

Mining in Argentina

Reasons to invest

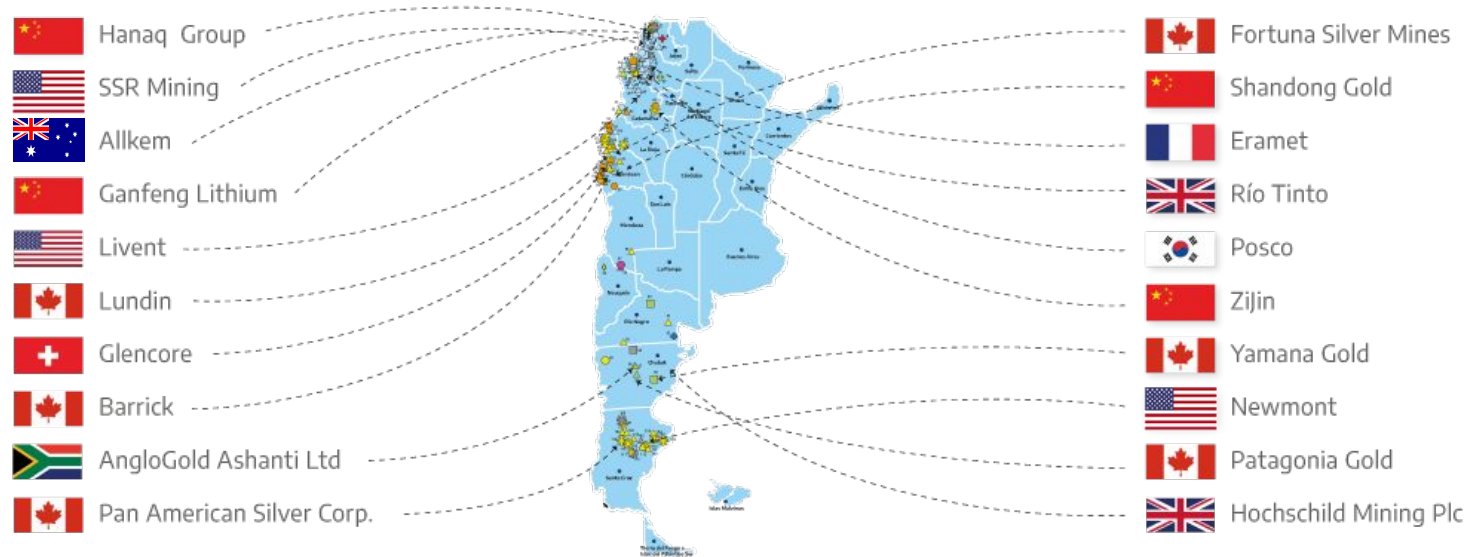
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Ministerio de Economía
Argentina

Secretaría de Minería

Top world mining companies operating in Argentina



1. Why invest in mining in Argentina?

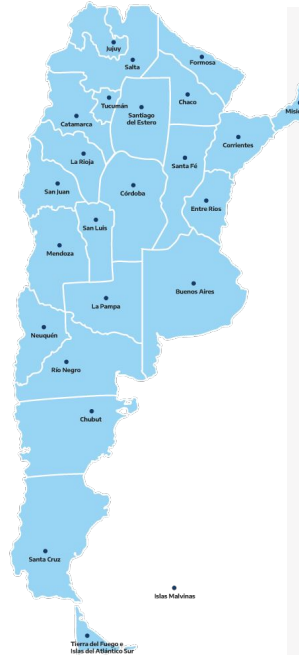
- ✓ Argentina is strongly committed to promoting sustainable and transparent mining within an ESG framework.
- ✓ There is broad agreement among different sectors of the community (civil society, business enterprises, workers, unions, and all levels of government) to develop the mining industry across the country.
- ✓ We have a specific Mining Investment Law (N° 24.196) that includes a 30-year fiscal stability period plus other benefits at each stage of project development.
- ✓ Argentina launched a New Investment Promotion Regime for Exports (Decree 234/21 & 836/21) that guarantees investors access to foreign currency on the local foreign exchange market.
- ✓ The government has implemented recognized transparency standards: Argentina joined the Extractive Industries Transparency Initiative (EITI) in February 2019 and launched the SIACAM initiative in 2022 (A Mining information system open to the public).



Argentina has a recognized mining potential in **Copper, Gold, Silver, and Lithium** and a vast mining territory that is yet to be explored. ✓

2. Who is the mining authority in Argentina?

- Argentina is constitutionally organized as a federal republic.
- The Federal government and each provincial government have institutions and regulations that govern the mining sector.
- The national government provides the general regulatory framework for mining. Since the constitutional reform in 1994, the provinces own the natural resources in their territory.



- 1 - Buenos Aires
- 2 - Ciudad Autónoma de Buenos Aires
- 3 - Catamarca
- 4 - Chaco
- 5 - Chubut
- 6 - Córdoba
- 7 - Corrientes
- 8 - Entre Ríos
- 9 - Formosa
- 10 - Jujuy
- 11 - La Pampa
- 12 - La Rioja
- 13 - Mendoza
- 14 - Misiones
- 15 - Neuquén
- 16 - Río Negro
- 17 - Salta
- 18 - San Juan
- 19 - San Luis
- 20 - Santa Cruz
- 21 - Santa Fe
- 22 - Santiago del Estero
- 23 - Tierra del Fuego, Antártida e Islas del Atlántico Sur
- 24 - Tucumán

✓ FEDERAL LEVEL

The competent authority at the federal level is the Secretariat of Mining within the Ministry of Economy.

✓ PROVINCIAL LEVEL

Each province has its own authority that controls mining within the provincial territory. The mining authority is usually subordinate to the provincial executive branch. However, in some provinces (such as Salta), the mining enforcement authorities are subordinate to the judicial branch.

The provinces are responsible for granting exploration and extraction rights (i.e. issuing and revoking permits), charging royalties and other non fiscal contributions for mining activity, and ensuring compliance with the environmental regulatory frameworks (e.g. environmental controls and audits).

Each province has its own mining procedural law.

✓ COFEMIN

The Federal Mining Council (COFEMIN) was created to design, execute, and follow up on the national mining policy.

3. How are rights to the mineral resources granted and withdrawn?

- ✓ Each province of the federal state is considered the owner of the mineral resources in their jurisdictions. However, individuals and legal entities can obtain concessions to explore and develop the deposits. The local authority grants the right to do so to private individuals and companies, in keeping with the Mining Code (section 8, Mining Code).
- ✓ Argentina's Mining Code establishes the rules and procedures for granting, maintaining, transferring, and withdrawing mining rights. It does so by means of a concession system whereby the state grants exploration permits and concessions (for exploitation) through an objective, non discretionary system that demands compliance with the payment of an annual fee and investment commitments and requires keeping the mine active.
When the Provincial State grants a mine concession to a third party, it maintains the original ownership. If the conditions imposed by the Mining Code are not fulfilled, the enforcement authority can revoke the concession.
- ✓ Procedural provisions under the Mining Code are implemented by provincial regulations, following the Mining Code guidelines.

4. Are there any restrictions concerning foreign investment?

- ✓ There are no restrictions concerning foreign investment and ownership of companies engaged in the exploration and extraction of mineral resources.
- ✓ Foreign individuals and entities can therefore acquire and hold mineral rights in Argentina.

5. What information does **Argentina** produce to guide prospecting and exploration activities?

The Argentinian Geological Survey (Servicio Geológico Minero Argentino – SEGEMAR) is a government technical agency within the National Secretariat of Mining that provides access to the geological, topographic and metallogenic maps of the country with information on its mineral resources

6. What is the environmental framework in Argentina?

Environmental requirements are set out in the Environmental General Protection Act No. 25,675 and Law No. 24,585 incorporated into the Mining Code. Law No. 24,585.

- ✓ Individuals or entities seeking to conduct prospection, exploration, or exploitation activities over a certain area must submit an environmental impact assessment (EIA) to the provincial authority.
- ✓ If the EIA meets the standards, the provincial enforcement authority issues an environmental impact statement (EIS), which allows the applicant to carry out the proposed activities.
- ✓ The EIS is issued for two years and establishes a set of conditions and requirements that the interested party must comply with to maintain its validity.
- ✓ The mining companies must submit updates of the EIS every two years after its initial approval.

7. What are the principal laws that regulate the mining industry?

1. MINING CODE - (Law N° 24.585)

Mining activities throughout Argentina are subject to the provisions of the National Mining Code and to provincial laws of procedure that must follow the Mining Code guidelines.

The Mining Code was enacted in 1887 and was amended several times, mainly by laws 24,196 (Mining Investment Law), 24,224 (Mining Reorganization Law), 24,228 (Federal Mining Agreement), 24,498 (Mining Update Law), and 24,585 (Mining Environmental Law).

- The Mining Code establishes the rules and procedures for granting, maintaining, transferring, and revoking mining rights.
- Procedural provisions under the Mining Code are implemented by provincial regulations, which generally follow the standards and guidelines of the national Mining Code.
- The provincial Mining Procedural Codes set out the relevant procedure to request the granting of mining rights.






2. MINING INVESTMENT LAW (N° 24.196)

Mining in Argentina is promoted by several regulations granting important benefits to local and foreign investors in these activities.

The main regulations are set forth in the Mining Investment Law.

- The Mining Investment Law provides special benefits that reduce the tax burden and risk of mining activities.
- It is complemented by the Foreign Investment Law 21,382 (1993), which grants equal treatment to foreign and domestic investors.
- It is supported by different Bilateral Investment Treaties with many countries, including Australia, Canada, China, the United States, and South Africa, for the promotion and protection of investment.
- As established by Resolution 30/2018 of the Secretariat of Mining, potential beneficiaries can apply for the benefits established by the law online by means of the remote processing system **(TAD)**.

MINING INVESTMENT LAW (N° 24.196)

|  |  |  |  |  |
|--|--|---|---|---|
| TAX STABILITY | IMPORTS | EXPLORATION PROMOTION | ACCELERATED DEPRECIATION | ROYALTIES |
| Applies to all taxes (federal and provincial) for a period of 30 years; it is applicable from the date of submission of the feasibility study to the Federal Government. | 0% tax on capital goods (equipment & spare parts) and raw materials imports for mining purposes. | Double 'Income Tax' deduction of Exploration expenditures until the Feasibility study is complete. VAT Reimbursement within 6 months. | 3 years accelerated depreciation scheme. | The Law sets an upper bound of 3% for Provincial Royalties. |

Beneficiaries: Mining companies or individuals engaged in activities of prospecting, exploration, development, preparation and extraction of minerals included in the Mining Code. Companies that provide mining services will also be able to benefit from the exemptions on import duties.

The law provides benefits on mining investments, including:

- ✓ A 30-year tax stability period is guaranteed, as of submission of the project feasibility study to the Mining Secretariat.
- ✓ 100% deduction from income tax of amounts invested in prospecting, mineral and metallurgical tests, pilot plants and similar works that are carried out to determine project feasibility.
- ✓ Accelerated depreciation (over three years) of investments made on camps, transportation, plant construction, and other mining-related equipment.
- ✓ Income tax exemption on profits from mines and mining rights, if applied to acquisition of equity of registered beneficiary companies.
- ✓ Reimbursement of value-added tax payments incurred in exploration activities.
- ✓ Exemption from all import duties and any other taxes for importing capital goods to be used in mining exploration, construction, and operation.
- ✓ 3% cap on royalties, calculated according to the pithead value of the extracted mineral.

8. Are there other regimes that promote mining investment in Argentina?

On April 7th, 2021 the Argentine Government issued Decree No. 234/2021 which created the “Investment Promotion Regime for Exports”. By means of Decree No. 836/2021 dated December 9th, 2021 ("Decree 836"), the Executive Branch increased the benefits for major investments.

The special regulation covers investments aimed to start up new mining projects and expand existing business units by increasing their production or lifespan.

Investment proposals that are approved to benefit from the special regime are entitled to use up to 60% of the foreign currency obtained from exports related to the project strictly for:

- Payment of capital and interest on commercial or financial liabilities abroad
- Payment of dividends corresponding to closed and audited financial statements
- Repatriation of nonresidents' direct investments

Benefits:

- i.** For direct investments in foreign currency ranging between USD 100 million and USD 500 million: Up to 20% of the foreign currency obtained from exports related to the approved project may be used for the aforementioned purposes. This benefit cannot exceed 25% of the gross amount of foreign currency entered into the Foreign Exchange Market, (Spanish acronym: MLC), by the beneficiary to finance the development of the project. The benefit is applicable after one year has elapsed from the date the foreign currency is entered into the MLC.
- ii.** For direct investments in foreign currency ranging between USD 500 million and USD 1 billion: Up to 40% of the foreign currency obtained from exports related to the approved project may be used for the aforementioned purposes.
- iii.** For direct investments in foreign currency exceeding USD 1 billion: Up to 60% of the foreign currency obtained from exports related to the approved project may be used for the aforementioned purposes.

- The Decree also provides approved projects with exchange rate regulation stability for a period of 15 years from the date of issuance of an Export Investment Certificate by the Authority of Application, which means that the benefits established by the Decree will not be affected by subsequent foreign exchange regulations that could potentially establish more burdensome conditions.
- In no case will financial and/or portfolio investments or the merger or acquisition of companies or the holding of quotas and/or shares or corporate participations be considered an Export Investment.
- Once compliance with the requirements of the special regime is confirmed, the Export Investment Project will be approved, and an "Export Investment Certificate" will be issued, giving the beneficiary the right to access the benefits.

MINING INVESTMENT LAW (N° 24.196)



FRAMEWORK

The Decree has the force of a law passed by Congress.
It defines and creates an investment promotion regime for exports.
It provides benefits to those who make a direct investment in foreign currency of no less than USD 100 million, either for:
(i) new investments; or
(ii) to expand an existing business



BENEFITS

It guarantees access to foreign currency on the local foreign exchange market to be used for:

- repayment of principal amounts and interest on foreign commercial or financial debts;
- profit and dividend distribution, corresponding to closed and audited balances; and/or repatriation of direct investments made by non-residents.



INVESTMENT

+ USD 100 million: Up to 20% of the foreign currency obtained from exports related to the Project are subject to the benefits of the Decree. (25% cap).
+ USD 500 million: Up to 40% of x
+ USD 1 billion: Up to 60% of the foreign currency obtained from exports related to the Project are subject to the benefits of the Decree. (60% cap).



STABILITY

The decree grants stability in foreign exchange regulations for 15 years.

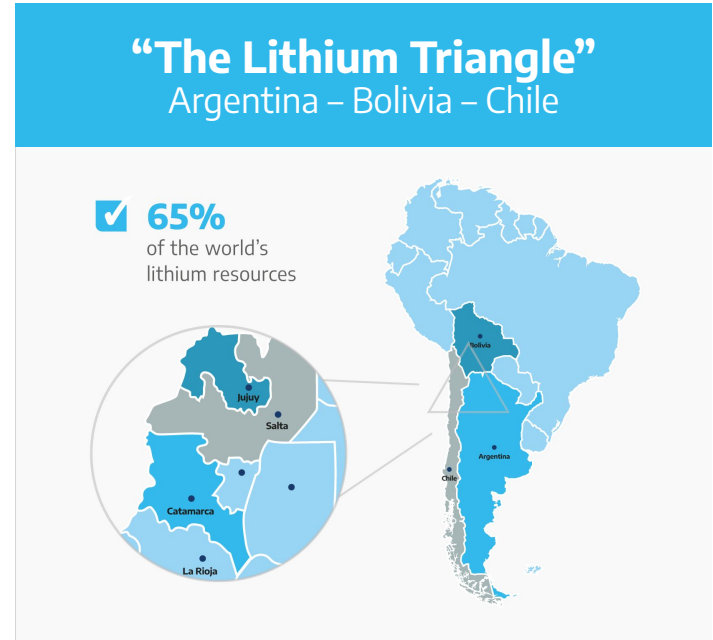


Mining potential

Lithium

Argentina holds the world 2nd largest lithium resources (106.5 M tons LCE) and is the 4th lithium producer in the world, with 37,500 tons LCE of productive capacity. With the start-up of the projects that are under construction and expansion of current operations, Argentina can increase its current production six-fold in the next five years.

- ✓ Three Argentine provinces (**Catamarca, Jujuy, and Salta**) created the “Lithium Region” in order to coordinate joint development, ensuring clear rules and legal certainty and predictability for investors.



Mining potential

Lithium

- ✓ **Resources:**
106.5 M tons LCE
- ✓ **Reserves:**
14 M tons LCE
- ✓ **Current production:**
37.5 k tons
- ✓ **Expected production*:**
290 k tons
* by the end of the decade

2 PRODUCTION (and under expansion)

- 1 - FÉNIX
- 2 - OLARÓZ

6 CONSTRUCTION

- 3 - CAUCHARI - OLARÓZ
- 4 - CENTENARIO RATONES
- 5 - MARIANA
- 6 - SAL DE ORO
- 7 - SAL DE VIDA
- 8 - TRES QUEBRADAS

2 FEASIBILITY (FS)

- 9 - PASTOS GRANDES
- 10 - SALAR DEL RINCÓN

3 PREFEASIBILITY (PFS)

- 11 - CAUCHARI
- 12 - KACHI
- 13 - SALAR DE CAUCHARI

2 PEA (Preliminary Economic Assessments)

- 14 - CANDELAS
- 15 - HOMBRE MUERTO NORTE
- 16 - HOMBRE MUERTO OESTE
- 17 - POZUELOS (PPG)
- 18 - RINCÓN

20 ADVANCED EXPLORATION

- 19 - ANCASTI
- 20 - ANTOFALLA NORTE
- 21 - ARIZARO
- 22 - GALLEGO
- 23 - INCAHUASI
- 24 - KARACHI SALAR ESCONDIDO
- 25 - LAGUNA VERDE
- 26 - LOS SAPITOS
- 27 - MINA SISIFO | MINA PATILLA
- 28 - PULAR
- 29 - RÍO GRANDE
- 30 - SAL DE LA PUNA
- 31 - SAL DE LOS ÁNGELES
- 32 - SALAR DE ANTOFALLA I A XIII Y BOLLAND VI
- 33 - SALAR DE ARIZARO (1)
- 34 - SALAR DE ARIZARO (2)
- 35 - SALAR TOLLILLAR
- 36 - SALINAS GRANDES
- 37 - SINCERA
- 38 - VIRGEN DEL VALLE LITIO

Mining potential

Copper

- ✓ Enormous potential, with 75 Mt. identifies resources.
- ✓ With the startup of five of our most advanced projects, the country could rank among the top 10 copper producers in the world, contributing close to 1 M tons to the world's copper supply.
- ✓ We currently have one project under construction (Josemaría), which has a productive capacity of over 130 thousand tons (130K).

| | | |
|--|--|--|
| 1 CONSTRUCTION 1 - JOSEMARIA | 1 FEASIBILITY (FS) 2 - EL PACHÓN | 3 PREFEASIBILITY (PFS) 4 - FILO DEL SOL 5 - MARA 6 - SAN JORGE |
| 2 PEA (Preliminary Economic Assessments) 7 - LOS AZULES 8 - TACA TACA | 13 ADVANCED EXPLORATION 9 - ALTAR 10 - COIPITA 11 - CORDÓN DE LAS PICHIDEGUA 12 - INTERCEPTOR 13 - LA ORTIGA 14 - LAS FLECHAS 15 - PROSPECTO RÍO SALINAS | 16 - RINCONES DE ARAYA 17 - RÍO CENICERO 18 - RÍO GRANDE 19 - SAN FRANCISCO 20 - VALLE DE CHITA 21 - PROYECTO PIUQUENES |

Mining potential

Gold

- ✓ 12 of the 18 projects in the production stage in Argentina are gold projects.
- ✓ Argentina is ranked 4th among the largest gold producers in South America, behind Peru, Brazil, and Colombia.
- ✓ Gold deposits are widespread throughout the country, and many are yet to be explored and exploited to their full potential.

12 PRODUCTION

- 1 - AJEDREZ
- 2 - CAP-OESTE
- 3 - CERRO MORO
- 4 - CERRO NEGRO
- 5 - CERRO VANGUARDIA
- 6 - CÓRDOBA
- 7 - DON NICOLÁS
- 8 - FARALLÓN NEGRO
- 9 - GUALCAMAYO
- 10 - LINDERO
- 11 - LOMADA DE LEIVA
- 12 - VELADERO

2 FEASIBILITY (FS)

- 13 - LAMA
- 14 - SUYAI

1 PEA (Preliminary Economic Assessments)

- 15 - TAGUAS

22 ADVANCED EXPLORATION

- 16 - ALTOS DEL CURA
- 17 - CALCATREAU
- 18 - CERRO PEÑÓN
- 19 - CLAUDIA
- 20 - CONSERRAT
- 21 - DEL CARMEN
- 22 - DON JULIO
- 23 - DON SIXTO

- 24 - EL DORADO MONSERRAT
- 25 - ESCONDIDO
- 26 - HUALILÁN
- 27 - JAGÜELITO
- 28 - LA JOSEFINA
- 29 - LA MANCHURIA
- 30 - LAS CALANDRIAS
- 31 - LAS OPENAS

- 32 - LEJANO
- 33 - MANANTIALES
- 34 - SAN ROQUE
- 35 - TEBENQUICHO CHICO
- 36 - VALLE ANCHO
- 38 - ZANCARRON

Mining potential

Silver

- ✓ 25 advanced-stage projects in Argentina have been found to contain silver.
- ✓ The country accounts for 3.2% of global silver production and holds resources and reserves of 2,296 M ounces.
- ✓ In 2022 we produced 27.33 MOz



MEMAC - SIACAM

- ✓ There are no restrictions concerning foreign investment and ownership of companies engaged in the exploration and extraction of mineral resources.
- ✓ These tools help build consensus and reduce potential conflicts.
- ✓ To reduce disputes over natural resources it is important to create processes and institutions that engage civil society in making decisions about where and how to carry out mining activities and in monitoring those activities.

MEMAC is an open roundtable to discuss mining with all stakeholders. Creating a good atmosphere for communication encourages the different communities cross the country to share their concerns about mining activities and debate on how the province's natural resources are being managed.

MEMAC helps create a shared awareness of mining issues in Argentina.

SIACAM is an information platform that will provide comprehensive information on the mining sector in Argentina to all interested parties, enabling public access to reliable information and thus enhancing accountability and transparency.

Sources

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Muchas gracias



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