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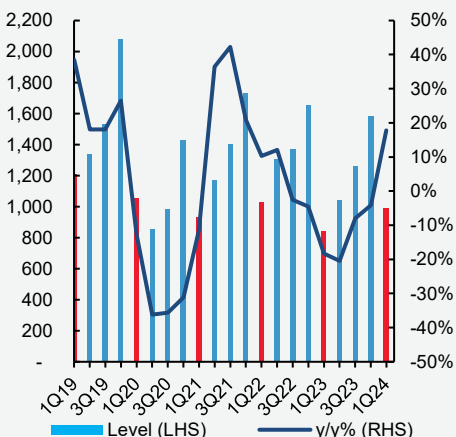
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Chart 1

Peru: Mining Investment



Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

Latam Daily: Solid Q1 for Mining in Peru

Peru: A favourable Q1-24 for mining investment and output

Mining investment increased 17.2% y/y in Q1-24, surpassing our estimates. Although the greatest increase in investment came from Quellaveco, up 46% y/y, this was expected. What was less expected was the rapid execution of several brownfield projects, including Toromocho Expansion Phase II (Chinalco), Yumpag (Buenaventura), Inmaculada Replacement (Ares), and Antamina Replacement (Antamina). These projects drove spending on mining equipment up 114%. The 23% increase in exploration was also a little bit of a surprise.

There are other brownfield projects that are in the pipeline but are still awaiting permit approvals, including Raura Replacement (Minera Raura), Tantahuatay Replacement (Minera Coimolache), Huancapetí Expansion (Minera Lincuna), and Romina (Minera Chungar). Once these permits are obtained, these mines will start output three to five years after construction begins. The recent acceleration in brownfield projects reflects government initiatives in reducing approval times.

San Gabriel (Buenaventura) is the only greenfield project currently under construction and is expected to start operations in 2025.

Regarding recent investment announcements:

- Corani (Bear Creek):** another greenfield project that would become the world's largest silver project. In its Q1-24 results, the mining company stated that it is awaiting the results of metallurgical tests, and when investment conditions in Peru improve, it will resume seeking financing to build the mine. Corani is located in Puno, a region sensitive to social protests that occurred during 2023.
- Chalcobamba – Phase I (Las Bambas):** mining company MMG announced that a long-term agreement with the representatives of the Huanquire community is still pending to ensure the operation of the pit. According to its Q1-24 results, the mining company will invest between \$400 million and \$450 million this year, aimed at expanding the tailings dam, Ferrobamba pit infrastructure (current operation), and executing Chalcobamba. These initiatives are part of their plans to extend the mine's operation.
- Minera Yanacocha (Newmont):** again postponed the decision to execute Yanacocha Sulfuros and stated that this would be determined in two years. Regarding investment plans for 2024, Newmont stated that the expenditure will be similar to last year's, between \$300 million and \$350 million, aimed at advanced engineering development, acquisitions, early earthworks, and plant construction.
- San Gabriel (Buenaventura):** continues under construction and is projected to start operations in 2025. According to its Q1-24 results, the entire project is 47% complete. Regarding the Yumpag project, Buenaventura received final operational approval on March 18th, 2024, allowing it to operate. For 2024, the mining company expects to execute an investment of between \$300 million and \$320 million, of which \$220 million will be for San Gabriel.

Mining production

Output in Q1-24 performed favourably for all metals, partly due to y/y comparison at certain mines that had operated below capacity in the first two months of 2023 due to social protests. Additionally, mining companies continue to benefit from high metal prices, especially gold and copper.

- Regarding **copper**, output increased 3.5% y/y in Q1-24, with high growth from Minera Antamina (+12.8% y/y) due to higher tonnage that offset lower grades; Southern Peru (+19.9% y/y) due to higher grades and mineral recovery; and Anglo American (+21% y/y) due to increased processing that offset lower grades. Additionally, there were increases in zinc (+4.7% y/y), lead (+13.4% y/y), iron (+6.1% y/y), and molybdenum (+26.2% y/y).
- Gold** output (+22.1% y/y) rose in Q1-24 due to higher output from Minera Yanacocha (+63.5%) due to higher leach recoveries from the use of injection leaching, and Minera Boro Misquichilca (211.8% y/y) due to the start of the Carbonaceous Material Optimization Project (CMOP), which involves processing high-grade gold oxides that had been accumulated by the previous owner (Barrick Gold). Silver output increased (+9.3% y/y).
- Meanwhile, **tin** output grew significantly in Q1-24 (+279.9% y/y), due to lower output in Q1-23, when the mine reduced its output capacity due to social protests.

Company	March			January-March			
	2023	2024	y/y % change	2023	2024	y/y % change	Share
1 ANGLO AMERICAN QUELLAVECO S.A.	37,196,192	34,219,205	-8.0%	97,329,283	142,349,322	46.3%	10.0%
2 COMPAÑIA MINERA ANTAMINA S.A.	32,135,327	43,859,430	36.5%	105,689,332	92,980,352	-12.0%	12.8%
3 MINERA LAS BAMBAS S.A.	7,232,626	24,766,135	242.4%	19,187,156	74,567,689	288.6%	7.2%
4 MINERA CHINALCO PERU S.A.	10,397,701	8,999,714	-13.4%	32,077,811	70,732,974	120.5%	2.6%
5 SOUTHERN PERU COPPER CORPORATION SUCURSAL DEL PERU	27,901,872	19,917,849	-28.6%	83,260,980	68,543,466	-17.7%	5.8%
6 SOCIEDAD MINERA CERRO VERDE S.A.A.	21,590,970	20,214,422	-6.4%	51,928,253	61,965,535	19.3%	5.9%
7 COMPAÑIA DE MINAS BUENAVENTURA S.A.A.	11,742,165	22,451,794	91.2%	27,774,773	40,192,303	44.7%	6.6%
8 SHOUGANG HIERRO PERU S.A.A.	20,116,091	20,823,887	3.5%	28,437,839	35,844,597	26.0%	6.1%
9 COMPAÑIA MINERA PODEROSA S.A.	8,217,943	10,019,923	21.9%	31,394,900	35,564,482	13.3%	2.9%
10 NEXA RESOURCES EL PORVENIR S.A.C.	2,950,146	8,545,986	189.7%	12,937,362	26,137,786	102.0%	2.5%
11 MINERA YANACOCCHA S.R.L.	21,340,260	10,574,890	-50.4%	57,558,013	23,735,666	-58.8%	3.1%
12 MINSUR S.A.	4,641,156	8,948,022	92.8%	9,194,598	23,176,343	152.1%	2.6%
13 COMPAÑIA MINERA ARES S.A.C.	6,506,398	7,089,478	9.0%	18,059,253	21,478,179	18.9%	2.1%
14 VOLCAN COMPAÑIA MINERA S.A.A.	8,698,075	6,762,745	-22.3%	22,482,209	19,251,248	-14.4%	2.0%
15 COMPAÑIA MINERA ANTAPACCAI S.A.	6,988,769	7,380,737	5.6%	11,286,315	18,533,012	64.2%	2.2%
16 MARCOBRE S.A.C.	6,986,765	7,246,683	3.7%	18,232,441	16,470,105	-9.7%	2.1%
17 HUBBAY PERU S.A.C.	7,228,898	5,819,224	-19.5%	16,834,626	15,569,190	-7.5%	1.7%
18 PAN AMERICAN SILVER HUARON S.A.	1,911,385	5,026,082	163.0%	3,645,272	14,766,569	305.1%	1.5%
19 NEXA RESOURCES PERU S.A.A.	2,883,216	3,103,386	7.6%	8,861,458	8,890,035	0.3%	0.9%
20 ALPAYANA S.A.	3,229,513	2,834,688	-12.2%	10,184,251	8,291,077	-18.6%	0.8%
Others	61,529,152	63,662,093	3.5%	182,215,306	175,881,060	-3.5%	18.6%
Total investment	311,424,620	342,266,373	9.9%	848,571,431	994,920,990	17.2%	100.0%

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

Output	Copper	Gold	Zinc	Silver	Lead	Iron	Tin	Molybdenum
Units	MT	oz	MT	oz	MT	MT	MT	MT
March 2024, y/y % change	-0.1	7.6	8.7	-4.6	-2.6	7.3	147.2	16.8
Jan-Mar 2024, y/y % change	3.5	22.1	4.7	9.3	13.4	6.1	279.9	26.2

Sources: Scotiabank Economics, Peru Ministry of Energy and Mines.

—Katherine Salazar

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