about 175,000 tons of fine copper equivalent, significantly boosting production and reducing costs at Minera Centinela.

Another key initiative is the operational continuity of Zaldívar, a site with a 30-year history in the region and mineral resources that could extend its lifespan until 2050. However, its current permit expires in 2025. Our strategy has been to request a transitional permit to continue operating with the current water source at the same level (not exceeding current volumes) until 2028. After that, we aim to connect to a continuity project with a new water supply source, ending reliance on the current continental source.

The third project, though outside the region but still in northern Chile, involves Minera Los Pelambres. Here, investments are focused on extending the mine's lifespan and updating infrastructure, including expanding the desalination plant. These efforts will allow operations to continue until 2050.

Zaldívar

- What is the current status of the permit application for Zaldívar's operational continuity?

We are working against the clock since the current permit expires in May 2025, leaving us with limited time. We have maintained ongoing dialogue with authorities, communities, and workers, making progress toward resolving the permit issue. However, timing is critical, as the Environmental Assessment System sometimes operates on different timelines. Ensuring alignment on deadlines is essential. While we are advancing, we continue to prioritize permanent dialogue with authorities and technical services, which will ultimately decide the permit's approval.

The Region's Future

- In this context, considering the importance of these projects, how do you see the future of the region?

Antofagasta is at a pivotal moment with significant development potential, driven by the modern, responsible mining industry that has undergone transformative changes. This progress fosters optimism about the region's future development. However, there is also a risk that if this development does not materialize due to a lack of coordination or collaboration between the mining sector and other stakeholders, the opportunity could be lost. Given the increased demand for copper and the investments this entails, it is crucial to establish a development model that prioritizes community well-being and the common good. This approach will drive transformation and enhance the region's growth.

- What needs to happen to seize this opportunity?

The mining industry is ready to invest and grow. The challenge lies in achieving social consensus among stakeholders to ensure that mining development translates into benefits and well-being for the community, alongside progress for the sector. Building this consensus and legitimacy requires dialogue, collaboration, and the exchange of perspectives to construct a shared vision.

Communities

- How important is community engagement in this context?

We have developed a history of building relationships with communities that have evolved over time. In the past, these interactions were more sporadic and transactional. Now, we have learned that through participation, transparency regarding our objectives, and open interactions, we can build long-term relationships. For instance, at Minera Los Pelambres and in Antofagasta, we have made significant strides in fostering relationships based on principles of transparency and participation, which are essential for sustainable development.

THE CEO OF ANTOFAGASTA MINERALS, IVÁN ARRIAGADA, SPEAKING AT A SEMINAR HOSTED BY EL MERCURIO.

US\$ 7.796 Billion Between 2017 and Q3 2024:

Contributions from SQM and Albemarle to Treasury Under Lithium Contracts with Corfo Stagnate Due to Lower Prices

In the spot market traded in China, lithium carbonate currently stands at US\$ 10,239 per ton, reflecting a 21.47% drop over the past twelve months. A rebound is not expected in the short term.

El Mercurio de Santiago
By Juan Pablo Palacios

As part of the compliance with Clause 23 of Program 01 "Production Development Corporation," in Corfo's 2024 Budget, the agency sent an electronic report to the Finance Committee of the Chamber of Deputies detailing historical contributions from lease payments and commissions under lithium exploitation contracts in the Salar de Atacama.

These contracts are regulated under amendments made with SQM Salar S.A. and Albemarle Limitada on January 17, 2018, and November 25, 2016, respectively. According to the document signed by Corfo Vice President José Miguel Benavente, between 2017 and the third quarter of 2024, contributions from SQM and Albemarle in lease payments totaled approximately US\$ 7.796 billion for the Treasury (see graph).

The amount reported by the state agency is similar to that reported for the same period last year, indicating stagnation in revenue. Experts attribute the reduced contributions from these mining companies largely to the sharp drop in international lithium prices.

In the spot market in China, lithium carbonate currently trades at US\$ 10,239 per ton, marking a 21.47% price decline over the past twelve months.

Breakdown of Statistics

The report details that SQM has paid Corfo approximately US\$ 5.592.9 billion from 2018 to September of last year. Meanwhile, Albemarle has contributed around US\$ 2.203 billion since 2017. Together, these amounts exceed US\$ 7.7 billion over the period.

The statistics reveal that 2022, a year when lithium prices experienced a supercycle that saw carbonate prices reach nearly US\$ 60,000 per ton, recorded the highest disbursements, including US\$ 3.070 billion paid by the mining company linked to Julio Ponce.

Corfo clarifies that the amounts reported do not include payments SQM Salar S.A. and Albemarle Limitada must make to the Chilean state for the Specific Mining Activity Tax (mining royalty) and Income Tax, meaning the actual contribution to fiscal coffers is higher than what is reported for property leases.

A report from the Autonomous Fiscal Council (CFA) estimated that in 2022, the two companies paid approximately US\$ 1.911 billion in taxes alone, representing 2.4% of fiscal revenues.

Reasons Behind Lower Contributions

Mining expert and professor of engineering at Pontificia Universidad Católica, Gustavo Lagos, explained that the decline in Corfo revenues from lithium contracts is "directly related" to the drop in lithium prices.

"When lithium prices are lower, profit margins are much slimmer, and taxes are consequently reduced. As prices decline, costs also drop slightly, but rents decrease dramatically. It's no surprise that at US\$ 10,000—roughly the current price—profits are minimal, and contributions to the Treasury are similarly reduced," Lagos said.

Lagos also noted the challenges in projecting lithium prices. "All lithium price forecasts are quite unreliable; it's a very small market, so any imbalance between supply and demand causes significant price changes. This contrasts with copper prices, where supply and demand adjustments are much harder due to the market's larger size," he explained.

However, Lagos believes that lithium prices "won't fall further, except for marginal changes, and will likely rise to a range between US\$ 15,000 and US\$ 20,000 per ton in the medium term," far from the peak values of nearly US\$ 60,000 per ton.

On the other hand, updated data from November by the Budget Directorate (Dipres) indicates that revenues from property leases—reflecting Corfo's lease income from lithium contracts—saw a 14.8% real annual monthly decline and a 61.7% drop over twelve months.

Juan Ortiz, senior economist at the Economic Context Observatory at Diego Portales University (UDP), attributed this decline to falling lithium prices. "The downward adjustment is due to the drop in lithium prices in 2024 compared to the previous year. The average annual lithium price per kilogram fell from US\$ 40.4 in 2023 to US\$ 12 in 2024, a contraction of 70.3%," Ortiz explained.

Ortiz also highlighted that "exports of the mineral in volume, measured in tons, decreased between 2023 and 2024, with an annual decline of 57%, according to Customs data."

Price Decline

Between 2023 and 2024, the price of lithium per kilogram in the market fell by 70.3%.