

BHP Increases Copper Production by 10% in First Fiscal Half, Escondida Hits Decade-High Record

The Australian mining giant reported that Chile's Escondida mine contributed 644,000 tons of copper during the first six months of its fiscal year.

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Monday, January 20

The mining giant BHP announced a 10% increase in copper production during the first half of its fiscal year 2025, driven by a 22% surge at Escondida, which achieved its highest production level in a decade.

The Australian company detailed that it produced 987,000 tons (kt) of copper during the first six months of the period, with Escondida contributing 644,000 tons.

The Chilean mine reported a higher concentrator feed grade of 1.03% (HY24: 0.81%) and improved recoveries as mining advanced into higher-grade ore areas as planned, the company stated.

"This was partially offset by planned lower cathode production as the integration of the Full SaL project continued. The project remains on track to deliver its first production later in the current fiscal year," the report noted.

The production estimate for Escondida in 2025 remains unchanged at 1,180 to 1,300 kt. The concentrator feed grade for FY25 is expected to stay above 0.90%.

At Pampa Norte—which includes Spence and Cerro Colorado, the latter remaining in temporary closure—production fell 9% compared to the first half of fiscal year 2024, totaling 126,000 tons. The full-year production estimate for Spence in 2025 remains unchanged at 240 to 270 kt.

For the full fiscal year ending in June, the mining company maintained its global copper production forecast of 1,845–2,045 kt.

Growth Pathways

In its report, BHP noted that just days ago, "we completed the formation of Vicuña Corp, a 50:50 joint venture with Lundin Mining to develop the Filo del Sol and Josemaría copper projects." The total cash payment amounted to \$2 billion.

In November 2024, "we showcased our attractive copper growth portfolio during our visit to copper operations in Chile, highlighting low-capital-intensity options in both concentrators and leaching," the company added.

"We are well-positioned to sustain strong momentum in the second half, with several assets now expected to deliver production in the upper half of their respective ranges while maintaining strict cost control. BHP is on solid footing, and we have a clear path for growth," stated BHP CEO Mike Henry.

Copper Production Increase and Escondida's Strong Performance: BHP's Mid-Fiscal Year Report

“Copper volumes increased by 10%, and Escondida achieved a 10-year production record, significantly offsetting the impact of a climate-related power outage at Copper South Australia,” the company stated. BHP also highlighted its plans in Argentina.

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Monday, January 20

BHP provided a glimpse of its performance at the close of the first half of its fiscal year 2025—a period that, as in this case, may not align with the calendar year—highlighting a rise in copper production and Escondida's performance (Antofagasta Region).

The Australian mining giant reported producing 987.0 thousand tonnes (kt) of copper during the first half of its fiscal year, a 10% increase compared to the same period in fiscal year 2024.

Breaking it down, Escondida, one of the world's largest copper deposits, stood out among the company's operations with 644.0 kt of copper produced, a 22% increase from the same period last year. Looking ahead, BHP maintains its annual production estimate of 1,845–2,045 kt of copper for fiscal year 2025.

“Escondida reached a 10-year production record, mainly due to a higher concentrator feed grade of 1.03% and improved recoveries as mining progressed into higher-grade areas as planned. This was partially offset by planned lower cathode production as the Full SaL project integration continued. The project remains on track to begin initial production later this fiscal year,” explained Mike Henry, CEO of BHP, in a statement.

Escondida's performance was notable, both in volume and improvements between periods, as it was the only major operation to show positive results.

Meanwhile, Pampa Norte—which includes Spence and Cerro Colorado, the latter under temporary closure—reported 126 kt, a 9% decrease compared to the first half of fiscal year 2024.

“Spence's production declined by 1%, aligned with lower cathode production. The concentrator feed grade was consistent with the previous period, and recoveries continue to improve,” the company added.

Despite this, production estimates for Spence at the fiscal year's end remain unchanged at 240–270 kt.

“In November 2024, we presented our attractive growth portfolio for copper during our visit to Chilean operations, featuring low capital-intensity options for both concentrators and leaching,” Henry added.

Other Operations

In Antamina (Peru), copper production decreased by 7% to 67 kt during the period, “reflecting planned lower concentrator throughput and a slight decline in ore grade.”

“Zinc production, at 42 kt, was 39% lower due to planned reductions in feed grade and throughput,” the company added.

For fiscal year 2025, copper production at Antamina is estimated at 115–135 kt, and zinc production guidance remains between 90 and 110 kt.

Copper South Australia reported production of 144.6 kt, a 6% decline compared to the same period last year.

Furthermore, its fiscal year-end estimate was revised downward from 310–340 kt to 300–325 kt.

Period Summary

Discussing the period, Mike Henry, BHP's CEO, remarked that performance was “safe and reliable in the first half. Our copper, iron ore, and metallurgical coal assets delivered particularly strong production during this period.”

“Western Australia Iron Ore (WAIO) shipped record semi-annual volumes through the port, thanks to supply chain improvements following the completion of key decongestion projects. Metallurgical coal volumes from the BHP Mitsubishi Alliance (BMA) operations increased by 14%,” he added.

Henry also highlighted that, in January, the company finalized “the formation of Vicuña Corp. with Lundin Mining to advance the Filo del Sol and Josemaría projects in Argentina, which we consider among the most significant copper discoveries worldwide in decades.”

“In Canada, our Jansen Stage 1 potash project is 63% complete, with first production scheduled for late 2026, while we simultaneously execute Stage 2,” he added.

In Brazil, Henry underscored an agreement with Vale and Brazilian authorities regarding the Samarco Fundão dam failure. "This reflects BHP Brazil's commitment to supporting the people, communities, and environment affected by the tragedy."

"Our WA Nickel operations safely transitioned to a temporary suspension phase, with many employees assuming roles to support this phase or within other parts of BHP," he noted.

Looking ahead, Henry commented, "We are well-positioned to maintain strong momentum in the second half, with several assets now expected to deliver production in the upper half of their respective ranges while maintaining strict cost control. BHP is in a strong position, with a clear path for growth."

Permitting: Executive Submits Proposal to Streamline Procedures

The initiative could significantly reduce processing times. Globally, the bill, currently in its second constitutional reading with immediate discussion status, is set to undergo substantial modifications after the Executive and several senators introduced over 370 amendments. It will face a general vote this Tuesday, with a new period for additional amendments.

PULSO

By Víctor Guillou

A total of 372 amendments have been proposed to the Framework Law on Sectoral Authorizations, an initiative aimed at addressing the so-called "permitting bureaucracy" by reducing the processing times for investment project permits. The bill is currently under review by the Senate's Economy Committee, and the Executive has granted it immediate discussion status. A general vote will take place during Tuesday's session, though the high number of proposed amendments may delay its progress in the Senate.

Of the total amendments, 155 were introduced by the Executive, with the remaining ones coming from various senators. According to Economy Minister Nicolás Grau, the government's amendments affect 37 articles, aiming to uphold the protocol signed in December. However, the agreement initially intended for the bill's general vote to occur on January 7, which has been delayed by two weeks.

The original bill consisted of 140 articles, 32 of which received no amendments and will be approved alongside the general vote. However, new articles have been added by the government as part of the modifications.

"There is no change regarding the financial report, which is significant, and new articles have been proposed, bringing the total to 161 articles in the bill," Grau explained. Of the 32 unchanged articles, eight pertain to the Framework Law itself, establishing the sectoral permits system; 12 amend existing legislation; and the remaining 12 are transitional provisions.

In his presentation, Grau highlighted how the government's amendments align with the seven points outlined in the agreement. For instance, regarding the enhancement of the SUPER platform (Unified Permits System), created in 2019, the amendments strengthen requirements for coordination, interoperability, integrity, traceability, and transparency in the processing of sectoral permits.

One significant amendment allows project holders to simultaneously request all authorizations associated with an investment project, barring certain exceptions expressly outlined in sectoral laws.

"In my opinion, this measure will significantly accelerate processing times compared to the original bill," Grau stated, illustrating the impact with an example of projects requiring two permits, each taking six months for approval.

"This provision ensures that, unless the law states otherwise, all sectoral authorizations can be processed simultaneously, significantly reducing processing times. Instead of a year, it would take just six months," the minister emphasized.

Another notable aspect highlighted by Grau was the inclusion of compliance declarations in positive administrative silence cases, a mechanism he noted could particularly appeal to larger companies.

However, Grau acknowledged significant differences with opposition senators' amendments, which propose extending positive administrative silence to all permits except those explicitly excluded by law. Grau criticized this approach, stating, "We not only disagree but believe it to be a mistake, as there are permits as critical as maritime concessions where negative administrative silence is more appropriate."

A third key point was the inclusion of maritime concessions in the bill, while certain exclusions, such as commercial patents and authorizations granted by specialized agencies like the Financial Market Commission (CMF) and the National Economic Prosecutor's Office (FNE), were added.

Senators' Perspectives

Opposition senators welcomed some amendments but expressed concerns about others. Senator Rojo Edwards (PSC), Chair of the Economy Committee, stated, "While some amendments differ from the original bill, such as those addressing positive administrative silence and sworn declarations, many align with the right direction. I view this legislative progress positively as it will swiftly curb the rampant bureaucracy in our country."

He added, "That said, we still have significant differences, but I believe that with determination and effort, we can make progress."

Senator Gustavo Sanhueza (UDI) remarked, "Undoubtedly, one of the project's most notable aspects is the proposed 'single window' system. However, I fear there is a kind of 'fine print' in excluding commercial patents from this system without further explanation."

"The Executive explained that this exclusion is due to patents being a tax, which does not align with the SUPER platform's purpose. Nevertheless, I believe it is essential to include, at the very least, the entire procedure entrepreneurs must follow to establish their businesses," he added.

The committee has agreed to open a new period for amendments this Tuesday, coinciding with the general vote.

Court of Appeals Rejects Lawsuit Against Codelco and Upholds Its Role in Lithium Development

"The State, through its company Codelco, is authorized by qualified quorum law to engage in activities for the exploration, exploitation, and commercialization of lithium," reads the ruling that dismissed the economic protection lawsuit.

PULSO

By Leonardo Cárdenas

-The Santiago Court of Appeals has dismissed an economic protection lawsuit filed against Codelco and Corfo by attorney Juan Francisco Sánchez Silva. The lawsuit challenged the legality of creating Salares de Chile SpA and Minera Tarar SpA, subsidiaries of the state-owned mining company established for lithium exploitation. The lawsuit argued that these entities were formed "without authorization from a qualified quorum law," allegedly violating constitutional provisions governing state-owned business activities. Sánchez Silva also alleged that mining rights in the Salar de Atacama were allocated to these subsidiaries without a public tender, contrary to Article 9 of the General Law of State Administration. Furthermore, the attorney questioned the May 2024 agreement between Codelco and SQM, claiming it was structured unlawfully and without the consent of SQM's minority shareholders.

However, on January 20, 2025, the Santiago Court of Appeals rejected the economic protection lawsuit, concluding that current laws do permit Codelco to engage in lithium exploration and exploitation. "The State, through its company Codelco, is authorized by qualified quorum law to develop and participate in activities for the exploration, exploitation, and commercialization of lithium," stated the ruling.

The 20-page decision was issued unanimously by the Eighth Chamber of the Court of Appeals, presided over by Justice Hernán Crisosto.

The court based its decision on Decree Law No. 1350 of 1976, which defines Codelco's purpose and explicitly includes the exploitation of non-ferrous minerals such as lithium. "The legislature intended to grant Codelco a broad scope in mining activities, limited only to the exploration and exploitation of ferrous metals," the ruling explained. The court also deemed the lawsuit untimely, as it was filed beyond the six-month legal window established under Law No. 18,971.

Although the lawsuit was dismissed on procedural grounds, the appellate court opted to issue a substantive ruling due to the case's significance.

"What is clear is that the legislature granted Codelco broad authority to engage in activities related to non-ferrous minerals," the court concluded. The ruling also clarified that Salares de Chile and Minera Tarar are not part of the proposed National Lithium Company but represent a distinct state strategy.

The case has significant implications for the ongoing debate regarding the State's role in the lithium industry, particularly within the framework of the National Lithium Strategy championed by President Gabriel Boric's administration. Under this strategy, Codelco and other public entities are set to play a central role in the exploitation of this strategic resource, in collaboration with private companies such as SQM.

Attorney Sánchez Silva announced to Pulso his intention to escalate the matter to the Supreme Court to resolve the dispute.

Copper Production in Peru Declines Across Seven Mines, Threatened by Congo's Rise

There are no expectations of significant growth in red metal extraction this year or in the coming years. As predicted by Cochilco, Peru could be overtaken by Congo in copper production.

dfsud.com

By Gestión, Peru

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Although Peru's mining exports grew by 23.4% in November, driven by a 14.2% increase in copper shipments according to Inei figures, the national production of red metal has stagnated with no signs of improvement this year.

According to the latest report from the Ministry of Energy and Mines (Minem), copper extraction in November reached 241,883 fine metric tons (FMT), a 4.6% drop compared to the same month in 2023.

With this result, cumulative production in the first 11 months of 2024 totaled 2,472,307 FMT, a 1.1% decrease compared to the same period the previous year.

Minem attributed this decline to reduced production from Sociedad Minera Cerro Verde (-5.1%) and Anglo American (-4.4%), the latter's Quellaveco mine having commenced production in the second half of 2022.

In total, production from January to November decreased in seven of the country's top ten copper mines, with declines reported at Minera Chinalco (-0.2%), Antapaccay (-13.0%), Marcobre S.A.C. (-18.7%), Hudbay (-3.9%), and Sociedad Minera El Brocal (-2.0%), in addition to the aforementioned operations.

For more details, see the full report in Gestión.

The Effects of a Potential Megamerger Between Rio Tinto and Glencore on Chile

■ Both mining companies have reportedly been in talks to combine their businesses. Collahuasi, Lomas Bayas, and Escondida are among their assets in the country.

Diario Financiero, January 21, 2025

By Patricia Marchetti

A potential merger between Rio Tinto and Glencore could not only result in the largest deal in mining industry history but also create a "multi-metal giant" surpassing BHP (valued at \$126 billion) and dethrone Codelco as the world's largest copper producer.

The top executives of both mining companies reportedly held negotiations for several months during 2024, according to Bloomberg, but these discussions are currently on hold. Nevertheless, the talks reflect the industry's appetite for deals to secure production of strategic minerals.

"These discussions, along with BHP's bid for Anglo American in 2024, mark a turning point in mining mergers and acquisitions after a decade of caution due to poor operational results. Now, some companies have significant solvency and liquidity to undertake such operations," said Álvaro Merino, Executive Director of Núcleo Minero. Rio Tinto, the world's second-largest mining company with a market value of \$103 billion, is a leading iron producer and also mines silver, molybdenum, gold, other metals, and lithium following its acquisition of Arcadium. Meanwhile, Swiss-based Glencore, valued at \$55 billion, produces coal, cobalt, zinc, lead, nickel, gold, silver, ferrochrome, and oil.

Chilean Assets

Both companies are copper producers. Glencore is the third-largest producer, following Codelco and Freeport, while Rio ranks eighth. According to Plusmining, in 2023, their copper production reached 1,010,000 and 521,000 metric tons of refined copper, respectively. That same year, Chilean state-owned Codelco produced 1,424,000 tons.

Analysts suggest the most likely scenario is Rio absorbing Glencore, which would grant it access to Glencore's Chilean assets: the Alto Norte smelter, a 44% stake in Collahuasi, and full ownership of Lomas Bayas, which collectively produce 35% of Glencore's copper.

Rio Tinto owns 30% of Escondida, which accounts for 56% of its global red metal production.

Mining expert and PUC academic Gustavo Lagos commented, "With a merger like this, Rio Tinto would take a leading role in Chile, which would be beneficial as both companies are very significant players. Moreover, Rio has extensive experience in smelting, which would represent a positive change for the local market."

"This would be a multi-metal merger and should not be viewed solely from a copper perspective. For Codelco, it would not be favorable as it would lose its position as the leading producer. However, from other perspectives, it could be a positive change for the country's copper industry," he added.

Regarding the impacts on Chile, Juan Carlos Guajardo, Director of Plusmining, agreed, "Larger companies create synergies, which lead to greater capacities and potential improvements in competitiveness. Additionally, increased production weight grants more influence over other players. All factors must be carefully weighed." However, he noted that operations of this scale are "highly complex" and that "cultural differences between the companies can hinder the advantages sought through mergers and acquisitions. These must, therefore, be studied and implemented with great care."

In this context, Merino added, "Rio has divested its coal mines, while Glencore is a key player in that market. Therefore, a potential merger would require a meticulous restructuring." He pointed out that Rio's corporate culture is more conservative, whereas Glencore's is bolder.

Another challenge would be navigating the United Kingdom's acquisition regulations and antitrust authorities.

In 2014, Rio rejected a merger proposal from Glencore. Last year, BHP attempted to acquire Anglo American for \$49 billion, potentially reigniting Rio's interest in merging with the Swiss company.

\$158 billion

The combined valuation of Rio Tinto and Glencore.