DENTONS

Global Mining Guide

Grow | Protect | Operate | Finance

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Introduction

The resilience and strategic importance of the global mining industry continues, as the industry balances climate change, community and environmental concerns with an ever growing demand for strategic minerals.

The global mining industry has gone from strength to strength in recent years due to a number of factors, including new demand for battery minerals and related base metals to meet forecast production of eVehicles and the transition to renewable energy, strong demand for gold due to geopolitical and pandemic uncertainty, as well as demand for iron ore required for unprecedented infrastructure development.

Dentons is the largest law firm in the world with local offices in all of the key traditional markets such as North America and Australia with an unmatched and growing presence in developing mining jurisdictions throughout Africa and the Americas.

Now more than ever, investors and project developers need clear professional assistance to navigate the complex legal considerations that need to be complied with in the ever-changing global mining landscape. Our Global Mining Group members work collaboratively and provide comprehensive and multijurisdictional advice that is catered to helping our clients achieve their goals.

This Global Mining Guide provides a high-level overview to assist you in assessing how to Grow, Protect, Operate and Finance mining projects around the world.

This Guide covers:

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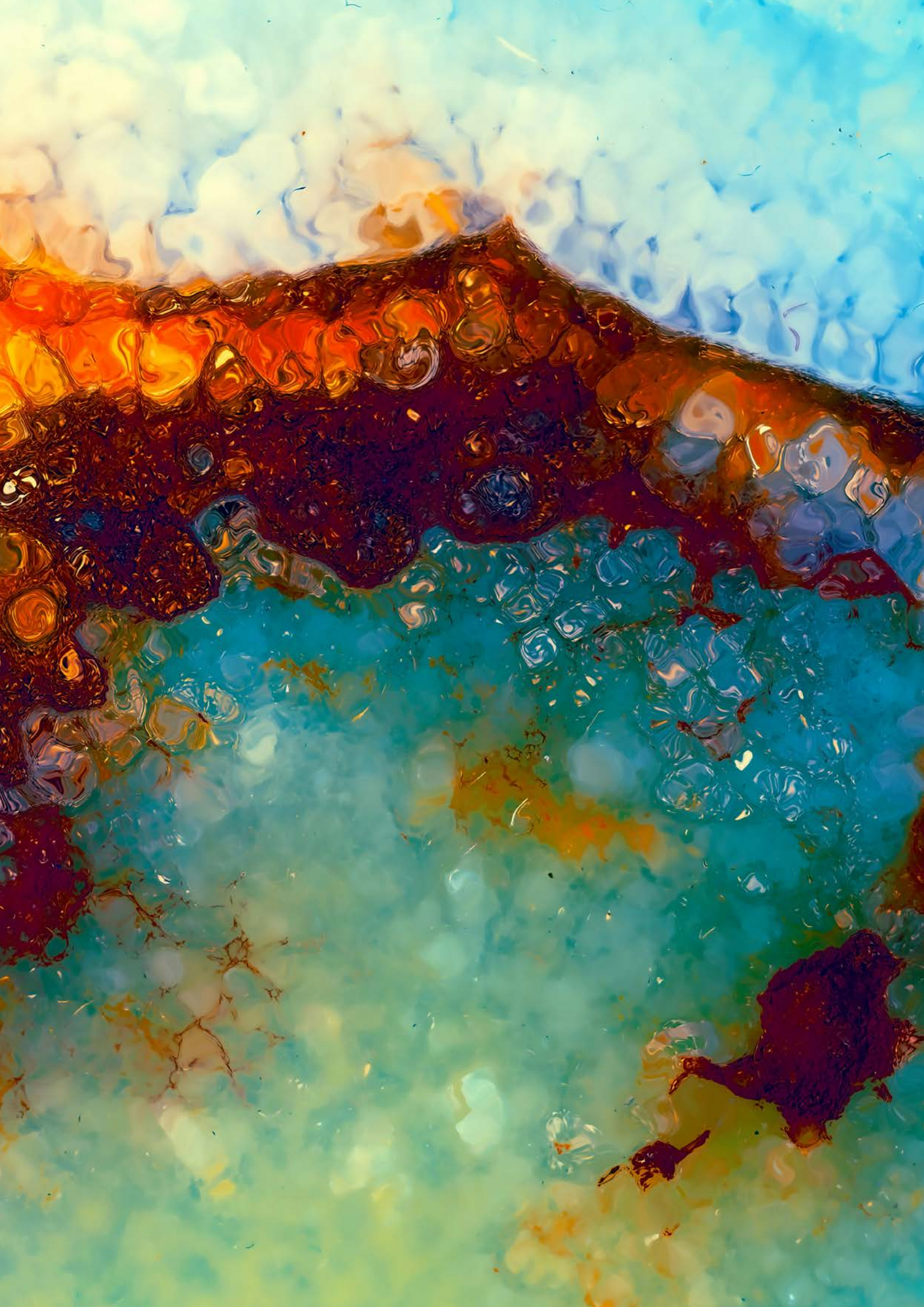
Please do not hesitate to contact us should you be interested to meet the Dentons team in a particular jurisdiction.

We hope you will find the Dentons Global Mining Guide useful and we look forward to workin with you in the near future.



Argentina

General framework

Major features

The mining sector in Argentina is becoming highly dynamic, providing genuine and sustainable development.

Substantial exploration during the last 15 years has confirmed a great potential for the development of new world-class projects related to the extraction of copper, gold, silver and lithium.

Despite Argentina facing difficult times due to inflationary pressure and exchange rate delays, the country is undergoing an unprecedented growth stage in the mining industry, with large investments in progress and encouraging expectations regarding advanced projects of world-class deposits.

Legal System and sources of law

Argentina is a governed by a civil law system. In addition to general corporate, labor, regulatory and tax rules that are generally applicable to all industries in Argentina, the main legal rules regulating the mining industry arise from the following statutes:

- The National Constitution
- The Mining Treaty between Argentina and Chile
- The National Mining Code (NMC)
- Law 24,585 (specific environmental title for mining included in the NMC)
- General Environmental Law No. 25,675
- Law 24,196 (promotional legal regime to which all of the provinces have adhered).

The provincial mining procedural codes set out the:

In addition, most provinces have their own mining procedural codes, which generally follow the standards and guidelines of the National Mining Code.

i. Relevant procedure for requests for the granting of mineral rights.

ii. Available mechanisms to challenge decisions of mining enforcement authorities.

Provinces also have their own regulations that affect mining activity, such as environmental legislation that applies to mining operations.

Ownership of mineral resources

According to the National Constitution, provinces are the owners of natural resources located in their respective territories.

As a general rule, mining rights and concessions are granted to private companies who hold title to such rights and mining concessions, and explore, exploit and develop them. As an exception, state-owned companies may hold mining rights (in reserved areas) but are obligated to grant them to private third parties for exploitation

Foreign investment

The legal framework applying to mining activities in Argentina particularly favors investment, both foreign or local. The applicable legal framework establishes a non-discrimination principle regarding the nationality of individuals or entities that own or seek to acquire mineral rights.

Role of the state

At the federal level, the competent authority is the Secretariat of Mining within the National Ministry of Productive Development.

Provinces have their own authorities that control mining affairs.

The mining authority usually belongs to the provincial executive branch. However, in some provinces (such as Salta and Catamarca), the mining enforcement authorities are subordinated to the judicial branch.

Nature of mineral rights

Each province is considered the owner of the mineral resources located in their jurisdictions. Nonetheless, individuals and legal entities can obtain concessions to explore and develop the deposits and freely dispose the minerals extracted from the concession area.

Granting of mineral rights

The Mining Code provides two types of mining rights:

i. Exploration permits: Prior to commencement of exploration, the mining company must obtain an exploration permit from the provincial mining authority. This permit grants the exclusive right to explore and obtain the development concession if a discovery is made.

ii. Development concession: Development concessions grant the title holder the right to conduct further exploration after a discovery and exploit all mineral deposits of the mine. Mining concessions are not subject to a term and, thus, insofar as the title holder does not incur in a cause of termination, the concession lasts until the mineral reserves are exhausted. Mining concessions comprise rights over the mine, its deposits and any buildings, machinery, vehicles used in developing the mine, and other movable assets that can be sold or transferred.

Security of tenure

Mining activity is declared of public utility and has priority over activities performed on the surface land.

Mining exploitation concessions are granted in perpetuity but may expire if the work and investment obligations required to keep the title in good standing are not met.

The essential obligations to keep the title of a mining concession in good standing are the payment of the annual mining fee and the compliance with an investment plan. Failure to comply with these obligations provides for the termination of the concession.

Additionally, a mining concession can eventually be revoked if a mine has been inactive for more than four years.

As mentioned previously, the assignment of mining rights and properties acquired through direct concession are not subject to the prior approval of any governmental agency.

Ownership regarding oil and gas resources and third category minerals are subject to specific regulations.

Environmental and community considerations

Environmental protection and licensing

Before the commencement of mining, an environmental impact study must be prepared and must comply with the standards of Law No. 24,585 and its complementary regulations.

The enforcement authority issues an environmental impact declaration (EID) that authorizes the holder to carry out the proposed activities and establishes the conditions that the applicant must observe throughout the development of the mining activity. The EID is valid for two years and companies must submit updates of the environmental impact study (EIS) every two years to renew the EID.

The minimum environmental standards can be enhanced by relevant provincial and municipal regulations, establishing higher protection.

Environmentally protected areas

There are certain protected areas and reserves created by national or provincial laws where the performance of mining activities is prohibited or restricted (i.e. certain glaciers, national and provincial parks, etc.).

Communities

The General Environmental Law provides that the provinces must establish a mandatory consultation procedure or public hearing to authorize those activities that may have significant harmful effects on the environment. Citizen participation should precede the authorization of the mining project and is usually accomplished through the Environmental and Social Impact Assessment (ESIA) prior to the granting of any authorization. In the context of the ESIA, the competent authorities and those who intend to develop a mining project must inform the community of all the relevant environmental and social impacts. Citizens' participation shall be guaranteed during the environmental impact assessment processes. Although the result of the consultation is not binding,it should be addressed before granting the authorization of a mining project.

Indigenous rights and consultation

According to the Argentine Constitution and the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"), indigenous communities have the right to be recognized by the authorities (at federal and provincial level) as entities with legal status. As such, they can exercise collective rights, such as community ownership of the lands they inhabit and of the natural resources.

The legal status of indigenous communities is registered in a special registrar alongside information concerning the structure of their organization, authorities, location, area of interest and the appropriate consultation procedure that they require to give them proper participation in accordance with their own traditions.

ILO Convention 169 and many federal and provincial regulations determine that it is enough for individuals to consider themselves as indigenous for authorities to recognize their ethnic identity and the lands on which they live. National and some provincial authorities have issued regulations related to the implementation of Convention 169.

In Argentina, and depending on the province, citizen consultation and indigenous communities consultation may be held separately or carried out simultaneously. In most cases it is not necessary that the indigenous communities provide their consent to a mining project, as this is restricted to certain exceptional cases specifically identified in Section 16 of ILO Convention 169 (when relocation of the indigenous community is required).

Opposition by indigenous communities to mining activities in the public consultation process is not binding to the authorities. The validity and legality of the authority's approval will depend on how the authority responded to the observations and questions of the indigenous communities.

Taxes

Duties, royalties and taxes

Mining activities have a special tax regime that establishes: (i) the financing or reimbursement of the value-added tax payments made by the mining companies; (ii) a 30 years tax stability period for the taxes applicable at the time of submitting the feasibility report; (iii) the right to deduct each year 100 percent of the amount invested in prospecting, special research, mineral and metallurgical tests, pilot

plants, applied research and other works performed for the purpose of determining the technical and economic feasibility of a project from their income tax return (iv) the right to accelerated depreciation benefits (within three years) regarding investments made on housing, transport, construction of plants and equipment in connection with the necessary infrastructure for mining activities within three years, (v) the exemption from paying income taxes derived from the revenues of mines and mining rights, used as payment for the subscription of shares of registered beneficiaries companies, (vi) exemption on duties and other charges in relation to the import of capital assets and other goods and (vii) a three percent cap on royalties along with other benefits.

Incentives

The legal framework applicable to mining activities in Argentina particularly favors investment, either foreign or local. The applicable legal framework establishes a non-discrimination principle regarding the nationality of individuals or entities that own or seek to acquire mineral rights. Moreover, Argentina has signed bilateral investment treaties with several countries, including Australia, Austria, Canada, Chile, China, Croatia, Denmark, Finland, France, Germany, Israel, Italy, Malaysia, Mexico, the Netherlands, New Zealand, Peru, Russia, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Transfer tax and capital gains

Gains derived from the sale, exchange or any type of disposal of shares, securities or quotas issued by Argentine entities when they are obtained by non-Argentine residents (either individuals or entities) are subject to a withholding tax of either 13.5 percent on the sale price or 15 percent on the difference between the sale price and the acquisition cost.

Capital gains from the transfer of shares and securities traded in the Argentine Stock Exchange are tax-exempt (if certain conditions are met).

If the shares, quotas or securities are transferred by a non-Argentine resident to an Argentine resident, the buyer must act as the withholding agent (under the Income Tax Law and the applicable regulations). If the seller and the buyer are both non-Argentine residents, the legal representative of the seller in Argentina or the seller itself must pay the tax.

Listings

Listing requirments of mining or mineral companies in our local stock exchange or in international stock exchanges

Primary listing on the main market exchanges requires the prior authorization by (i) the National Securities Commission (Comisión Nacional de Valores or CNV) to enter the public offer regime; issue and place shares on the market through a public offer and (ii) the relevant exchange to list the shares, and by the relevant markets to trade the shares.

The relevant requirements to be authorized both by the CNV and the exchanges/markets are similar and include the filing with the regulatory authorities of certain information related to the issuer and the shares to be placed on the market, including the following: a prospectus, the corporate approvals and modification of the by-laws, agreements entered into with agents of the transaction, and risk rating reports, if applicable.

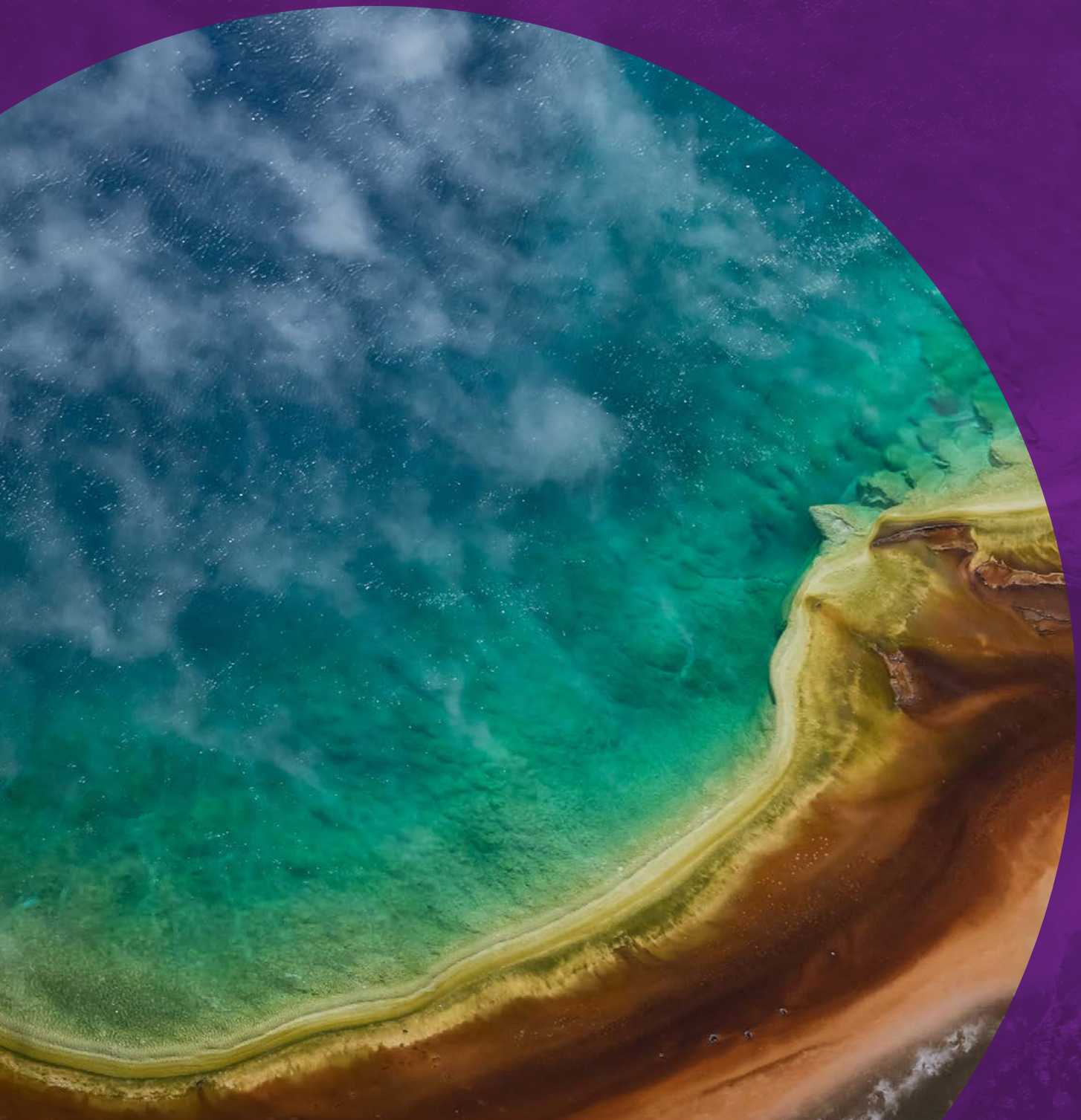
The company must also pay a filing fee, and certain publications must be made, including, for instance a summary of the prospectus and a notice announcing the placement period to investors. If securities are to be listed and traded on a local market such as the MERVAL or Mercado Abierto Electrónico, similar notices and fees must be paid.

The company is subject to reporting requirements, comprising quarterly and year-end financial statements, reports related to significant events that may affect the value of its securities and reports regarding any changes in the corporate structure and the authorities.

Foreign entities can submit a request to the CNV to make a public offer of their securities. The documentation required is similar to that applying to local companies.

Before filing its request with the CNV, the foreign entity must establish a branch, and register its offices with the Argentinean General Inspection of Justice (Inspección General de Justicia or IGJ) or the equivalent provincial register.

Bolivia



General framework

Major features

Bolivia is a country with a vast mining tradition. Since the pre-Inca empire, through the Spanish colonial era and throughout the country's existence (since 1825), mining has been at the core of the country's history. The world-famous "Cerro Rico" (located in the silver-rich Potosi district), a symbol of Bolivian mining, has been producing silver for over 400 years.

Mining has always been an important part of the Bolivian economy, and with the enactment of a new Mining Law in May of 2014, which was drafted with the active participation of the private sector, the sector's contribution to the economy has resurged.

The Cerro Rico of Potosi is the largest silver deposit in the world with a total silver endowment (production + resources) estimated to be over 117,000 tonnes (3.7 billion ounces) of silver, as well as significant amounts of tin (over 820,000 tonnes) and zinc. The Cerro Rico is so important that it features on the coat of arms of Bolivia.

In addition, Bolivia has rich potential in unexplored areas:

- According to the Bolivian government, more than 60 percent of the national territory (1,098,581 Km^2) is not mapped and/or explored.
- The highlands and the Andes area have a well-known potential for base metals.
- In addition, the Uyuni Salt Flats are among the world's largest lithium deposits which along with other smaller deposits, are rich in non-metallic minerals.
- The eastern area of the country has the Mutun iron core deposit, the Precambrian zone has potential for gold and the southeast of the country has potential for platinum-group (PGM), nickel and semi-precious stones.

Legal System and sources of law

The Bolivian mining regime is based on a civil law system and is regulated in the following statutes:

- **Bolivian Constitution**
  Due to the importance of mineral resources, the Bolivian Constitution has a chapter dedicated to mining and metallurgy. This chapter recognizes the attributions the Bolivian State has to control throughout the mining production chain, including the conduct of activities under a mining contract, mining rights or preexisting rights.
- **Mining and Metallurgy Law (Law No. 535 of May 28, 2014)**
  The Mining and Metallurgy Law regulates mining activities, establishing principles, guidelines and procedures to grant, maintain and extinguish mining rights. Additionally, it establishes the institutional structure and the attributions of public authorities within the mining production chain, among other provisions.
- **Law No. 845 dated October 24, 2016**
  This law modified the Mining and Metallurgy Law, creating a new type of mining contract, the "Mining Production Contract". In addition, it returned to the Bolivian State the areas in which mining cooperatives had mining contracts with national or foreign companies.
- **Law No. 367 dated May 1, 2013**
  This law modifies the Bolivian Criminal Code, including new criminal definitions related to mining activities. This law punishes illegal entry and trespassing in mining areas, illegal mining activities and illegal sale and purchase of mineral resources.

Ownership of mineral resources

According to article 349.I. of the Bolivian Constitution, ground and underground resources are fully owned by the Bolivian people; therefore, the Bolivian State is prohibited to transfer the ownership of these resources. However, the Bolivian State can authorize their exploration and exploitation.

The Mining and Metallurgy Law provides that any mining activity must be executed under the new legal framework of administrative mining contracts. The existing Special Temporary Authorizations (Autorizaciones Transitorias Especiales or ATE), formerly known as "mining concessions", must be converted into administrative mining contracts by the Jurisdictional Administrative Mining Authority (Autoridad Jurisdiccional Administrativa Minera or AJAM). This type of contract does not require the participation of the Bolivian State through the mining corporation known as COMIBOL (owned by the Bolivian State).

Some existing mining rights were granted under the previous legal system governed by the 1965 Mining Code, which has not been in effect since 1997. These rights are legitimate but must be converted into administrative mining contracts.

Foreign investment

Pursuant to article 28 of the Mining and Metallurgy Law, foreign companies or individuals are not authorized to execute administrative mining contracts, hold any mineral rights or own real estate property within 50 kilometers of the Bolivian international borders.

Role of the state

One of the most important features of the Mining and Metallurgy Law is the creation of a new supervisory entity, the AJAM. The role of the AJAM is to manage, oversee and control every mining activity carried out in Bolivia, as well as the Mining Registry.

In addition, one of the main responsibilities of the AJAM is to draft and propose legislation to the executive power, in order to regulate the transition of the ATEs into administrative mining contracts.

According to article 185 of the Mining and Metallurgy Law, the transition of the ATEs into administrative mining contracts must be processed by the AJAM within six months of the issuance of the corresponding supreme decree and administrative resolution providing the framework for the transition. Under the regulations issued, the term for transition to the administrative mining contracts has been extended and as a result, ATEs continue to exist and are currently valid.

The Ministry of Mining and Metallurgy is responsible for the mining policy. The Bolivian Geological Mining Service (SERGEOMIN for its acronym in Spanish), a branch of the Ministry of Mining and Metallurgy, is responsible for the management of the mineral titles system.

SERGEOMIN also provides geological and technical information and maintains a geological library and a publications distribution center donated by the United States Geological Survey. Tenement maps are also available from SERGEOMIN.

COMIBOL is a state-owned corporation that has been granted certain areas for mining as described further below under " Granting of mineral rights".

Nature of mineral rights

Article 92 of the Mining and Metallurgy Law provides that mining rights grant their holders the exclusive authority to prospect, explore, exploit, concentrate, melt, refine, industrialize and commercialize mineral resources. However, article 93 provides that such rights do not grant ownership or possession rights over mining areas, and holders of mining rights are not able to grant leases over the mining areas. Mining rights cannot be transferred, sold or mortgaged.

In addition, article 94 of the Mining and Metallurgy Law provides that the Plurinational State of Bolivia acknowledges and respects previously acquired rights of individual or joint title holders, private and mixed companies, as well as other forms of private property rights in relation to their corresponding ATEs, subject to the transition or compliance with the regime of administrative mining contracts. As a result, ATEs continue to be valid and recognized by Bolivian authorities for the exploration and exploitation of mineral areas.

Granting of mineral rights

The Mining and Metallurgy Law regulates mining contracts in Title IV, Chapter I, and it provides that the administrative mining contract is the legal instrument whereby the State grants mining rights to execute mining activities.

Pursuant to articles 134 to 136 of the Mining and Metallurgy Law, administrative mining contracts must be formalized in a public deed legalized before a public notary from the jurisdiction where the mining area is located, and must be signed by the AJAM, as representative of the executive branch.

According to article 144 of the Mining and Metallurgy Law, to hold the rights granted by mining administrative contract, the titleholder must comply with two requirements: (i) Pay the annual mining tax (patente), according to the scale detailed in article 230 of the Mining and Metallurgy Law, and (ii) Explore or exploit the area granted (mining areas granted by the Bolivian State cannot remain without carrying any activity for more than six months).

If an area with potential is registered under the name of COMIBOL or under the name of any other state-owned mining company, then a mining association contract must be entered into. This contract is similar to a joint venture agreement, highlighting that the contract must be executed under Bolivian laws, have

arbitration in Bolivia as a dispute resolution method and provide that the participation of the Bolivian party cannot be lower than 55 percent of the profits. A mining association contract requires a board that must have the same number of representatives for each party; but the chairman of the board will always be elected from the members representing the state-owned company. The Bolivian party is a free carry party that only contributes the mining areas to the contract and no other commitments, such as further investment is required.

In addition to mining association contracts, local or foreign companies may execute mining production contracts if they wish to perform mining activities in mining areas under the administration of COMIBOL. In these contracts, COMIBOL's participation is a percentage of the gross sale value of the mineral/concentrate which is negotiated with COMIBOL (the concept is similar to a royalty). Ownership is not mandated as a 45 percent/55 percent participation scheme of the mining association contracts. Mining production contracts require investment schedules and a work plan. The maximum term of a mining production contract is 15 years with the opportunity to renew for another 15 years. For enforceability, mining production contracts are required to be filed at the Mining Registry, and once executed, signatory parties are not able to transfer or assign their rights therein.

Security of tenure

Pursuant to the Bolivian Mining Law, mining rights (current ATEs or future Administrative Contracts) may be revoked by the AJAM to the extent one of the following is evidenced:

i. Failure to pay the yearly mining tax right (patente minera).

ii. Suspension of mining activities (or failure to initiate mining activities) for one year.

iii. Failure to deliver the activity reports for two consecutive times.

iv. Developing exploitation activities on exploration licenses.

A resolution from the AJAM in relation to the revocation of the mining rights may be subject to administrative recourse and appeal before the Ministry of Mining and may be subject to review by the Bolivian Supreme Court.

Articles 95 and 102 of the Mining and Metallurgy Law provide that title holders have ownership over their investment, the mining production, movable and immovable property built on the land, as well as the equipment and machinery installed inside and outside of the perimeter of the mining area. The Bolivian State guarantees conditions of mining competitiveness and stability in the legal environment for the development of the mining industry.

Additionally, articles 97 and 99 of the Mining and Metallurgy Law provide that title holders have the right to receive profit or surpluses generated by their mining activity, subject to compliance with applicable tax laws; and that the State guarantees the rule of law over mining investments of title holders who are legally incorporated.

Environmental and community considerations

Environmental protection and licensing

Mining activities are regulated by the Environmental Law (Law No. 1333 from 1992), the Mining Code (Law No. 535 from 2014) and more specifically by the Environmental Regulations for Mining Activities (Supreme Decree No. 24782 from 1997).

Environmental Law requires mining companies to have an environmental license to perform their operations. At the same time, this environmental license is connected with several environmental studies that must be followed.

The requirements differ depending on the kind of mining activity.

Prospecting and exploration activities are exempt from filing an Environmental Baseline Audit (an audit used to determine the situation of a territory prior to the execution of mining activities) and an Environmental Impact Assessment Study (a study used to analyze the environmental impact of a certain activity). An environmental license may be granted by the departmental government (Bolivia has nine departments) after the applicant files a description of the extent and impact of the prospecting and exploration activities.

For exploitation and/or processing of ore (milling), the environmental license is granted by the Ministry of Environment and Water subject to a report from the Ministry of Mining and Metallurgy. In that case, both the Environmental Baseline Study and the Environmental Impact Assessment Study are required.

The Environmental Impact Assessment Study must include archaeological, socio-economic, water, air and soil studies, in addition to a chapter dedicated to the recovery of the site.

A License for Hazardous Substances is also required in parallel to the environmental license.

If the operation requires the use of explosives, the Ministry of Defense issues a license to purchase and use explosive materials. Purchasing, transporting and using controlled substances (such as gasoline, diesel, sulfuric acid and other chemical elements linked to narcotics production) are subject to control from the Ministry of Government through the Direction of Controlled Substances, which must grant a permit for their use.

Municipal permits are also required for the construction of a minerals/metals processing plant.

Environmentally protected areas

Article 220 of the Mining and Metallurgy Law allows mining activities (prospecting, exploration and mining) to be carried out on Environmentally protected areass as long as these activities do not go against the protection objectives of these areas.

Local governments have the authority to issue an environmental license for exploration if this activity will be performed in an Environmentally protected areas.

For mining operations, the Ministry for Environment and Water is responsiblefor issuing the environmental license in coordination with the Ministry of Mining and Metallurgy.

The granting of a new mining area in an Environmentally protected areas however is highly unlikely.

Although it is not a common practice for the AJAM to grant new mining contracts over environmentally protected areass, state-owned mining areas (COMIBOL's areas) and areas traditionally known for mining activities that overlap protected areas can be mined under the exception of article 220 of the Mining and Metallurgy Law.

Communities

Article 207 of the Bolivian Mining Law requires that all communities have to be consulted through appropriate procedures before performing any mining exploitation activity. As a result, the mining company typically must reach an agreement with the local community prior to proceeding with the mining operations.

We note that although the consultation procedure and an agreement with the community is not required for exploratory work, it is recommended in order to assure unimpeded access to the area of interest.

In Bolivia the majority of rural communities (where virtually all mining projects are structured) are considered indigenous communities, as a result most regulations regarding the requirement to have an agreement with and authorization from local communities fall within the regulations set forth below.

Indigenous rights and consultation

Previous consultation, as a formal requirement, is based on the Bolivian Constitution, the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"), dated June 27,1989 and the United Nations Declaration on the Rights of Indigenous Peoples, dated September 13, 2007.

As a result of the above prior, consultation as a right is guaranteed, must be respected and must be performed by the State in good faith, including if the consultation is related to the exploitation of non-renewable natural resources in the territory of indigenous communities.

Following the same principles, article 352 of the Bolivian Constitution is even more specific and establishes that the exploitation of natural resources will be subject to a procedure of public consultation before the affected community. Public Consultation is understood as: A free, informed and previous consultation process, conducted by the State regarding the exploitation of natural resources on the territory of an indigenous community. This process must follow the regulations and procedures of the indigenous community.

Taxes

Duties, royalties and taxes

There are three sources of income for the Bolivian State as a consequence of mining activities. These sources are:

General Taxes	Mining Royalty	Mining Tax Right (patente minera)
• Value Added Tax (IVA) is equivalent to 13 percent of the sale or purchase value. • This tax is recoverable through fiscal credit gained with the purchase of goods or services related to the operations of the company. • Transaction Tax (IT) is equivalent to three percent of every transaction. • Company Income Tax (IUE) is equivalent to 25 percent of the additional utilities generated by mining companies due to favorable conditions related to the price of minerals and metals. • Company Income Tax – Foreign Beneficiaries (IUE-BE) is equivalent to 12.5 percent of the amount of money sent to other countries. When goods are exported, the GAC (Consolidated Customs Tax) must be paid. The GAC is composed of the IVA, IT and an additional percentage depending on the good that is imported. RITEX is a system for temporary importing of goods where the GAC payment is not required.	• This payment does not fall into the specific category of tax. However, it implies a burden on the mining producer and is assumed as part of the government's take on mining activities. • The mining royalty is based on the gross sale value of minerals. It varies between three percent to seven percent, depending on the mineral and on international market prices.	• There is a special mining tax paid by mining titleholders to maintain their mining rights. • This mining tax is paid annually, approximately US$6,00 per hectare.

Incentives

To boost smelting and refinery of metals, article 224 of the Mining and Metallurgy Law provides a 40 percent discount off the mining royalty if the product is traded locally or to international markets as a metal bar.

The Bolivian government has been discussing granting incentives to local and foreign companies engaged in mining exploration.

Transfer tax and capital gains

Mining rights cannot be transferred, sold or mortgaged

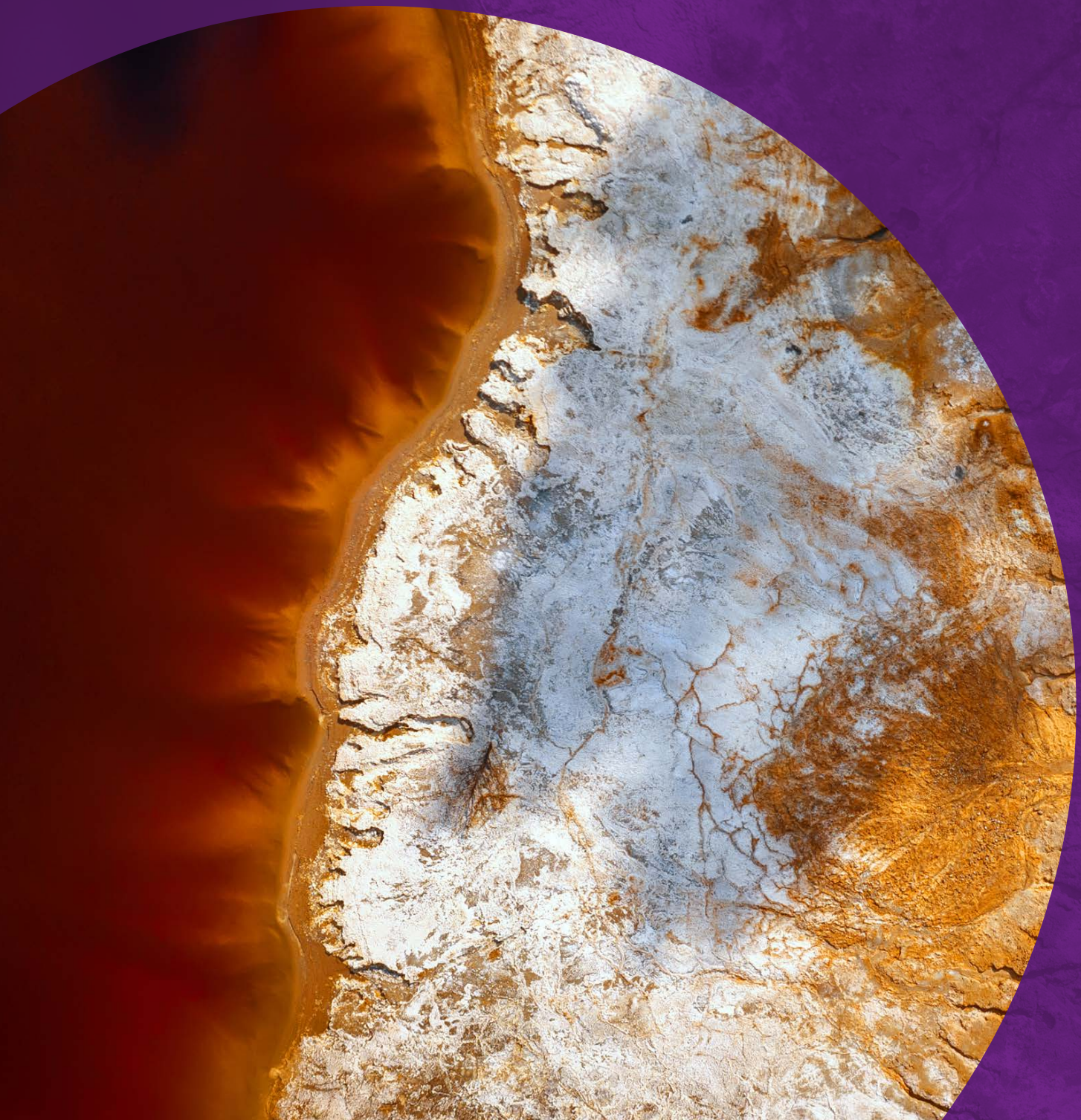
Listings

Listing requirements of mining or mineral companies in your local stock exchange or in international stock exchanges

The Bolivian Stock Exchange (Bolsa Boliviana de Valores) does not have local or international mining companies trading their shares on its market. However, Sociedad Minera Illapa S.A. (a Glencore subsidiary) issued promissory notes in the Bolivian Stock Exchange to finance its mining operationsw.

Most international companies operating in the country are publicly listed trading companies that trade their shares on the Toronto Stock Exchange (TSX), Frankfurt Stock Exchange (DAX) and the New York Stock Exchange (NYSE).

Brazil



General framework

Major features

According to Brazilian Law, mining is an activity of national interest and public utility.

Mining represents an important share of Brazil's Gross Domestic Product (GDP) and a significant contribution to tax collection, jobs generation and development of cities.

In addition to an increasing production, Brazil has a significant amount and diversity of mineral resources.

Some of the important mineral resources of Brazil are iron, gold, copper, manganese, bauxite, nickel, chromite, graphite, magnesite, tin, vermiculite, vanadium, ornamental stones, among many others.

Niobium is also a strategic mineral resource in the country. Brazil is the world's number one producer of niobium, and studies show that more than 90% of the world's niobium reserves are located in the country.

Phosphate and potash are also important minerals produced in Brazil, because of the high demand of the agribusiness sector.

Although Brazil already has an important role in the global mining scenario, it hasn't reached its full potential. The country's geological characteristics cause mineral deposits to be spread all around its territory (the fifth largest in the world). However, only a small portion of its territory has been mapped in an adequate level of detail for geological purposes.

Legal System and sources of law

Brazil adopts a civil law system, with formal written laws and regulations. More recently, civil procedure mechanisms have been created to give binding effects to some court precedents, especially from superior courts, increasing their importance as sources of rules in the legal system.

Brazil has laws at the federal, state and municipal levels. However, the federal government has exclusive powers to legislate on deposits, mines, other mineral resources and metallurgy, as well as on national cartographic and geological systems.

The Federal Constitution is the highest law in the country and provides important rules for mining.

Below the constitutional level, the main laws and regulations on mining are:

- the Mining Code and its regulatory decree;
- Federal laws on specific mining regimes;
- the National Policy on Dams Safety; and
- Regulations from the National Mining Agency (Agência Nacional de Mineração or ANM) – an agency of the Ministry of Mines and Energy.
- In parallel to mining, environmental matters are subject to both federal, state and municipal laws. As certain aspects of mining activities must consider environmental matters, state and municipal laws on this regard also apply to mining, in addition to federal laws.

Ownership of mineral resources

Mineral resources are legally separate from the land where they are located. Ownership of the land does not include ownership of mineral deposits.

The federal government is the owner of all mineral resources and can grant mineral rights for exploration and mining of mineral deposits.

Miners that are granted mineral rights will have the ownership of the product of their mining activity.

Although landowners do not own the mineral resources contained in their lands neither the product of mining carried out therein, they have the right to a share in the results of mining.

Role of the state

The Brazilian State (i.e., the federal level of government), is the owner of mineral resources and has the right to receive a share in the results of mining (royalties).

It is also the regulator of mining activities, nd the grantor of mineral rights.

Nature of mineral rights

Mineral rights are granted by the federal government and do not transfer the property of mineral resources. Only the rights to explore and mine are granted to mining companies.

Although miners will not become owners of mineral deposits, they will own the product of their mining activity.

The regimes of mineral rights are:

i. Concession

ii. Authorization

iii. Licensing

iv. Prospecting permission (permissão de lavra garimpeira) and

v. Monopoly.

The main regimes are the authorization for exploration and the concession for mining.

Mineral rights do not include the property of the land where mineral deposits are located, but such lands are subject to mineral easements in favor of exploration and mining.

Assignment, transfer or encumbrance of mining rights is allowed, provided that legal requirements are fulfilled and the transaction is registered with the ANM.

Granting of mineral rights

The granting authorities are the Ministry of Mines and Energy, and the ANM.

The main regimes of mineral rights are the authorization for exploration and the concession for mining, obtained though the following stages:

i. Exploration authorization request: The mining company requests exploration authorizations, which are granted for a period of one to three years. Such authorizations may be renewed for another period from one to three years, if the mining company can demonstrate that the renewal is necessary. Further renewals are allowed on an exceptional basis, provided that the mining company can demonstrate that it could not access the exploration area, or the environmental authority failed to timely provide the applicable environmental license. When completing the exploration, the mining company shall submit a final report to ANM. ANM will approve the report when it demonstrates the existence of mineral deposits where mining is technically and economically feasible. If the report is insufficient or technically inaccurate, ANM will reject it and declare the mineral right in availability stage.

ii. Mining concession request: After the exploration stage, the mining company will have one year from the approval of the final report to apply for a mining concession. The one-year term may be renewed upon justification. Among other documents, the mining concession request must include the Mine Economic Plan (Plano de Aproveitamento Econômico or PAE), and proof of existence of funds or financing for execution of the plan and operation of the mine.

iii. Mining concession: When a mining concession is granted, the mining company must begin mining activities within six months. The miner must present an annual report to ANM on the activities carried out in the preceding year.

Foreign investment

Only Brazilians and companies incorporated in accordance with Brazilian Law and that have their headquarters and administration in Brazil may explore and mine in the country.

Security of tenure

Although mineral rights do no transfer the property of mineral deposits or the land where they are located, the rights of miners are secured by Brazilian Law.

The Federal Constitution guarantees to miners the ownership of the product of mining (i.e., while the mineral deposits remain owned by the federal government, the miners will own the minerals they exploit under their mineral rights).

Regarding the lands where mineral deposits are located, such lands, including neighboring lands necessary for mining activities, are subject to mineral easements in favor of exploration and mining.

The owners of such lands are entitled to prior indemnification for the occupation and damages caused by the activity. If the mining company and the ownerof the land do not reach an agreement on the prior indemnification, the matter will be settled by the local court, based on indemnification criteria provided in applicable laws.

Moreover, mineral rights can be assigned, transferred or subject to encumbrance, provided that legal requirements are fulfilled and the transaction is registered with the ANM).

Environmental and community considerations

Environmental protection and licensing

Environmental protection is a constitutional right in Brazil. Besides a specific chapter in the Federal Constitution, environmental protection is also regulated by the National Environmental Policy, the Environmental Crimes Act, the Forest Code, among several other federal laws and regulations.

States and municipalities are also empowered to legislate on environmental matters. Thus, there are thousands of environmental laws and regulations in force in Brazil, that need to be reviewed and complied with.

Environmental licensing is mandatory for mining activities and a requirement for granting of certain mining titles.

Environmental licensing encompasses three distinct and successive phases in which the environmental feasibility of the project is analyzed and the conditions for the project's implementation and operation are established. Such three phases involve the issuance of three licenses: Preliminary License (LP), Installation License (LI) and Operation License (LO).

An LO authorizes the operation of enterprises in accordance with preventive, mitigating and/or compensatory measures conditions set forth therein.

Environmental licenses can be granted by federal, state or municipal environmental agencies, according to specific criteria that define competent agency. Mining project are usually subject to the competence of state environmental agencies.

Mining projects are usually considered enterprises of significant environmental impact. Therefore, their environmental licensing is subject to the presentation of an Environmental Impact Assessment (EIA), and payment of an environmental compensation fee to be calculated according to criteria provided in applicable laws, considering the costs for installation of the enterprise (usually corresponding to 0.5 percent of such cost).

Besides environmental licensing and compensation fees, several environmental matters apply to mining activities (from specific obligations to recover mining areas, to general regulations on protected areas and pollution control).

Furthermore, according to Brazilian law, environmental liability encompasses (i) civil liability for environmental damages (i.e., obligations and indemnifications); (ii) administrative liability for environmental violations (i.e., administrative penalties), and (iii) criminal liability for environmental crimes (i.e., criminal penalties), which may be imposed on a cumulative basis.

Environmentally protected areas

Brazilian law provides for several types of protected areas, such as (i) Areas of Permanent Protection (Áreas de Preservação Permanente), (ii) areas of Legal Reserve (áreas de Reserva Legal), (iii) Conservation Units (Unidades de Conservação), (iv) Atlantic Forest Biome (Bioma Mata Atlântica), (v) archaeological sites; (vi) Indigenous Territories (Terras Indígenas) and Ancient Slave Territories (Áreas Quilombolas).

Each type of protected area is subject to a specific protection regime. While certain types of protected areas are not compatible with mining projects many others are, provided that specific conditions are fulfilled.

Caves are a specific type of protected area of special importance to mining projects and they are also protected under Brazilian law.

According to applicable laws, caves are classified according to their importance (based on ecological, biological, geological, hydrological, paleontological, scientific, historical and socioeconomic characteristics). Caves classified as of maximum importance cannot be suppressed, while other levels of importance allow suppression upon specific compensations provided in applicable regulations.

Communities

Traditional communities, such as indigenous peoples and ancient slave communities (quilombolas) are under special protection in Brazil. Enterprises that may cause impact over the territories of these communities are subject to assessment and mitigation of such impacts.

Applicable laws provide for a statutory presumption of interference of projects located at a certain distance of those territories. Mining projects located within eight kilometers (or 10 kilometers if in the Amazon region) from those territories are subject to such statutory presumption of interference.

The consequence of such statutory presumption of interference is to involve the governmental agencies in charge of traditional peoples' rights in the environmental licensing, as well as the obligation to carry out studies to assess impacts and propose mitigation measures to the protected traditional communities. Thus, the applicable environmental licenses would also contain obligations related to assessment of impacts and fulfillment of the applicable mitigation measures.

Besides traditional communities under special protection, the environmental licensing of mining projects is usually subject to local citizens participation, though public hearings.

Public hearings are carried out during the environmental licensing and have the purpose to present the results of the project's EIA to local citizens, clarifying doubts and hearing critics and suggestions. The environmental agency shall consider the results of the public hearing when reviewing the project to be licensed.

Indigenous rights and consultation

Prior and informed consultation is only required in cases of potential impact over traditional communities under special protection.

Brazil ratified the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"). Therefore, Brazilian regulations that govern environmental licensing also provide procedures for consultation. Such procedures include involving the governmental agencies in charge of traditional peoples' rights in the environmental licensing, as well as carrying out studies to assess impacts and propose mitigation measures. The impacts must be presented to affected communities in appropriate form for correct understanding, and the measures to mitigate such impacts must be discussed with the affected peoples and incorporated in the environmental licensing procedures.

Such regulations do not provide a clear criterion on obtaining a consent from traditional communities. Therefore, while there are some that believe the consultation does not have powers to supersede the decision process of the environmental agency in charge of the environmental licensing, others defend that the traditional communities must have ultimate veto power.

Specifically for mining projects to be carried out in indigenous territories, the Federal Constitution requires prior authorization from the National Congress,with prior consultation of affected communities Nevertheless, the procedure to fulfill such conditions is not yet clearly regulated.

Taxes

Duties, royalties and taxes

The Mining Industry is subject to the general tax system normally applied to other economic activities.

Corporate Income Tax (CIT): Corporate Income Tax rate is generally 34 percent (combined tax rates of the CIT 25% and the Social Contribution Tax (SCT) 9 percent). The effective corporate income tax rate may substantially change depending on the corporate income tax regime adopted in Brazil.

Dividends paid from profits accrued are currently not subject to Withholding Income Tax (WHT) in Brazil.

Social contribution on gross revenues – Contribution to the Social Integration Program (PIS) and Contribution for the Financing of Social Security (COFINS) are federal social contribution levied on the company's monthly gross revenue at the rates of (i) 1.65 percent and 7.6 percent, respectively, in the non-cumulative regime where the company is allowed to offset PIS and COFINS credits calculated on certain costs and expenses or (ii) 0.65 percent and 3 percent, in the cumulative regime, without the possibility of calculating and offsetting credits. Export transactions are exempted from PIS/COFINS.

State VAT (ICMS) is a state value added tax imposed on monthly sales or transactions that imply the legal transfer of goods. ICMS rates vary from 17 percent to 19 percent depending on the state and the nature of the goods or services. Interstate transactions are subject to ICMS at rates varying from 7 percent to 12 percent, depending on the state. Export transactions are also exempted from ICMS.

Compensation for Exploitation of Mineral Resources (CFEM) is a federal royalty calculated over the net revenue derived from the sale of the mineral product, as well as when the mineral extracted is used by the mining company in their production process instead of being sold. In this case, the CFEM calculation basis is the sum of direct and indirect costs incurred until the moment of the utilization of the mineral.

The applicable rates are as follows: **1 percent** for rocks, sand, gravel, clay and other mineral substances when immediately extracted in construction-related activities; ornamental rocks, mineral and thermal waters; **1.5 percent** for gold; **2 percent** for diamond and other mineral substances; **3 percent** for bauxite, manganese, niobium and rock salt and **3.5 percent** for iron.

Control, monitoring and supervision of research activities, mining, exploration and exploitation of mineral resources fee (TFRM) is a fee charged by certain states (such as Minas Gerais, Pará, Amapá, Mato Grosso do Sul and Goias) levied on the sale or transfer of the mineral resource for processing. The TFRM is calculated based on the volume per ton of mineral extracted multiplied by a fixed amount or by the fiscal reference unit determined by the relevant state (currently BRL3.7292 to BRL 10.38 per/ton).

Annual Tax per hectare (TAH) is s annual tax on mining rights to be paid to the National Department of Mineral Research by the holder of the prospecting authorization in the amount of BRL3.70 per hectare of the area considered in the authorization. Upon renewal of the authorization, the TAH will be BRL5.56 per hectare.

Landowner Royalty: During the exploitation phase, under the concession system, if the land does not belong to the surface right holder, a royalty must be paid on a monthly basis in the amount of 50 percent of the CFEM due.

Incentives

In Brazil, there are no special tax incentives for the mining industry, but they can use the general incentives provided for all other activities.

There are state tax incentives available for the reduction of the ICMS burden on (i) the sale of certain minerals and (ii) the acquisition of machinery, equipment and inputs.

There are also federal tax incentives for companies located in the north and northeast region of Brazil, engaged in development, modernization, extension and diversification projects in these regions. The incentives includes (i) A reduction of 75 percent of the 25 percent CIT (ii) Corporate income tax reinvestment of up to 30 percent of the income tax due in the acquisition of new fixed assets (iv) exemption of AFRMM levied on maritime imports, capital goods or inputs (v) Incentivized depreciation of machinery and equipment.

Other tax reductions, suspensions and exemptions may be available at state and federal level, for example, to export companies and companies that invest in technological innovation (R&D incentives).

Transfer tax and capital gains

Municipal tax on transfer of real estate (ITBI) is a municipal tax imposed on the sale, purchase or assignment of real estate or related rights. The rate may vary according to the city. Most common rates in large cities varies from 1 percent to 3 percent.

Corporate income tax (CIT): A Brazilian resident company, including a Brazilian subsidiary of a foreign company, must include all capital gains arising from the disposal of Brazilian assets in its taxable income in the same manner as ordinary income, which is subject to CIT at 34 percent rate. Capital losses are deductible for CIT purposes.

Withholding income tax (WHT): Nonresidents are subject to withholding income taxation on capital gains arising from the disposal of Brazilian assets, of any kind, levied at progressive rates varying from 15 percent to 22.5 percent (or 25 percent if the beneficiary is resident in a low-tax jurisdiction).

Chile

General Framework

Major features

In Chile, mining is a key component of its economy, representing approximately 10 percent of Chile's Gross Domestic Product (GDP). Even though operations are located all over the country, the core mining activities are in the north of Chile.

In addition, Chile has favorable conditions for the development of the mining industry, such as:

- A strong legal framework ensuring economic and legal stability.
- Promotion of exploitation of mining resources, establishing clear rules for those who invest and assume the risk of mining activity.
- Large-scale government investment in infrastructure and transport.
- Availability of highly trained and skilled mining specialists.
- Good quality of mineral resources and convenient deposit locations.
- Relatively short distances between extraction sites and exporting facilities.

Chile is the world´s number one producer of copper, iodine and rhenium and is currently the world´s number two producer of lithium and molybdenum, and this is expected to increase in the years ahead due to the fact that Chile boasts the largest reserves of lithium worldwide, and to the growing interest in electric vehicles.

The mining sector in Chile is made up of a large sector of copper producing companies, led by Codelco, which is wholly owned by the State of Chile and is the main copper producing company in the world. This company operates the primary mining sites in Chile: *Chuquicamata* and *El Teniente,* having the biggest open pit and underground mines in the world, respectively.

Legal system and sources of law

The Chilean mining regime is based on a civil legal system and is regulated in three fundamental statutes:

- **Political Constitution of the Republic of Chile**, which establishes the overall legislation for the mining activity.
- **Constitutional Organic Law on Mining Concessions,** which describes the characteristics and features of mining concessions granted by the State to whomsoever complies with the requirements connected to their acquirement, along with all rights and obligations attached to those concessions.
- **Chilean Mining Code,** provides specific regulation and descriptions of mining concessions, including rules on their form and purpose, the granting procedure of mining concessions, the rights and obligations attached to mining concessionaires, the mining concession protection regime and the standard agreements associated with them.

Additionally, the Mining Code Regulation complements the Mining Code and regulates mining activities and operations. Finally, the Mining Safe Regulation contains provisions for the protection of mining workers' lives and safety, as well as on-site safety regulations in connection with machinery, equipment, edifications, and facilities in mining sites.

Ownership of mineral resources

The Political Constitution of the Republic of Chile states that the State is the absolute, exclusive and permanent owner of all mines, including metalliferous sands, saltpans, coal and hydrocarbon deposits, with the exception of surface clays.

From this ownership over minerals arises the right of individuals to realise this wealth, through a mining concession granted by the State.

Mining concessions are real property rights, different from, and independent of, the title to surface property. Therefore, there is an absolute distinction between ownership over surface land and ownership over the mining concession, even though the right is exercised over the same area of land. The Constitution states that surface property shall be subject to the obligations and limitations established by law to facilitate mining exploration and exploitation, in addition to mineral processing, but that the surface rights owners must be indemnified beforehand.

The mining concessions are always granted by a judicial resolution issued by the judge of the area in which the concession is or will be located.

The procedure of granting must be duly complied with, otherwise the rights arising from these concessions may be subject to cancellation. The judicial resolution declaring the granting of a concession must be registered in the corresponding Mining Registry. Once such registration is completed, any transfer or granting of any *in rem* right over the concession must be executed by means of a public deed.

Foreign investment

Although according to Chilean law, anyone can file a mining application and/or acquire pending or granted mining concessions, there are some imitations for foreign individuals or entities regarding lands that are located close to international borders.

Role of the state

The Role of the state in mining is that of a grantor-regulator.

There is no mandatory national or government joint venture, contracting or participation.

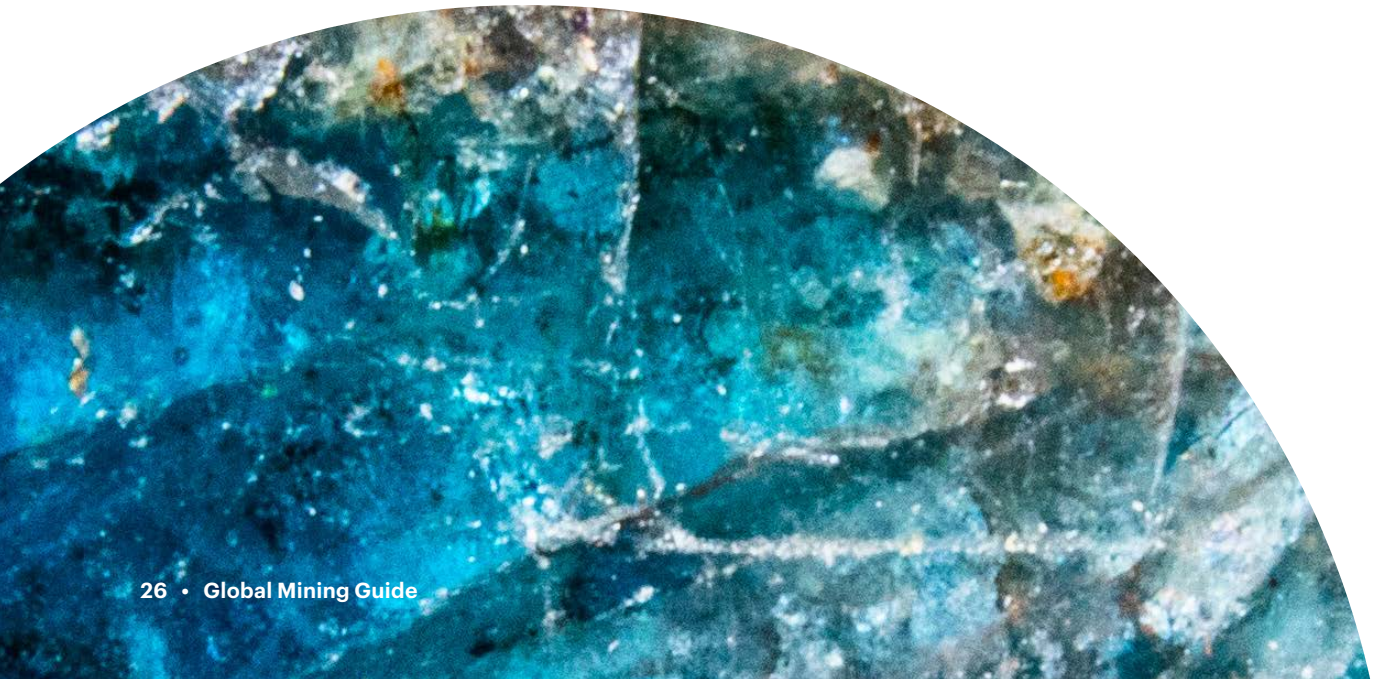
Nature of mineral rights

Mineral rights have a constitutional based regulation in Chile, however, they are also regulated in the Constitutional Organic Law on Mining Concessions, the Chilean Mining Code and the Mining Code Regulation.

In this context, the private individual does not have ownership over the minerals, however, the property rights held by the concessionaire over its concession are guaranteed under the constitutional right of (and to) property.

The mining concession is a real estate right that grants its holder the exclusive powers to explore the concessional mineral substances that exist within its limits, if it is of exploration, and those to explore and exploit such substances and become owner of those that it extracts, if it is of exploitation.

Consequently, there are two kind of mining concessions: (i) an exploration concession, valid for two years, which grants its holder the exclusive right to investigate and prospect the existence of



all mineral substances; and (ii) an exploitation concession, with an indefinite duration, which grants its holder an exclusive right to explore and exploit the exploitation concession and become the owner of all the mineral substances (metallic and non-metallic) that are extracted from within the limits of the exploitation concession, except for minerals that the State has declared as reserved for itself.

The mining law states that once the mining concession is granted, its owner shall be empowered to undertake any works required for exploring or exploiting the mine.

It also states that the exploration and exploitation concessionaires have the right to impose easements or rights of way over the surface properties necessary for exploration works and for stockpiles, processing facilities, energy and communications systems, access roads, pipelines, channels, housing, and, in general, any other ancillary or supplementary facilities or components necessary for free and unconstrained exploitation of the mining concession.

Granting of mineral rights

Mining concessions in Chile have a judicial origin as the courts of justice are the granting authority of the concessions.,

The procedure to request an exploration and exploitation mining concession starts with the submission of a mining application before the competent court. The date of initial filing for the granting of a concession sets the preference to exercise the rights arising from the concession granted. The law presumes that whoever first submitted the request for an exploration or exploitation concession is the first discoverer.

Exploration and exploitation mining applications are processed by the courts in a non-contentious procedure with no intervention from other authorities or individuals, other than the National Geology and Mining Service (Servicio Nacional de Geología y Minería or SERNAGEOMIN). SERNAGEOMIN is the technical mining authority entitled to advise the Ministry of Mining on geology and mining issues. It must also inform to the judicial court if the mining concession is in compliance with the legal requirements.Once obtained, the mining concessions remain valid as long as the concessionaire pays the annual license.

Concessions on mineral rights can be transferred to third parties by means of a public deed, which must be registered in the respective Mining Registry.

Security of tenure

The owner of a mining exploitation concession has a preferred right to exclude other concessionaires over the area of its mining concession and can also request a new mining exploitation concession before the expiration of its mining exploration concession.

Both the exploitation and exploration concessions are *in rem* rights, enforceable against any person or entity. The mining concessions can be transferred and mortgaged and generally enjoy the same legal treatment as other real rights contemplated in legal acts or agreements.

The non-payment of the mining license may lead to the inclusion of the mining concession in an auction process affecting the concession. The highest bidder may acquire the mining concession, paying the value of the unpaid mining licenses. If there are no bidders in the auction, the judge must declare the land on which the concession is located as "free land".

The termination or expiration of the mining concessions can be produced by specific causes, expressly mentioned in the Chilean law, as follows:

i. non-compliance of legal terms and steps in their process of establishment.

ii. not having exercised any judicial action against the overlapping of a third party over the mining concession.

iii. the expiration of two-year term since the granting resolution, in the case of the exploration mining concession.

iv. the declaration of nullity by judicial resolution; and

v. the abandonment by the owner, unilaterally waiving the rights over the mining concession.

Environmental and community considerations

Environmental protection and licensing

The main environmental laws applicable for mining projects are:

i. Law No. 19,300 (the Environmental Framework Law)

ii. Law No. 20,417, which created the Ministry for the Environment, the Service of Environmental Assessment (Servicio de Evaluación Ambiental or SEA) and the Superintendence of the Environment (Superintendencia del Medio Ambiente or SMA)

iii. Supreme Decree No. 40/2012 that approves the regulation of the Environmental Impact Assessment System (Sistema de Evaluación de Impacto Ambiental or SEIA).

The main agencies overseeing environmental issues are the Ministry of Environment, the SMA and the SEA.

There are two kinds of applications, depending on the potential impact to the environment. If the potential impact to the environment is limited, the applicant shall request an Environmental Impact Declaration (Declaración de Impacto Ambiental or DIA). If the activity represents a major and more environmentally dangerous activity, the applicant shall request an Environmental Impact Study (Estudio de Impacto Ambiental or EIA).

Articles 10 of Law No. 19,300 and article 3 of Decree No. 40/2012 list the projects or activities that are likely to cause environmental impact in any of their phases, and which are subject to the environmental impact assessment system. This list includes mining development projects involving coal, oil and gas, prospecting, exploitation, processing plants and waste disposal, as well as industrial extraction other kind of minerals.

The following mining exploration projects are subject to the environmental impact assessment system:

i. Projects that include 40 or more platforms[1], including their corresponding drilling (between the Arica, Parinacota and Coquimbo regions).

ii. Projects that include 20 or more platforms, including their corresponding drilling (between the Valparaíso,

Magallanes and Chilean Antarctic regions, including the Metropolitan Region).

On the other hand, mining exploitation projects whose purpose is the extraction or benefit of one or more mineral deposits and whose mineral extraction capacity is higher than 5,000 tons per month.

The mining projects that are below these limits are not required to be environmentally assessed, unless they are located in protected areas.

Regarding the environmental assessment procedure, the SEA, after receiving the required documentation, has either 60 or 120 days to communicate a resolution on the application -DIA and EIA respectively-. However, the SEA, on average, approves projects in 10 months in the case of DIA and 16 months in the case of EIA.

After an administrative process, the SEA issues a resolution allowing the construction, operation or closure of the project and certifies that it complies with the applicable environmental regulations (Resolución de Calificación Ambiental or RCA).

All other operating licenses and permits, including those required by SERGNAGEOMIN, the General Water Office (DGA), the Agricultural and Livestock Service (SAG), local governments, and the Ministry of Transport, must be obtained in parallel.

SERNAGEOMIN is the main authority entitled to issue several permits like the commencement authorization or the approval of the mine closure procedures, which is regulated by Law No. 20,551.

The SMA is the authority responsible for monitoring and sanctioning compliance on environmental regulations (including RCA), in accordance with the provisions of Law No. 20,417.

Environmentally protected areas

According to Chilean law, Protected Areas (PA) are especially regulated in the country. They are legally defined in Decree No. 40/2012 as "Portions of territory, geographically delimited and established by an administrative act of competent authority, placed under official protection in order to ensure

1 A platform is a surface used on the drilling campaign on which the drilling equipment is installed in order to drill one or more drilling wells.

biological diversity, protect nature preservation or conserve environmental heritage" and are administered by National Forest Development Corporation (Corporación Nacional Forestal or CONAF).

In Chile there are 19 categories considered under official protection for the purposes of the SEIA, which are consistent in part with those established in the Washington Convention (for example: National Parks).

According to Article 10, section p) of Law No. 19,300, the projects or activities that may cause an environmental impact, in any of its phases, which must be submitted to the SEIA, are the ones related with operations that could affect the PA.

In that respect, the SEA has understood that not every project (including mining projects) that is intended to be developed in a PA must enter the SEIA simply because of its location. The evaluation considers the project's magnitude and extent of the impacts and how these affect the object of protection, which is resolved on a case-by-case basis.

In addition, according to the provisions of Article 17 of the Mining Code, in the case of mining projects development located in specific areas, special permits must be obtained from certain authorities. The most relevant permits from the environmental perspective are: (i) from the regional mayor (Intendente), to execute mining work in places declared national parks, national reserves or natural monuments; (ii) from the president, to carry out mining work in guano deposits (covaderas) or in places that have been declared of historical or scientific interest.

Communities

Citizen participation is considered for those mining projects that are environmentally assessed by the SEIA (the EIAs and the DIAs when they generate "environmental burdens").[2] At this stage any interested party can make observations on the project, which must be reviewed by the authority and answered by the owner of the mining project, if applicable.

Additionally, the Mining and Society Department of the Ministry of Mining helps to strengthen the relations between mining companies and local communities. That department encourages the development of alliances between mining companies, local communities, and NGOs, promotes education and training opportunities for local residents to qualify for mining jobs and communicate policies and/or good social practices in regions/communities associated with mining operations, among other tasks.

Indigenous rights and consultation

In Chile, there is no obligation to request a prior and informed indigenous consultation for mining projects, unless there are indigenous communities located in the area, in which case the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169") could eventually be applied.

ILO Convention 169 was ratified by Chile on September 15, 2008. The Convention provisions are rather generic and require more specific regulation to be clearly implemented in the national legislation. In this context Supreme Decree No. 66/2013, of the Ministry of Social Development (Indigenous Consultation Regulations) was published.

This decree implements Articles 6 No. 1 a) and No. 2 of the ILO 169 and regulates this mechanism of "prior indigenous consultation" at a local level, establishing specific procedures and stages of participation with the purpose of complying with ILO Convention 169.

In 2014, Law No. 19,300 and article 85 of its Regulations were modified, incorporating mechanisms of "prior indigenous consultation" in the SEIA. Therefore, the "prior consultation" process can take place in the context of the SEIA, as well as outside of it. However, for large investment projects – that require environmental evaluation and that may affect indigenous communities – the consultation process must be carried out within the framework of the SEIA.[3]

Currently, in the context of SEIA, the "prior indigenous consultation" has four stages and lasts approximately 14 months. If this "prior consultation process" is not carried out, the project cannot be approved.

2 Mining projects "per se" are not within the legally defined list that generate "environmental burdens" and they are not subject to the citizen participation process in DIAs, but there is judicial and administrative jurisprudence that includes them. Therefore, it is an issue that is analyzed "case by case" by the environmental authority.

3 Additionally, on 2016 SEA published Resolution No. 161116 "Instructions on the implementation of the consultation process for indigenous peoples in accordance with ILO 169 on the SEIA" specifying – even more – what is already established in the environmental regulatory framework.

Taxes

Duties, royalties and taxes

Regarding income tax, the mining industry is subject to the general tax system. In Chile, companies are charged with a Corporate Income Tax (CIT) at the rate of 27 percent in the case of the Partially Integrated Regime or 25 percent in the Small and Medium Companies Regime (which will be at a rate of 10 percent for fiscal years 2020, 2021 and 2022). The Small and Medium Companies Regime is a beneficial tax regime applicable for companies which annual gross income does not exceed US$ 3.2 million.

The final owners also must pay Personal Income Tax (Impuesto Global Complementario for Chilean individual residents) at a progressive rate ranging rom 0 percent to 40 percent, or Withholding Tax (Impuesto Adicional, for non-residents) at a 35 percent fixed rate. In both cases, the Corporate Income Tax paid by the company is creditable against these final taxes. Note that the credit corresponds to 100 percent or 65 percent of the CIT paid, depending on whether the Small and Medium Companies Regime or the Partially Integrated Regime is applicable, respectively.

The mining industry also has a specific tax (additional to CIT), which is a profit-based tax, and applied over the company's operational mining income. The rate of the specific tax depends on the annual sales and the mining operational margin of the taxpayer, as follows:

i. the taxpayers are exempted if the annual sales are less than the equivalent of 12,000 refined copper tons;

ii. the rate ranges from 0.5 percent to 4.5 percent if the annual sales are superior to 12,000 but less than the equivalent of 50,000 refined copper tons;

iii. the rate ranges from 5 percent to 14 percent if the annual sales are more than 50,000 refined copper tons. In this last case, the determination of the rate depends on the mining operational margin.

Incentives

The mining industry has no regulated special tax incentives. However, they can use the general incentives provided for all other activities. For example, they can apply for special VAT exemptions related to investments in fixed assets and for exportations.

In Chile, tax-stabilization agreements have in the past been entered into with the Chilean State, which are regulated in Law No. 20.848. This law states that, in order to assure the application of the current tax rates, foreign investors could apply to sign new invariability agreements up to December 31, 2019. Notwithstanding, it is important to note that previously signed Foreign investment Agreements (under previous laws) maintain their validity and assure the tax rates established in their clauses. Currently, the Chilean law does not allow to any of suchtax-stabilization agreements.

Transfer tax and capital gains

The transfer of the property of a mining project is subject to the general tax regime. Hence, the seller must pay taxes over the profit made at the corresponding tax rate.

Furthermore, Chilean tax law specifically charges a 35 percent withholding tax on indirect sale of shares. This case refers to a transfer of shares issued by foreign entities, which are indirectly represented by underlying assets located in Chile (exceeding thresholds determined in the law).

Listings

Listing requirments of mining or mineral companies in our local stock exchange or in international stock exchanges

Pursuant to the consolidated text of the General Rule No. 30 of the SVS (Comisión para el Mercado Financiero) and Law 20,235, the following main information is required to be part of a listing application for the Santiago Stock Exchange:

i. General, economic and financial background

ii. Relevant or essential facts

iii. Other background information (Minutes of the Shareholders' Meeting to request registration, incorporation of the company, among others)

iv. Statement of Responsibility

Additionally, for those mining companies, with either exploration or exploitation concessions, must be submit the following information:

i. Concession areas and/or land owned by them must be identified, indicating surface and location.

ii. Volume of the main resources it has for future years, the status of such resources for exploitation and identifying the source of such information.

iii. Results of its mineral deposit exploration activities.

iv. Estimate of resources and reserves associated with mining exploitation.

v. All of the above, identifying the competent person who has subscribed or issued the technical report, pursuant to Article 18.

vi. Additionally, it must be identified if the entity is the owner of such facilities or if they are used under some other type of contract.

vii. Mining companies must submit a technical report.

Colombia

General framework

Major features

The mining sector has historically been one of the most significant in the Colombian economy. In 2019, it accounted for over two percent of the total Gross Domestic Product (GDP), focusing on the extraction of various minerals such as coal, nickel, iron, copper, precious metals (gold and silver), emeralds and others used in the construction industry.

Geographically and geologically, Colombia is a diverse country with thousands of square kilometers of unexplored prospective ground, with high potential for the exploration and exploitation of minerals and all kinds of natural resources. Currently, only 1,1 percent of the country's territory is occupied by mining titles in production phase, while only 2.3 percent is covered by exploration projects.

The regulatory framework applicable to the mining sector has significantly evolved over the last few years, with the purpose of attracting new investors. Key developments since 2018 include the introduction of a new grid-based mining cadaster, the launch of a fully digital platform for the management of concessions and applications, and a set of binding precedents, such as rulings indicating that local public consultations and governments' initiatives cannot ban mining activities.

Legal system and sources of law

The Colombian mining regime is based on the civil legal system and relies on three fundamental legal and regulatory instruments:

- The 1991 Political Constitution of the Republic of Colombia, which sets out the general framework and principles for extractive activities and non-renewable natural resources.
- The Colombian Mining Code (Law No. 685 enacted on 2001) which provides the basic rules for the exploration and production of minerals in the country.
- Administrative Acts (decrees, resolutions, etc.), which set forth specific regulations applicable to mining concessions, including the procedure to obtain the concession, the rights and obligations applicable to the concessionaires, the concession regime and safety regulations.
- It is important to note that according to the protection of vested rights, a key principle of Colombia's legal system, mining rights are subject to the laws applicable at the time of their grant. Twhis is particularly relevant for mining rights issued under previous mining codes.

Ownership of mineral resources

According to the Political Constitution of Colombia, the State is the exclusive and permanent owner of all the non-renewable natural resources within the national territory, including mineral and hydrocarbon deposits of any kind. The only exception to this rule applies to privately owned mines declared before 1969.

Mineral rights are awarded through long term concession contracts, which include provisions concerning the exploration and development of mining activities.

The ownership of the State over mineral resources is independent from the rights of the landowners. In this regard, Colombian laws and regulations define mining as a public interest activity, and mandate that landowners allow mining exploration and exploitation as well as mineral processing on their lands, through easements, leases or other contracts. Lands can also be expropriated by the State to develop mining projects.

Foreign investment

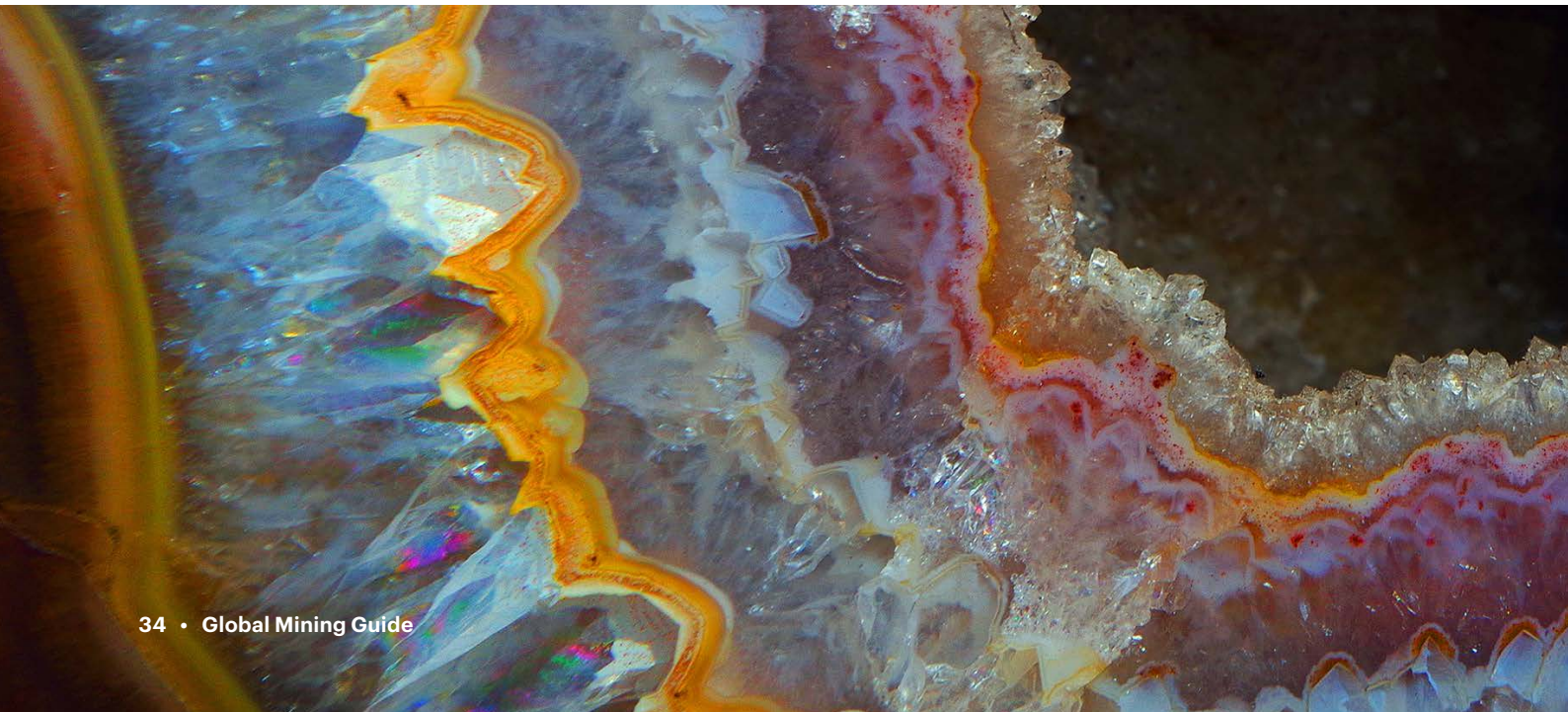
It is worth noting that foreign investors are given the same treatment as domestic companies and individuals, and have the right to raise claims via investment arbitration against the Republic of Colombia if their country of origin has entered into an international investment treaty with Colombia that allows so, as is the case of Canada, USA, UK, EU, Chile and South Korea.

Role of the state

As the owner of all the non-renewable natural resources of the country, the role of the Colombian State is to manage the mineral resources. In such capacity, the State acts as the exclusive grantor of concessions, regulates the extractive activities and enforces mining laws and regulations.

Currently, such functions are performed through the Ministry of Mines and Energy, which is responsible for the formulation, adoption and implementation of public policy in the administrative sector of mines and energy; and the National Mining Agency (or the Secretary of Mines within the Department of Antioquia), that acting as the national mining authority, administrates the State´s mineral resources, grants the rights for their exploration and exploitation and is also responsible for collecting royalties, enforcing mining laws and keeping the mining cadaster.

The State, through the relevant agencies, issues the licenses and permits required for any mining project and supervises environmental and social compliance.



Nature of mineral rights

Under the applicable laws and regulations, mineral rights are awarded through mining concession contracts. In general terms, these rights are those which authorize the exploration of a specific mining area. Once a mineral has been extracted by the concessionaire, its property is automatically conveyed from the State unto the concessionaire. They can be freely assigned, sold, purchased or otherwise encumbered by the respective concessionaire. The concessionaire will bear all risks and expenses in connection to the project.

Both exploration and exploitation concessionaires have the right to impose easements or rights of way over the surface properties necessary for exploration works and for stockpiles, processing facilities, energy and communications systems, access roads, pipelines, channels, housing, and, in general, any other ancillary or supplementary facilities or components necessary for free and unconstrained exploitation of the mining concession.

There are other kind of titles, such as private mining property or exploration licenses, issued under preceding laws which have been grandfathered by current regulations.

Granting of mineral rights

Mining concessions

Pursuant to the Mining Code, the rights to explore a mine are acquired by means of a 30-year concession agreement, which is divided into three phases: exploration, construction and mining.

Foreign companies are allowed to apply for mining concessions but are required to incorporate a local subsidiary or branch in order to enter iinto the respective concession agreement.

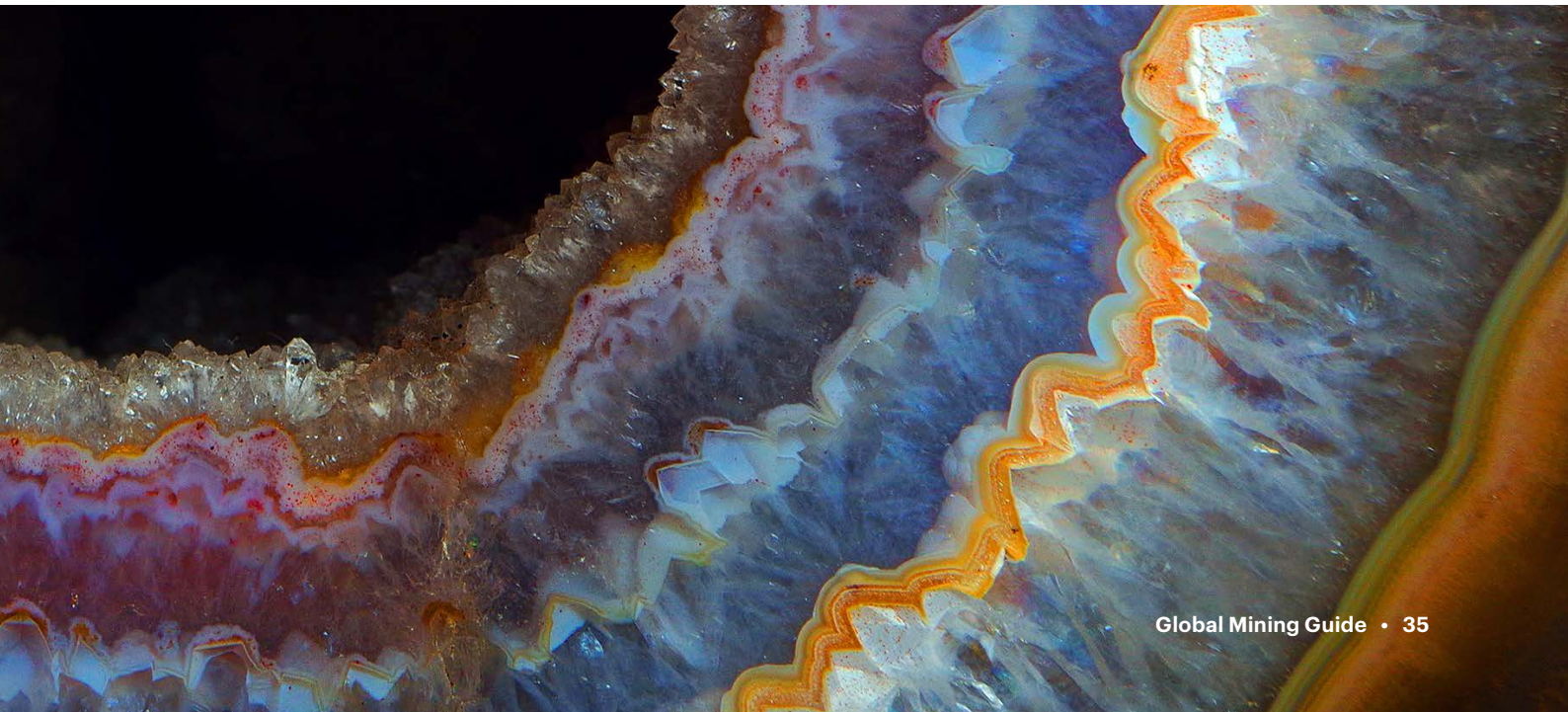
Granting of mineral rights is usually done on a first come, first serve basis (like staking), provided that the applicant satisfies certain minimum financial, technical and environmental conditions.

Upon registration of the concession agreement before the National Mining Agency, the exploration phase can start and is valid for three years extendable for an additional two-year period and up to a total of 11 years. Once it concludes, the agreement enters the construction phase, which lasts for a term of three years, renewable for an additional period ranging from one year and up to four years. Finally, the agreement enters the mining phase, which lasts for the remaining life of the concession and is also extendable 30 more years.

As per the grid system that was implemented in 2019–2020, a new mining concession must be between 1.24 hectares equivalent to one grid, and a maximum of 10,000 hectares.

Strategic mining areas

As part of an effort to expand the Colombian mining industry, the National Mining Agency has implemented a new procurement scheme for the concession of certain Strategic Mining Reserve Areas, through Special Exploration and Mining Contracts which must be awarded by means of successive bidding processes that work in a similar way to the Swiss Challenge. Under this method



of procurement, a qualified participant makes a proposal for a project which the government puts before other qualified participants to match or better it. Once these are received, the original candidate is allowed to match the best bid.

In addition to the award system, these special contracts differ from those granted under the Mining Code regime because they offer both a longer exploration activity phase and a discount in the surface fee.

Mining Reserve Areas are exceptional and few. Granting of mineral rights to such Strategic Mining Reserve Areas does not hinder the application and granting of mining concessions on a first come first serve basis over areas outside of such Mining Reserves.

Security of tenure

Mining concessions are not subject to the general public procurement statute (Law 80 of 1993), which implies – among other things – that they cannot be unilaterally revoked by the State. As long as the concessionaire complies withits obligations under the applicable mining and environmental regulations, its concession shall remain valid and fully enforceable.

Under the current regulations, the local authorities and communities are not allowed to ban or forbid mining activities in their territories by means of popular consultations or municipal resolutions, which may be the case in other countries of the region and up to 2018 was a topic of debate in Colombia.

Depending on various factors, certain mining activities (gold production in particular) may be subject to the intrusion of informal miners. Colombian regulations have a special eviction procedure for this situation and also provide formal mechanisms under which mining concessionaires are able to work together with local informal miners, for the benefit of both parties.

Environmental and community considerations

Environmental protection and licensing

The Ministry of Environment and Sustainable Development (MADS) is the legal authority for environmental management, planning, regulation and policymaking in Colombia.

In 2011, the National Authority of Environmental Licenses (ANLA) was incorporated as a specialized entity within the Ministry of Environment, in charge of granting environmental licenses and permits in accordance with the applicable laws and regulations. Furthermore, regional autonomous corporations (CARs) and urban environmental authorities are competent to grant environmental permits and licenses to smaller mining projects located within their scope of jurisdiction.

In principle, no environmental license or permit is required to conduct exploration activities. Some minor environmental permits may be required during the exploration phase for construction of roads, water takes, etc.

Construction and mining activities require an environmental license. The licensing process includes the relevant filing and submission of the project's environmental impact study, which serves as the basis for the approval of the environmental license. Environmental licensing is usually subject to a public consultation process held by the competent environmental authority.

There are environmental fees associated with the use of natural resources established by the applicable law. Those fees are payable to the entity granting the license or permit. In addition, to support the monitoring of the projects, the license holder is obliged to pay a follow-up fee.

Environmentally protected areass

With the purpose of protecting biodiversity, applicable laws and regulations impose restrictions on specially protected areas of the National System of Protected Areas (Sistema Nacional de Protección or SINAP). Depending on the classification of the protected area, mining projects can be subject to restrictions or be completely prohibited. The most common prohibited areas are National Natural parks and Moorlands (páramos).

Limitations are established by the local laws and regulations and those concerning zoning should be consulted as part of the project planning.

Communities

Colombia is part of the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"). Therefore, it is mandatory to conduct a prior

consultation with the Ethnic Communities (indigenous communities, afro-Colombian communities, ROM – gypsies, "palenqueros" and "raizales") regarding administrative and legal measures that may directly affect them (such as environmental licensing for mining projects).

According to the Colombian Constitutional Court, "direct impact" refers to the positive or negative impact that a project or measure could have on the social, economic, environmental or cultural circumstances of a certain ethnic community.

As a consequence of the foregoing, ethnic communities must be consulted before applying for an environmental license, which is a prerequisite for the conduction of mineral exploitation activities.

To determine whether there is presence of ethnic communities registered with the State, the developer of the project must request a certificate that verifies such circumstance from the Ministry of Internal Affairs (when applying for the environmental license).

According to applicable law, it is not mandatory that the prior consultation procedure end with an agreement between the developer of the project and the ethnic communities, except for certain circumstances that (i) would result in the displacement of such communities, (ii) activities involving the dumping of toxic waste in the ethnic communities' land, (iii) projects that involve high social, cultural and environmental impacts on the ethnic communities that can jeopardize their existence, and (iv) large-scale development plans that impact such communities' territory.

Indigenous rights and consultation

In addition to the prior consultation with ethnic communities previously mentioned, mining projects cannot be subject to other kinds of consultations. This particular issue has been recently confirmed by the Constitutional Court through a series of rulings (SU-095/2018, C-053/2019 and T-342/2019) where it has been clearly set out that local authorities and communities cannot veto extractive activities in any way (especially through popular consultations or municipal resolutions). However, as a requirement prior to the concession being granted, mining projects should be discussed and explained through public hearings where local communities and authorities are able express their concerns or views.

Tax

Duties, royalties and taxes

Income tax

Mining companies are subject to the general Corporate Income Tax at a progressive rate of up to 32 percent (FY 2020), 31 percent (FY 2021) and 30 percent (FY 2022 and following).

Income tax is assessed by deducting allowable expenditures from taxable income. Some expenditures are tax deductible if they comply with the criteria of causality, proportionality and necessity.

Dividends Tax

Dividends distributed to resident individuals are taxed in the following manner:

- If the profits were taxed at a corporate level, the dividends are subject to a progressive rate ranging from 0 percent to 10 percent.
- If the profits were not taxed at a corporate level, the dividends are subject to a rate of 32 percent. The tax indicated in the previous paragraph will apply over the balance once deducted.

Dividends distributed to a Colombian company are taxed in the following manner:

- If the profits were taxed at a corporate level, the dividends do not constitute taxable income; however, a 7.5 percent withholding tax rate applies to those dividends.
- The withholding will be made on first distribution and is creditable against the dividend tax applied to final beneficiaries (resident individuals and non-residents).
- Additionally, distributions to Colombian Holding Companies ("CHC") or companies that are part of an economic group or control situations duly registered before the Chamber of Commerce are not subject to this withholding.
- If the profits were not taxed at a corporate level, the dividends are subject to a rate of 32 percent for the year 2020; the withholding tax indicated in the previous paragraph will be applied once this tax has been reduced, resulting in an effective rate of 37.1 percent.

Dividends distributed to: (i) branches or permanent establishments of foreign companies; (ii) foreign individuals, companies and entities are taxed as follows:

- If the profits were taxed at a corporate level, the dividends are subject to a 10 percent tax.
- If the profits were not taxed at a corporate level, the dividends are subject to a tax rate of 32 percent for the year 2020.

Capital Gains

Capital gains are considered extraordinary income received by individuals and companies. Some capital gains are: (i) sale of assets of any type, which have been held for at least two years; (ii) inheritance, legacies and donations; (iii) liquidation of a company that has been in existence for at least two years; and (iv) gains derived from lotteries or gaming. Capital gains are taxed at a rate of 10 percent. Capital losses can be offset with capital gains only.

Value Added Tax (VAT)

Value added tax is an indirect national tax on (i) services rendered in Colombia and from abroad; (ii) sales and imports of physical movable goods; (iii) sales or transfer of intangible assets related to industrial property.

As a general rule, VAT does not apply to the sale of fixed assets and export of good and services. The general tax rate is 19 percent; however, there are some goods or services with rates of 5 percent and 0 percent. VAT is not applicable when the goods/services have been expressly excluded (not taxed) or exempted (0 percent rate) In the case of exporters and producers of exempt goods/services, input VAT can be recovered via a tax refund.

Others Taxes

Depending on the activities and the nature of the assets of a company, other taxes may apply such as: real estate tax, industry and commerce tax, financial transactions tax, etc.

Royalties

Under current regulations, all mining concessionaires are liable to the following economic considerations in favor of the State: (i) surface fees (canon superficiario) which are payable during the exploration and construction phases and are estimated according to the area of the mining title

and the number of years it has been active; and (ii) public royalties: the concessionaire is liable for the payment of a percentage of its production, which may vary depending on the mineral. For instance, the royalty for gold is 4 percent of the mouth of mine value of production. Mouth of mine value is deemed as 80 percent of the international gold price, as determined by the mining authority. Royalties for coal amount to 5-10 percent (depending on the volume of production) of the mouth of mine value of production, which in this case is estimated as a discount to the market price as certified by the mining authority.

Duties

As a general rule, customs duties as well as the VAT tax are applicable to the import of goods into Colombian territory. The average customs duties for this purpose ranges from 6 percent to 7 percent, but for mineral resources such tariff is between 0 percent to 5 percent. Also, certain minerals may be totally exempt from VAT.

All exports are exempted from customs duties and/or taxes in Colombia, and exporters are also allowed to file for a deduction of the VAT paid for the services and expenses required to export mineral resources

Incentives

Currently, there are no special tax incentives for the mining industry in Colombia.

Transfer tax and capital gains

See above under "Duties, royalties and taxes"

Listings

Listing requirements of mining or mineral companies in your local stock exchange or in international`stock exchanges

In order to list stock or securities in the Colombian Stock Exchange (CSE), a Company will need to complete an enrollment procedure before the CSE, the Financial Superintendence, and the Centralized Securities Deposit (Deceval), and it will further be required to comply with certain conditions such as: (i) having a minimum of 100 shareholders; (ii) have an equity of at least 7 billion Colombian pesos (US$2 million); (iii) being active for at least three years; (iv) having operating profits at least in one of those three years; (v) file the relevant annual reports before the Financial Superintendence; (vi) comply with the corporate governance standards set forth under the CSE regulations. Other requirements may be applicable depending on the nature of the issuer.

The Colombian stock exchange also allows for secondary listings in Colombia of companies listed in foreign stock exchanges, such as NYSE, NASDAQ, TSX, AUX, LSE, AIM, TSXV, etc.

Also, the Colombian Stock Exchange is part of the MILA, the integrated market of Latin American main exchanges, such as Peru, Chile, and Mexico.

Ecuador

General Framework

Major features

In 2018, Ecuador formulated a Prosperity Plan to address, the problems of economic imbalance

This Prosperity Plan, has five axes: productive development; attraction of Foreign investment and employment generation; optimization of the State; fiscal sustainability and social protection.

The responsible use of natural resources is an essential part of the Prosperity Plan due to its positive impact on the productive investments, generation of employment and increasing the level of exports. In this sense, Mining is becoming one of Ecuador´s major economic activities and a major foreign exchange earner for the country. Sector investments are estimated to reach approximately US$3,8 billion by 2021 and as such mining would increase its contribution to the Gross Domestic Product, from 1.6 percent in 2017, to 4 percent in 2021. In addition, the Ecuadorian State could receive more than US$800 million in taxes from mining projects in 2021 alone, resources that will serve to further strengthen social investment.

For these reasons, the National Government promotes responsible mining, considering environmental, economic, and social aspects.

Under these criteria, not only large mining projects but also second generation, small and artisanal strategic projects, are being developed.

Ecuador has excellent mineral resources, most notably gold, silver, and copper. There are also, strategic projects, such as Fruta del Norte, which has a planned investment between 2021 and 2024 of US$ 113.90 million.

Legal System and sources of law

The Ecuadorian mining regime is based on the civil legal system and regulated by the following laws:

i. The Constitution of Ecuador

ii. The Ecuadorian Civil Code.

iii. The National Mining Law No. 45, published on January 29th, 2009.

iv. The general regulations applying to the mining activities.

Ownership of mineral resources

Non-renewable natural resources and, in general, subsoil products, mineral deposits and hydrocarbons are inalienable property and are administered by the State.

The State executes its mining activities through the National Mining Company and may constitute mixed economy companies.

The State will exceptionally grant mining concessions through an administrative act issued by the Regulation Agency and Miner Control in favor of the interested party.

The mining title gives its holder the exclusive right to prospect, explore, exploit, benefit, melt, refine, commercialize and dispose of all mineral substances that may exist and be obtained in the concessioned area, becoming a beneficiary of the economic revenues obtained from those processes, within the limits established by the Ecuadorian law.

Foreign investment

Foreign natural or legal persons, to be holders of Mining rights, must have legal domicile in the national territory and will receive the same treatment than that granted to any other natural or national legal person.

Role of the state

In Ecuador the role played by the State in the mining sector consists in the awarding of the mining properties and the regulation of the exploration and exploitation activities.

The State as the absolute, exclusive and permanent owner of all mines, grants individuals or entities the authorization to acquire, explore and exploit mineral deposits, through a mining concession.

The Ministry of Energy and Non-Renewable Natural Resources has the power to generate, promote, communicate and evaluate policies and standards to optimize the country's sustainable mining development, maximize its contribution to social economic development and consolidate its international leadership through the responsible and sovereign use of mineral resources.

Nature of mineral rights

Non-renewable natural resources and, in general, subsoil products, minerals and substances whose nature is different from that of the soil, even those found in the areas covered by soil, are inalienable, imprescriptible and unattachable properties of the State. The dominion of the State over the subsoil is exercised independently from the property right pertaining to the superficial lands, covering the mines and deposits.

Mining rights are recognized in mining concessions, exploitation contacts, licenses, and permits, and authorizations to install smelting, benefit and refining plants.

As mentioned before, the mining concession is an administrative act that grants a mining title, over which the holder has a personal right, which is transferable after the mandatory suitability qualification of the assignee of the mining rights by the sectorial minister, and on it, one may establish pledges, assignments in guarantee and other guarantees established in the Ecuadorian laws. The registration of the mining title transfer must be authorized by the Regulatory Agency and Mining Control, once the communication from the concessionaire informing the transfer of the mining rights is received.

Granting of mineral rights

As previously stated, the State, represented through the Ministry of Energy and Non-Renewable Natural Resources, is the authority entitled to grant mining rights.

The following individuals or corporations are eligible to hold mining rights: (i) natural persons or (ii) legal entities, national and/or foreign; public, mixed or private; community and self-managed, whose corporate purpose and operation comply with the applicable regulations.

It is prohibited to grant mining rights to individuals or corporations who have conflicts of interest or can use privileged information. In addition, mining rights cannot be granted to natural or legal persons related to the entities in charge of granting the concessions, either through their direct participation in such entity or through the participation of the shareholders or relatives up to the fourth degree of consanguinity and/or second degree of affinity. Moreover, mining rights cannot be granted to former officials of the Ministry of Natural Resources, the Ministry of Energy and Mines and the Ministry of Mines and Oil or their immediate relatives up to the fourth degree of consanguinity and second degree of affinity.

Security of tenure

The mining concessions and its permits will expire upon expiration of the term granted or its extension.

The expiration of mining rights affects those substantive rights acquired by the holder through the concession and deprive the concession holder of its exercise.

The mining concession is valid for a twenty-five year period that may be renewed for equal periods, as long as a written request is submitted from the concessionaire to the Sectorial Ministry, before its expiration date and a favorable report from the Regulatory Agency has been previously obtained Mining Control and the Minister of the Environment.

According to the law there are several causes of expiration that could affect the mining rights, which are mainly the following:

i. Expiration due to non-payment. Concessions expire when their holders don'ts paying the patents, royalties and other rights or taxes established in the law.

ii. Expiration due to the lack of submission of the exploration reports or the evidence regarding the performance of mining activities and minimum investments.

iii. Expiration due to unauthorized exploitation and/or submission of false information. The mining concession expires if the holder performs exploitation work, directly or indirectly, prior to the signing of the relevant exploitation contract. Likewise, the mining concession expires if the reports submitted by the concessionaire contain false information or data that maliciously alters the technical and economic conclusions.

iv. Expiration due to malicious alteration of the milestones. Malicious alteration of the demarcation milestones, duly verified, are ground for expiration of the mining concession.

v. Expiration due to Declaration of Environmental Damage. The Sectorial Ministry must declare the expiration of mining concessions when environmental damage occurs, regardless of the concessionaire's obligation to take remedial actions.

Expiration due to damage to the Cultural Heritage of the State. The sectorial ministry, based on a technical report from the National Institute of Cultural Heritage, can declare the expiration of a mining concession if the performed activities cause serious, permanent or irreparable damage to the cultural heritage of the State, in accordance with the provisions established in the Ecuadorian Constitution and the Law of Cultural Heritage No.1, published on December 30, 2016.

vi. Expiration due to Human Rights Violations. The Sectorial Ministry must declare the expiration of a mining concession if a violation of human rights is committed, either by the concessionaire, its representatives, or contractors. Companies who act on behalf of the concessionaire can also be held accountable for violations of human rights, determined by a court.

Environmental protection and community relations

The Constitution of Ecuador recognizes the right of all citizens to a healthy environment. It also determines the obligation of the Ecuadorian State to guarantee a sustainable development of the country that must be environmentally balanced and respectful of cultural diversity, to ensure the needs of current and future generations.

The main norms of environmental regulation in Ecuador are the following:

- The Organic Code of the Environment, published in the Official Gazette Supplement 983 of April 12, 2017
- Regulation to the Organic Code of the Environment, issued by Executive Decree No. 752, published in the Official Gazette Supplement 507 of June 12, 2019
- The Unified Text of the Secondary Legislation of the Ministry of the Environment, Executive Decree No. 3516, published in the Official Gazette Special Edition 2 of March 31, 2003
- The Environmental Regulation of Mining Activities, Ministerial Agreement No. 37, published in the Official Gazette Supplement 213 of March 27, 2014
- Municipalities and Province Governments (Gobiernos Autónomos Descentralizados or GADs) may also incorporate their own environmental standards, which will be applied within their territory of competence.

Ecuador is the first country in the world to recognize Nature as a being who coexists with us as a subject with rights.

Environmental protection and licensing

In Ecuador, the entity in charge of environmental control and licensing is the Ministry of the Environment, Water and Ecological Transition (Ministerio de Ambiente Agua y Transición Ecológica or MAATE), GADs can be responsible for environmental control and licensing as well, if they perform a qualification and accreditation process before the MAATE.

Every activity that may cause an ecological impact must obtain an operating permit based on the possible risk for the environment. The MAATE is responsible for defining the level of risk of each activity and what kind of permit the operation will have to obtain.

As per the Environmental Regulation of Mining Activities, the permits for mining activities are categorized as follows:

- Environmental registry: for artisanal mining, initial exploration in medium and large mining, exploration with boreholes in small mining.
- Environmental license applies to simultaneous exploration and exploitation of small mining, free use of construction materials for public entities, advanced exploration in medium and large mining, exploitation in medium and large mining, tailings construction and benefit plants.

Before carrying out any mining activity, the concessionaires must obtain the applicable environmental permit and a certification that their activities will not affect the surface and/or underground water from the MAATE.

Water use and efficiency

If the project requires the use of groundwater for the development of the mining activity, the concessionaire must request a water use permit to the MAATE. The details of the documents and the content of the petition can be found in the Organic Law of Water Resources[1] and its Regulation[2].

Granting of environmental permits

The environmental permits are issued by the MAATE. Authorized GADS can grant permits only for aggregate and stone mining in their jurisdictions.

Compliance with environmental regulations

Mining holders who obtained the permits must submit several environmental monitoring and compliance reports, in accordance with Ecuadorian legislation and the obligations contained in the environmental license.

For the exploration phase in small and artisanal mining projects, the reports must be submitted annually. In cases of simultaneous activities, such as exploration, exploitation, and benefit, smelting and refining in small mining and advanced exploration of medium and large mining, the reports must be submitted every two years.

For the medium and large mining, benefit, smelting and refining phases of exploitation, the report must be submitted quarterly.

The control offices are the MAATE and the GADs, within the scope of their competence.

Environmentally protected areas

Protected areas

One of Ecuador's priorities is the conservation of nature and its natural heritage. For this purpose, our country has a vast system of protected areas.

The Organic Code of the Environment determines five types of protected areas, which are all part of the National System of Protected Areas (SNAP). In additionto these, the MAATE, the GADs and private ownerscan declare special areasfor the conservation of biodiversity.

Another protected area recognized by our law is called Protective Forests and Vegetation. These forests are protected because of their importance in the conservation of the National Forest Heritage.

Our Constitution recognizes the territories of indigenous peoples in voluntary isolation as intangible, which means that no activity or presence of other groups is permitted. These areas are restricted for these indigenous groups only, consequently, all types of extractive activity are prohibited[3].

Prohibition of mining activities in areas that have a special environmental protection

The Constitution, in its article 407, prohibits any extractive activity of non-renewable natural resources within the areas of the SNAP an intangible area.

An extractive activity can be exceptionally permitted if the president requests a declaration of national interest to the National Assembly, which can call for a referendum to rule on the matter.

In Protective Forests and Vegetation areas, non-renewable natural resources extraction activities can be carried out, as long as such activity does not affect the Forest characteristics and does not change the land use[4]. The area in which these activities are carried out must be listed as a "zona de otros usos" in the Land Use and Management Plan.

In the special conservation areas, the extractive activities that can be carried out depending on the zoning established for each category and in regards of the buffer zones, the authorized activities must be foreseen in the relevant management plan of the adjacent protected area.

Communities

The communes, communities, indigenous people and individuals that live in a protected area have the right to use the natural resources in a sustainable way according to their traditional uses, ancestral artisan activities and for survival purposes, without requiring any environmental permit.

1 Law 0, published in the Official Gazette Supplement 305 of August 6, 2014

2 Executive Decree No. 650, published in the Official Gazette Supplement 483 of April 20, 2015

3 Article 57 of the Constitution of the Republic of Ecuador.

4 Use of land: a regulation that lists the allowed activities in certain areas.

Indigenous rights and consultation

Article 398 of the Constitution establishes that any state decision that may affect the environment must be previously consulted with the potentially affected community. In addition to this, other provisions must be taken in consideration, such as the Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"), and article 57.7 of the Constitution, related to "Free Prior and Informed Consultation of communes, communities, indigenous peoples and indigenous nationalities"[5].

The "Free Prior and Informed Consultation" is a concept developed by the Regulation of the Organic Code of the Environment. This norm determines which projects require a prior consultation. It also establishes the participation methods that must be observed and indicates which population must be consulted[6].

The consultation must be carried out prior to the granting of the environmental permit.

Mining activity generates a medium or high impact to the environment; therefore, it always requires a process of prior consultation of the population.

Taxes

Duties, royalties and taxes

Concerning income tax, the mining industry is subject to the general tax system.

In Ecuador, companies must pay the following taxes:

Corporate Income Tax (CIT): at the rate of 25 percent and 22 percent in the case of being classified as regular exporters (when they make more than six annual exports, and the exports represent more than 25 percent of their sales).

In addition, the mining industry must pay a rate of between three percent and eight percent on the sales generated from royalties for mining exploitation.

In the event that the activity corresponds only to the commercialization of the mineral, the concessionaire will have to pay a royalty of two percent on each transaction.Value Added Tax: The transfer of minerals made by holders of mining concessions, or natural or legal persons have a zero percent rate when they have a marketing license granted by the sector ministry.

Withholding in the commercialization of minerals and other exploitation assets: the commercialization of mineral substances that require marketing licenses is subject to withholding at the source of income tax to a maximum of 10 percent of the gross amount of each transaction.

Incentives

There are no incentives of Income Tax or Tax on Funds sent abroad for the mining sector. In the case of VAT, the mining exports applies the reimbursement of VAT paid by the exports sending since January 1, 2018, onwards.

Transfer tax and capital gains

The transfer of property of a mining project is subject to the general tax regime. Therefore, the seller must pay taxes over the profit obtained. Any capital gain from US$20,000 onwards is subject to a progressive tax rate that ranges from zero percent to 10 percent, when the transaction is not made through the stock exchange in Ecuador.

For 2021, the profit from the direct or indirect sale of shares will be taxed from the base of US$42,424. If the transaction is carried out in the Ecuadorian stock exchanges, this base is updated annually.

Losses due to direct or indirect disposal of fixed or current assets, shares, participations, rights representing capital or other rights that allow the exploration, exploitation or concession are not deductible regarding companies domiciled or permanent established in Ecuador, when the transaction takes place between related parties.

5 According to the glossary of the Ecuadorian Ministry of Finance, "Indigenous Nationalities" is a term used to refer to human collectives that have their own forms of social organization and that share economical, historical, political and cultural bonds. Retrieved from: https://www.finanzas.gob.ec/wp-content/uploads/downloads/2013/07/INT_GLOSARIO_COMPLETO.pdf

6 The population that must be consulted is the is the one living in the area considered as territory of communities of indigenous peoples and indigenous nationalities, where the project may be implemented.

Guatemala

General framework

Major features

Guatemala has had a longstanding mining tradition from when it was part of the Spanish Colonies. The Northwestern region of Huehuetenango was first explored in the mid-16th Century by delegates from the Mexican Viceroy, as an area with a strong potential to mine lead and silver. Most of the silver used for the coinage of the Spanish Colonial jurisdiction known as the General Captaincy of Guatemala (covering the area between the modern-day Republic of Guatemala all the way to the Republic of Costa Rica – including El Salvador, Honduras, and Nicaragua) was mined in Huehuetenango. After Guatemala gained its independence in 1821, further exploration along the southeastern region of Guatemala (the present-day departments of Jutiapa, Jalapa, Santa Rosa, and Chiquimula) was conducted, finding several important deposits of silver and gold.

An upsurge of industrial mining began in the early 20th Century, after various concessions were issued, along the Northern Zinc Belt to U.S. mining companies, extracting lead, zinc, and silver and the Northeastern *Polochic Fault* primarily for nickel. During the latter part of the 20th Century Guatemala's nickel industry began to flourish between the northeastern *Polochic* and *Motagua* fault lines, bringing significant investment from Canadian companies such as Hudbay Minerals, who took over INCO's nickel ore mine and ferronickel processing facility (*Fenix Mine/ XMIBAL*). This region has ongoing operations by local subsidiaries of international mining companies based in Switzerland, TELF and Solway. Other large investments in the southewestern and southeastern parts of Guatemala followed, driven by thriving gold and silver mining operations of Goldcorp(*Mina Marlin*) and Tahoe Resources (*Mina El Escobal/San Rafael*), now Pan-American Silver, and Bluestone Resource's *Cerro Blanco* gold and silver mine.

Ninety-six percent of Guatemalan mining production is basically made up of the exploitation of non-metallic minerals, including the following: different types of sands; basalt; limestone; marble; gypsum; boulders, serpentines, feldspar, quartz, mica, jade, amphibolites, schists, phyllites and saprolites, and others.

A percentage (4 percent) of exploitation of metallic minerals, includes products such as gold, silver, copper, lead, zinc, nickel, antimony and iron oxide. However, in monetary value, the exploitation of metals accounts for 90 percent of the total national mining production. Guatemala's mining potential is huge, considering the high-quality deposits, and still a vast unexplored territory for largescale mining operations.

Legal system and sources of law

The recent largescale investment is a result of Guatemala's new Mining Law, passed by Congress on June 11, 1997, six months after the Peace Accords were signed by the Government of Guatemala and dissident groups, putting an end to thirty-six years of civil unrest. Guatemala's Mining Law was drafted as part of a legislative "package" seeking to reform former heavily regulated industries, under a state monopoly, including the privatization of the electric and telecom sectors, the creation of the Stock Exchange and Securities Law, the Free Currency Exchange System, the Law protecting Foreign investment, and the approval of the 169 ILO Convention on Indigenous and Tribal Peoples (with a strong influence over the mining sector).

Under Guatemala's 1985 Constitution, it is a fundamental obligation of the State to "adopt the means that may be necessary for the conservation, development and exploitation of the natural resources in an efficient form" (Article 116).

Guatemala follows a civil law system. As such, the key laws regulating the industry are:

- Constitution of the Republic of Guatemala, regulating the public property of natural resource
- Mining Law (Ley de Minería, Decreto 48-97 del Congreso de la República de Guatemala) passed on June 11, 1997, hereinafter "Law".
- Mining Law Regulations (Reglamento de la Ley de Minería, Acuerdo Gubernativo 176-2001) passed on May 11, 2001, hereinafter "Rules"
- Environmental laws and regulations issued by the Mininstry of Environment and Natural Resources (Ministerio de Ambiente y Recursos Naturales or MARN)

Ownership of mineral resources

According to Article 121 of the Constitution of Guatemala, the subsoil, the deposits of hydrocarbons and minerals, as well as any other organic or inorganic substances of the subsoil are State owned assets.

The technical and rational exploitation of hydrocarbons, minerals, and other non-renewable natural resources is declared to be of public utility and necessity, through the regulations prescribed by the State for their exploration, exploitation, and commercialization. In the case of mining, the 1997 Mining Law and its regulations, governs all aspects related to this industry.

Foreign investment

The law does not discriminate between foreign or local investors. The requirements are the same.

Role of the state

The State of Guatemala, as the owner of mining resources, grants the permission to private entities (local or foreign) to perform mining reconnaissance, exploration or production (mining) activities.

The granting of licenses requires the approval of the MEM, prior to the approval of an Environmental Impact Assessment (EIA) and granting of an Environmental License by the MARN. If the demographical and sociological component of the EIA identifies the presence of indigenous communities in the areas of influence where the mining operation is to be conducted, a Previous Consultation following 169 ILO Convention guidelines, and local (based on judicial precedents) criteria, must be conducted by the MEM.

Nature of mineral rights

Under the applicable laws and regulations, mineral rights are awarded through mining licenses. In general terms, mining rights deriving from a mining license authorize the exploitation of a specific mining area (up to 20 km^2) or exceptionally, larger areas.

Granting of mineral rights

The MEM is in charge of granting licenses According to Article 15 of the Mining Law, the following mining claims and areas, per license type, are recognized:

i. Reconnaissance License: no less than 500 km^2 and no more than 3,000 km^2, defined by UTM coordinates with cardinal orientation, and an unlimited underground depth.

ii. Exploration License: up to 100 km^2, defined by UTM coordinates with cardinal orientation, and an unlimited underground depth.

   a. Area is reduced by 50 percent after each extension is granted (two additional extensions possible), reducing to a maximum area of 50km^2 and 25 km^2 respectively.

iii. Exploitation (Mining) License: up to 20 km^2, defined by UTM coordinates with cardinal orientation, and an unlimited underground depth.

Upon request by a mining company, the MEM may grant larger areas for exploration and exploitation, if the scale of the project so justifies it, according to a technical-economic study signed by a licensed professional (active civil or mining engineer or geologist, licensed to work in Guatemala).

Security of tenure

The duration of the different mining titles will depend on the type of license issued.

i. Reconnaissance: six months, renewable for an additional period of six months, unless an exploration license has been requested (whereby the Reconnaissance License will remain valid until the Exploration License has been granted) according to Article 23 of the Mining Law

- The title holder, must:
  - Present an Environmental Mitigation Plan (Mitigation Study) approved by the Environmental Department of the Mining Directorate
  - Initiate field studies within a period of 30 days after the resolution granting the license has been notified
  - Inform the Mining Directorate of any findings made of different minerals than those described in the license
  - File a report before the Mining Directorate, within three months after the expiry of each license term, with:
    - the name and association of the minerals recognized in the area

- location of potential deposits
- description of field and desk studies, including maps and plots, and
- the amount invested during the course of the studies.

Exploration: three years, which may be extended for two consecutive terms of two years each (for a total of seven years), unless an Exploitation License has been requested (whereby the Exploration License will remain valid until the Exploitation License has been granted)

- The title holder must comply with the following obligations according to Article 24 of the Mining Law:
  - Present an Environmental Mitigation Plan (Mitigation Study) approved by the Environmental Department of the Mining Directorate
  - Initiate field works, 90 days after the resolution of license has been granted
  - Inform the Mining Directorate of any findings made of different minerals than those described in the licence
  - File a report before the Mining Directorate, within three months after the expiry of each license term, with:
    - the name of the minerals explored
    - location of the deposits
    - description of operations, including maps and amount of investment
    - result of physical, chemical, metallurgical, and chemical analysis or a declaration that they were not conducted
    - an estimate of the amount of reserves

ii. Exploitation (Mining): 25 years which may be extended for an additional 25 years.

- The title holder must comply with the following main obligations according to Article 26 of the Mining Law:
  - Environmental Impact Study approved by the MARN
  - 12 months to initiate exploitation (mining) after resolution has been granted
  - Pay for the land right fees and royalties
  - Present an annual report within the next 3 months of each year indicating:
    - The name of all mined minerals
    - Weight and volume of the mined minerals
    - Name, weight, and volume of each product sold locally or exported indicating the buyer and the sales price
    - Technical summary of the operations
    - Amount of royalties paid
    - Registration of the mining right in the Property Registry (Registro General de la Propiedad)
  - In the case of suspension (definitive or temporarily) a report and blueprints of the state in which the mining operations remain
  - If new minerals are found, the title holder must extend the minerals described in the license, to include the latter, with a report accredited by an active geologist.

Environmental and community considerations

Environmental protection and licensing

To apply for an Exploitation License in accordance with Article 20 of the Mining Law and article 7 of the Mining Regulation, the interested party must present the original of the Environmental Impact Assessment (EIA) to the MARN.

An EIA is an instrument through which the main impacts generated by a project, work, industry or activity are analyzed, and in which mitigation measures are established to reduce the potential negative effect on the environment. Its legal basis is established in Article 8 of the Environmental Protection and Improvement Law, Decree No. 68-86.

Environmentally protected areas

Decree Number 4-89 of the Con gress of the Republic promulgates the Protected Areas Law, which supports the creation of the National Council of Protected Areas (Consejo Nacional de Áreas Protegidas or CONAP). This institution is responsible for establishing, coordinating and administering the country's Environmentally protected areass, and the conservation of the country's biological diversity (Sistema Guatemalteco de Areas Protegidas or SIGAP).

The SIGAP is made up of all protected areas and the entities that administer them, regardless of their management category or management effectiveness. Currently, SIGAP has 339 protected areas that were generally declared to protect scenic beauty, cultural features or to protect vegetation or wildlife

Mining operations in SIGAP areas require a special permit granted by CONAP (the granting of the right is highly unlikely).

Communities

Currently, in the absence of official regulations on community relations, mining companies focus on building relationships with communities. A line of communication is created with the authorities of the communities so that through social programs they can meet or help with the needs that these communities present.

Indigenous rights and consultation

The Indigenous and Tribal Peoples Convention of 1989 ("ILO Convention 169"). was ratified by Congress in March 1996 and entered into force in June 1997.

According to ILO Convention 169, the State of Guatemala is obliged to inform and establish mechanisms for permanent community consultation on productive investment projects for the exploitation of natural resources.

However, to date no regulations have been promulgated governing the process of how to implement consultation with indigenous peoples on mining projects in their communities or area of direct influence, as regulated by the ILO Convention 169.

Currently, the organized private sector and companies interested in investing in Guatemala have developed agreements with communities in the area of direct influence and spaces for dialogue, under different mechanisms for mutual benefit.

Sometimes, due to the lack of legal certainty on this issue, despite having agreements with communities, mining operations may be stopped due to constitutional appeals.

Taxes

Duties, royalties and taxes

Royalty payments are defined in Article 61 of the Mining Law, equivalent to one percent of the annual sales, whose proceeds will be equally distributed amongst the Central Government and the Municipalities with jurisdiction over the licensed area. Royalties are determined by a sworn affidavit certifying the volume of the mineral sold in the local or international market.

According to Article 44 of the Mining Regulations, royalties will be calculated using the value of the invoice for local or international sales, excluding transportation costs, using the following procedure:

i. For the sale of ore (raw or unprocessed minerals), royalties will be calculated over 70 percent of the invoiced amount (sales price), considering that 30 percent corresponds to the production (mining) costs until the mineral reaches the pithead.

ii. For the sale of processed minerals, royalties are calculated over 50 percent of the invoiced amount, considering that 50 percent corresponds to the production (mining) costs until the mineral reaches the pithead.

Royalties are to be paid annually, during the first thirty days of the following year, directly to the Central Government and to the Municipalities where the mine is located

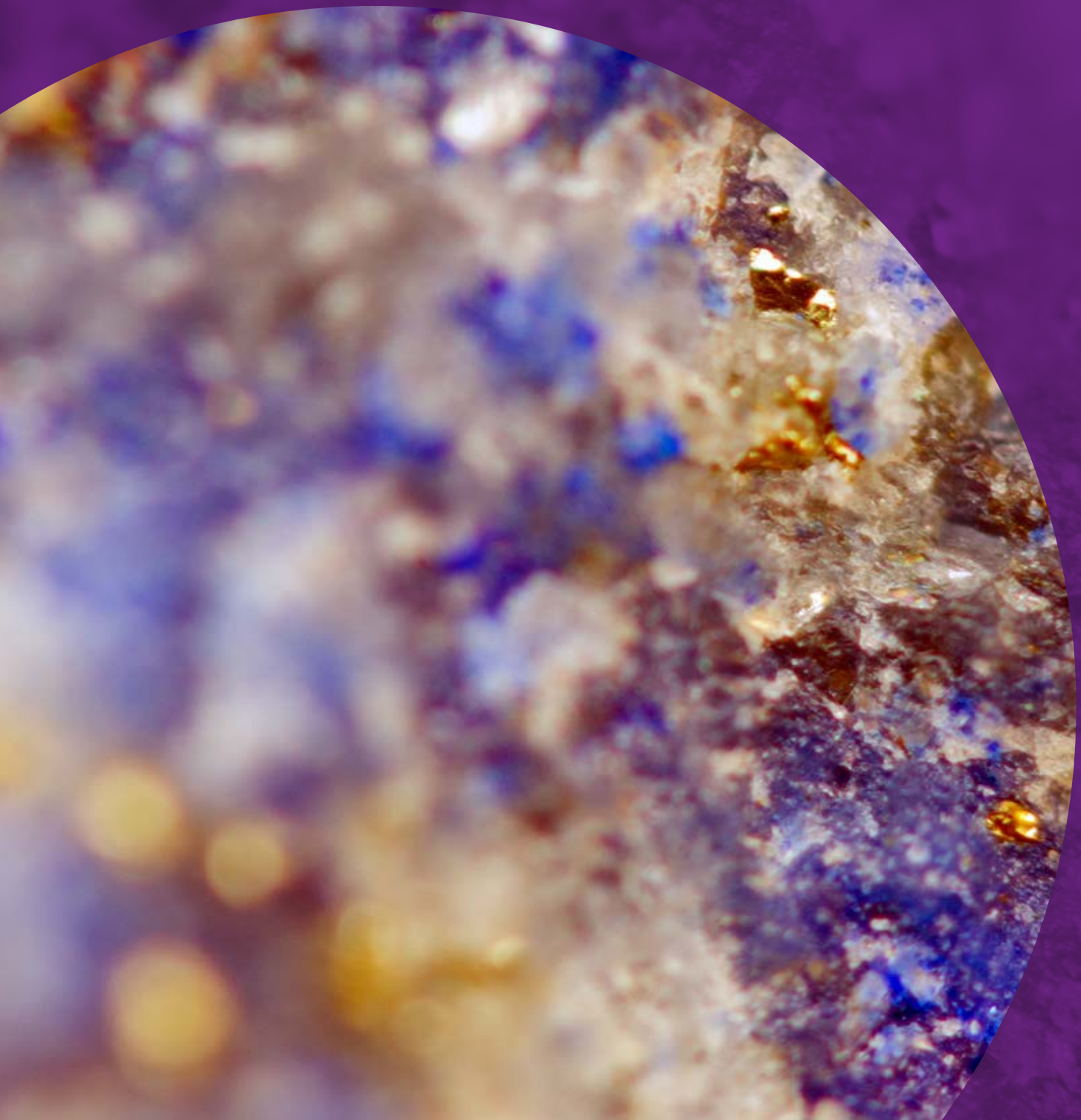
Incentives

In the country there is no policy to counteract the volatility of the market, even more so in the area of Mining forExport Mining.

Transfer tax and capital gains

The Mining Law includes the 1 percent royalties (50 percent for the municipalities and 50 percent for the State, Art. 63, Decree 48-97); 5 percent income tax on revenue, plus the mining royalty, plus the Single Tax on Real Estate. The mining activity is exempt from payment of taxes and customs duties on inputs, machinery, equipment, spare parts, accessories, materials and explosives used in the mining activity, materials and explosives used in mining operations (Art. 86, Decree 48-97).

Guyana



General framework

Major features

Mining is one of the main economic engines of Guyana and Guyana is a significant mineral producer and exporter. The extractive industries contribute to approximately 16 percent of Guyana's Gross Domestic Product (GDP) and over 50 percent of export earnings. As reliance on sugar has fallen mineral exports, gold mining in particular has increased in value to Guyana.

The minerals usually found in Guyana are gold, diamond, bauxite, uranium, manganese and other precious and semi-precious stones and metals.

Mining is predominantly done in the interior of Guyana, which can be difficult to access and there is a general lack of infrastructure. The State however does promote mining as a viable investment opportunity and works with investors to better realize investment in the industry. The domestic industry is largely composed of small and medium scale private miners and a few large-scale miners. The State does not get involved in mining activities.

Legal system and sources of law

Guyana has a legal system that is primarily based on the British Common Law that was inherited from British colonial times. The legal system is also based on the principle of supremacy of the Constitution. This is where the principles of the Constitution are where all laws are measured against. Parliament is the primary law-making body. They do so through the passing of statutes and regulations. There is also remnants of Roman Dutch law that is applicable to land ownership in Guyana.

Ownership of mineral resources

The mining properties in Guyana are separated into mining districts and in those districts, Guyana Geology and Mines Commission (GGMC) with the approval of the Minister of Natural Resources designates parcels of land which are to be made available for prospecting and/or mining. After the designation, persons who are not prohibited can apply for a prospecting license (large scale mining) or a prospecting permit (medium to small scale mining) under sections 39 and 56 of the Mining Act 1989. Should a discovery be made, the holder can then apply for a mining license or mining permit respectively under section 43 of the Mining Act 1989.

All land in Guyana is ultimately owned by the State and all mineral rights are vested in the State. The State however allows for temporary ownership of claims in designated mining areas.

The Mining Act of 1989 provides for the granting of mining licenses and permits which allows the holder to carry out the permitted activity on the land.

The Mining Act of 1989 restricts the granting of mining licenses or permits to citizens of Guyana, or to any of the following:

- A company within the meaning of the Guyanese Companies Act of 1991
- A publicly held corporation
- A co-operative society registered under the Co-operative Societies Act of 1948, as amended
- Any other corporate body incorporated, including a company established inside Guyana
- Any organization established by the Guyanese Government or by or under any written law in operation in Guyana and authorized to carry on mining operations.

The GGMC may enter into a mineral agreement with any eligible person to grant that person a license either to prospect and/or mine. Typically, for large scale operations, holders of large-scale mining licenses would enter into a mineral agreement with the Government of Guyana.

Foreign investment

Foreign companies are prohibited from holding mining licenses on their own. The company can incorporate a local company in order to apply for mining claims. The other method used is to enter into Joint Venture Agreements with local miners. Under the Mining Act, a direct change of control of a corporation holding a mining license is prohibited without the prior written consent of the responsible government minister, which consent may be refused if the minister considers that the public interest will be prejudiced by such change of control.

Role of the state

The State plays a limited role outside of regulating mining activities through licenses and permits.

Nature of mineral rights

Mineral tenures in Guyana allow for four scales of operation. These include:

i. Small scale claim licenses of 460 meters by 245 meters or a river claim consisting of one mile of a navigable river

ii. Prospecting Permits Medium Scale (PPMSs) and Mining Permits (MPs) covering between 150 to 1,200 acres each and are restricted to ownership by Guyanese citizens (however, foreigners may enter into joint venture arrangements whereby the two parties jointly develop the property)

iii. Prospecting Licenses (PLs) covering between 500 and 12,800 acres, which are granted to both local or foreign companies

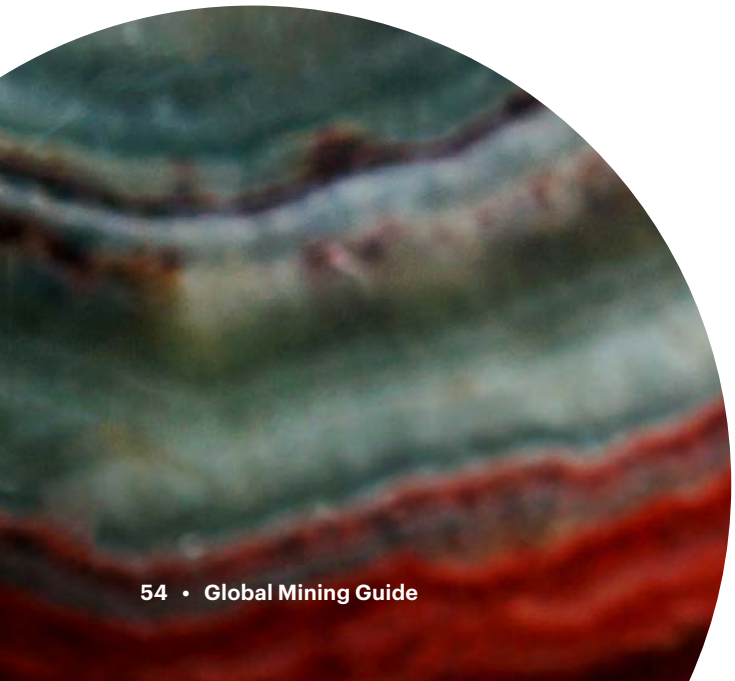
iv. Large areas for geological surveys are granted as Permissions for geological and geophysical surveys with the objective of applying for PLs over favorable ground

Granting of mineral rights

The licenses and permits are granted by the GGMC. However mineral agreements are usually between GGMC, the Minister of Natural Resources and the relevant applicant company.

Mineral agreements are contracts with the Government of Guyana and the regulatory body GGMC, that allow their titleholders to conduct exploration and feasibility work in an area.

Mineral agreements grant the right to its holder to apply for a mining license, which will entitle the holder to build and operate a mine.



In general, under mineral agreements and the Mining Act, the holder of the mineral agreement is required to:

- Obtain from the Environmental Protection Agency (EPA) an environmental permit for construction and operation of a mine in the subject area
- File a feasibility study (at the level of detail of a PEA and include an environmental management plan)
- Submit detailed proposals for the construction, establishment and operation of all facilities and services for and incidental to the recovery, processing, storage and transportation of the mineral from the proposed mining area.

Security of tenure

Any citizen of Guyana is entitled to apply for a prospecting license or permit for a claim they are willing to work. The limitations on foreign ownership usually means foreign entities gain access to the mining industry through joint venture agreements or mineral agreements.

The right once held are in rem rights, enforceable upon the State and any other individual or entity. They can be freely transferred, transmitted, and encumbered by mortgages or other forms of in rem collateral if formal requirements are met, which are similar to any sale of property in the related regulation.

In addition, they are inherently conditional because, according to the mining law, the owner of the mining concession has the obligation to pay a yearly mining license fee, to the benefit of the State, which is calculated based on the surface of the concession and the type of concession. The non-payment of the mining license fee may lead to a revocation of the license or a suspension. The license is a claim over the minerals in the claim and not a right to the land. Thus, it may be possible to have someone owning the land and another person owning the right to use the minerals on the land.

In situation where there is a separate owner of the land, the parties would negotiate a means of compensating the owner of the land for the use of the land to explore and extract minerals.

Environmental and community considerations

Environmental protection and licensing

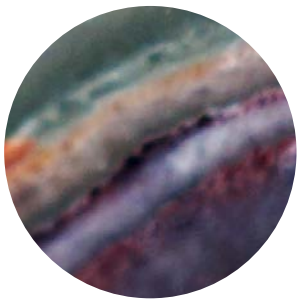
An environmental permit is required to obtain mining license and permits. In order to obtain an environmental permit, impact assessment is required, which is followed by the preparation of an environmental management plan. Based on the plan submitted the EPA can waive the need for the impact assessment however this would be unusual for medium to large scale mining. This plan is submitted to the GGMC for the issuance of the license.

There are other permits that could be required depending on what is being done. These include, but are not limited to:

- Permission from the Ministry of Public Works to construct and maintain roads on public land
- License of occupation for use of public roads from the Ministry of Public Works
- Miscellaneous permits from the EPA such as construction permits and authorizations for air and noise pollution and the release of contaminants may be necessary.

Environmentally protected areas

Protected Areas are regulated in the Protected Areas Act. However, in general mining claims are not awarded over areas covered as protected areas or are owned by other agencies. Outside of this and areas where communities are, there are no particular areas that are protected specifically from mining activities.



Communities

There is no requirement to consult with communities outside of Indigenous communities under law where mining claims would impact said community. However, it is generally a good idea to maintain good relations to communitiesthat may be impacted by the mining activities.

Indigenous rights and consultation

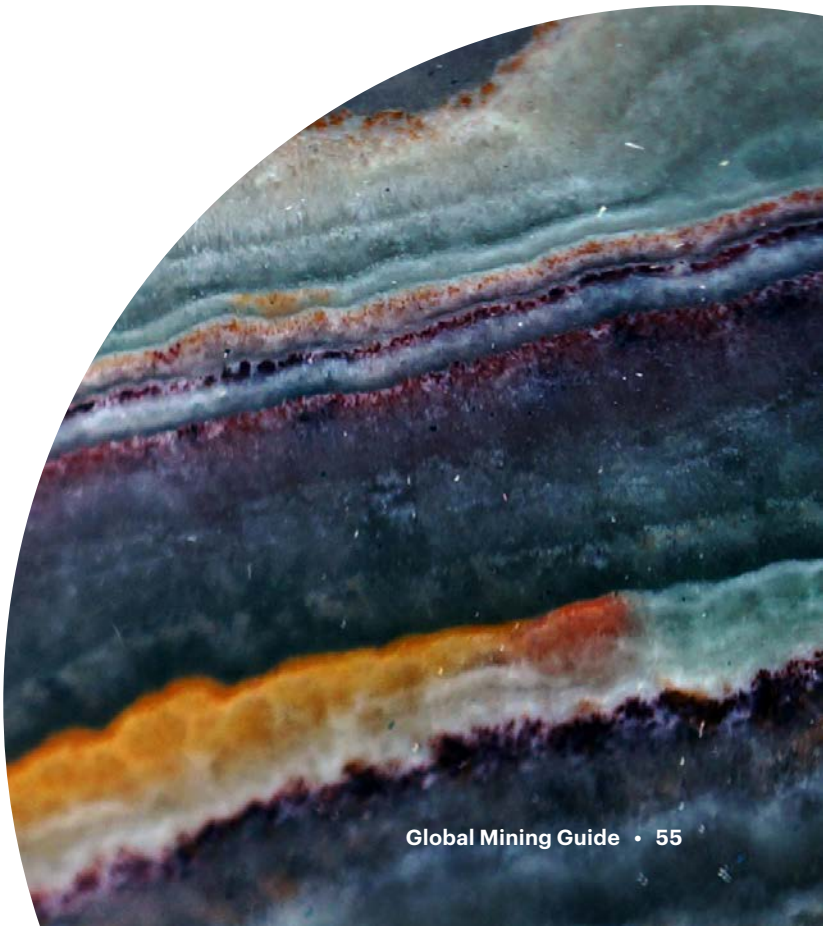
Where mining activities are likely to fall within the boundaries of an Indigenous village or a river or stream within the boundaries of the village, permission must be obtained from the village in addition to complying with the other legal requirements, in accordance with section 48 of the Amerindian Act Cap 29:01.

Taxes

Duties, royalties and taxes

The mining industry is subject to taxes at different levels.

For individuals, income tax of 28 percent of gross income up to the tax threshold and 40 percent thereafter. For noncommercial companies the rate is 25 percent of gross income and for commercial companies the tax rate is 40 percent of gross income.



In the mining industry employees pay a contributor's tax of 10 percent of the remittance or salary.

In the gold industry there is a tax of two percent on the gold sold and royalties of between five percent to eight percent depending on the price that it is sold for.

Incentives

Incentives are not automatic and usually come by way of an agreement with the government specifically in mineral agreements. The incentives as listed by Goinvest are as follows:

- Removal of VAT on machinery and equipment
- Concessions on ATV
- Removal of VAT on hinterland travels
- Removal of police clearance requirements for miners to transport fuels in their own vehicles

General incentives in the mining industry:

- Exemption from customs duty on most plant machinery and equipment
- Exemption from customs duty on raw materials and packaging materials used in the production of goods by manufacturers
- Exemption from customs Duty and zero rate of Value-Added-Tax on raw materials and packaging for manufacturers who export 50 percent or more of their products
- Unlimited carryover of losses from previous years
- Accelerated depreciation on plant and machinery for approved activities
- Full and unrestricted repatriation of capital, profits and dividends
- Benefits of double taxation treaties with the UK, Canada, Kuwait and CARICOM countries
- Exemption from Customs Duty and zero rate of Value-Added-Tax on items approved under an Investment Agreement between the Government and the business
- Exemption from Excise Tax on items approved under an Investment Agreement between the Government and the business
- Zero rate of Value-Added-Tax on exports
- Tax Holidays for projects that meet the requirements specified in the In-Aid of Industry Act

Mining Sector Incentives

- Exemption from Customs Duty on a wide range of mining equipment – for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances; rock drilling or earth boring tools; furnaces and ovens for roasting, melting or heat

treatment of ores, pyrites or of metals.

- Exemptions from duties and taxes for items covered under an Investment Agreement.
- Tax exemptions are normally granted with specific conditions that cannot be breached. In instances where these conditions are breached then the Guyana Revenue Authority is legally authorized to undertake seizure of the equipment/machinery/vehicle and request payment of all duties and taxes that were waived.

Transfer tax and capital gains

The transfer of property of a mining project is subject to the general tax regime. Therefore, the seller must pay taxes over the profit made at the correspondent regime rate applicable.

Listings

Listing requirments of mining or mineral companies in our local stock exchange or in international stock exchanges

There are no requirements for listing that are unique to a mineral company in Guyana. The following are the requirements for listing with the Guyana Stock Exchange.

- The issuer must be incorporated under the Companies Act 1991 and be registered with the Council under section 57 of the Securities Industry Act.
- A new applicant must have an adequate trading record.
- A new applicant must produce audited accounts for 3 financial years prior to application for admission to the Official List.
- There must be an open market in the securities for which admission to the Official List is sought.
- The minimum percentage of securities in public hands must be 20 percent, with a minimum of 100 shareholders; or
- The issuer's market value or shareholders' funds must be not less than US$500 million, with not less than 100,000 shares held by a minimum of 50 shareholders.
- There must be no conflict between the interests of the shareholders of the issuer and any private or competing interests of its directors.
- The Directors appointed should be independent of the company.
- The securities for which admission to the Official List is sought must be freely transferable.
- The application must relate to all securities of that class issued or proposed to be issued.

The requirements can be amended from time to time.

Jamaica

General framework

Major features

Mining is one of Jamaica's major economic activities and a major foreign exchange earner for the country. Mining is a principal growth engine for Jamaica. It contributes to over 50 percent of the country's economy growth and represented 2.2 percent of the Gross Domestic Product (GDP) and employs approximately 6,000 workers.

Jamaica has a range of commercially exploitable minerals, including metallic minerals (including bauxite and gold), non-metallic metallic minerals (clay, dolomite, gypsum, limestone, marble, sand and gravel, silica sand, volcanic rocks and shale) and semi-precious minerals.

With the exception of the bauxite/alumina sector, most of Jamaica's minerals are in the early stages of development.

Legal System and sources of law

Jamaica's mining regime is governed by several pieces of legislation:

- The Mining Act,1947 and its Regulations
- The Quarries Control Act, 1983 and its Regulations
- The Mineral (Vesting) Act, 1947

Ownership of mineral resources

Under the Mineral (Vesting) Act 1947, all minerals being in, on or under any land or water, whether territorial waters, river or inland sea, are vested in and subject to the control of the government.

Foreign investment

There is no restriction on Foreign investment in the mining sector in Jamaica.

Role of the state

The State via the Mines and Geology Division (MGD) of the Ministry of Transport and Mining is responsible for regulating the mining and quarrying sector in Jamaica.

The MGD grants suitable individuals and entities the appropriate right, licenceor lease to conduct mining activities in the island.

There are a number of joint ventures involving the government. The government generates revenues through direct ownership and profit-sharing arrangements with some bauxite mining companies. Through the Jamaica Bauxite Mining Limited, the government owns 51 percent of the Noranda Jamaica Bauxite Partners II, in a joint venture with New Day Aluminium. The government, through Clarendon Alumina Partners owns 45 percent of the bauxite company, Jamalco.

Nature of mineral rights

The mining industry is governed by three main pieces of legislation. Jamaica's Mining Act provides for permits and licenses for prospecting, exploration, production and mining or quarrying.

Granting of mineral rights

The licenses are granted by the MGD.

Security of tenure

Any person, including a legal entity, can be granted a mining lease following compliance with requirements established under law and subject to such covenants and conditions as applicable.

A mining lease may be granted for such term, not being more than 25 years, as the MGD may think fit.

The holder of a mining lease, or of any interest therein cannot transfer the lease or interest or any part or share thereof or create any interest without first obtaining the consent in writing of the Minister with responsibility for Transport and Mining.

The grounds for revocation of a mining lease are expressly stated in law. The Minister can revoke the lease in the following cases:

- If the holder commits any contravention of the provisions of the Mining Act or any requirements thereunder, or of any conditions of the lease, and does not remedy the contravention within the time stipulated under law.
- If the holder wholly ceases work in, on or under the land the subject of the lease during a continuous period of 6 months without the written consent of the Minister.

An exclusive prospecting license may also be granted to suitable licensees for a duration of one year and may be renewed for such period or periods not exceeding one year each.

Environmental and community considerations

Environmental protection and licensing

The National Environment and Planning Agency (NEPA) was founded in 2001 as an executive agency to carry out the technical and administrative mandate of three statutory bodies being:

- The Natural Resources and Conservation Authority (NRCA)
- The Town and Country Planning Authority (TCPA)
- The Land Development and Utilisation Committee (LDUC)

NEPA operates under the following Acts: Executive Agency Act; the Natural Resources Conservation Authority Act; the Town and Country Planning Act; the Land Development and Utilization Act; the Beach Control Act; the Watersheds Protection Act; and the Endangered Species (Protection, Conservation and Regulation of Trade) Act.

There are rigorous processes in place for the permitting and monitoring environmental performance of Jamaica's bauxite/alumina sector. Key issues such as air quality protection and dust pollution are jointly managed by NEPA and Jamaica Bauxite Institute (JBI); JBI focuses much of its attention on related regulatory, monitoring and reporting matters.

Persons seeking to obtain mining licenses or permits must first obtain an Environmental Permit, submit both an environmental management plan and a closure and rehabilitation plan. A detailed environmental impact assessment is required as part of the permitting process in Jamaica.

Biodiversity and ecosystem health are included in NEPA's environmental permit application screening process.

Bauxite companies must ensure that their structures are planned, designed and operated with appropriate consideration for geotechnical risks and environmental impacts through the entire mining cycle and after mine closure.

JBI works with NEPA to ensure air quality related to the bauxite and alumina sector is monitored and is at required standard.

It is also a requirement that all mining operations have an emergency preparedness and response program in place prior to commencing operations.

Environmentally protected areas

In Jamaica, protected areas include forest reserves, national parks, fish sanctuaries, and forestry management areas. No mining activities are allowed in these areas.

Communities

There are strict requirements and regulations and structures in place for the resettlement of communities and/or individuals impacted by the expansion of bauxite mining in Jamaica. For example, bauxite companies must provide suitable accommodation, or payment in lieu thereof, for persons dislocated by mining activities. Bauxite companies are also required to pay landowners and occupiers of lands to be mined are also compensated for all structures and trees and crops on said lands.

Communities and individuals are also compensated for dust nuisance where dusts escapes mining or alumina facilities and have affected nearby communities.

Indigenous rights and consultation

Where mining activities are set to be carried out in areas where individuals or communities are expected to be displaced, notices must be served on residents notifying them that their properties will be acquired for mining. The individuals then will enter into contracts with the mining companies for compensation and relocated prior to the start of mining activities.

Taxes

Duties, royalties and taxes

The government of Jamaica generates revenue from the mining sector using various mechanisms, including taxation, royalties, dividends, fees, and local content policies. The generation of mining revenues is governed by legislation (specifically the Mining Act, Bauxite and Alumina Industries (Encouragement) Act ad Income Tax Act.

Royalties are imposed on all minerals obtained in the course of prospecting or during mining operations. In addition, minerals cannot be exported until

payment or securing of the royalty, under such conditions as may be prescribed by the Commissioner of Mines. The Mining Act provides for a royalty of US$ 0.5 per ton of bauxite mined.

There are also fees for prospecting, exploration and quarry licenses and mining leases.

The corporate income and general consumption tax (sales tax) are applied to the mining sector are similar to those applied to non-mining entities operating in Jamaica.

Incentives

A person engaged in winning bauxite and producing alumina in Jamaica may be approved as a recognized bauxite producer or a recognized alumina producer (or both) and obtain the following tax reliefs:

- Relief from customs duty, additional stamp duty, and General Consumption Tax in respect of the importation of plant, machinery, trucks and other vehicles, and other specified material and equipment that are necessary for the winning, treatment and transportation in Jamaica and shipping of bauxite and alumina.
- Relief from customs duty or other similar impost on the importation of certain petroleum fuels and oils (excluding petrol) during the concession period.

Transfer tax and capital gains

The transfer of property of a mining project is subject to the general tax regime. Transfer tax of 2 percent is applicable on the consideration (or market value in certain instances) on the transfer of land, buildings, securities, and shares.

Listings

Listing requirements of mining or mineral companies in our local stock exchange or in international stock exchanges

There are no special or unique requirements for listing of a mineral company in Jamaica on the Jamaica Stock Exchange.

In Jamaica, mineral deposits are classified according to an internationally agreed set of definitions such as JORC and NI 43-101. Additionally, the Mining Act provides that the holder of a mining lease is required to keep accurate records and plans of his mining operations and of the calculated ore reserves, and shall provide such returns as required.

The holder of a mining lease is also required to notify the Authority of the discovery of any mineral other than that for which the mining lease was granted.

Peru

General framework

Major features

The mining industry is one of the most important economic activities in Peru. As an average of the last three years, mining has represented almost 10 percent of Gross Domestic Product and 60 percent of the country's exports.

During the past decade, the mining industry has had an important role in the Peruvian economy through the creation of direct and indirect jobs and the growth of economic activity (including through tax revenues), enabling necessary and real social inclusion and the promotion of general welfare.

The Peruvian government has focused on improving the reputation of the mining industry as an activity that makes sustainable use of resources and the environment, including the preservation of water resources, the promotion of agriculture and good relations with stakeholders.

Legal system and sources of law

Peru´s mining regime is based on a civil law regime and relies on four legal instruments:

i. The Political Constitution of the Republic of Peru

ii. The General Mining Law

iii. The Law for the Promotion of Investments in the Mining Sector

iv. The Organic Law for the Sustainable Use of Natural Resources

The legal system in Peru is subordinated to the Constitution of Peru. In mining matters, article 66 of the Constitution establishes that natural resources, renewable and non-renewable, are patrimony of the Nation. The State is sovereign in their use. The conditions for their use and their concession to private individuals are established in the Organic Law. The concession grants its holder a real right, subject to said legal norm.

The Constitution also recognizes the function of the concession granted by the state to the private party to be able to exploit the resources, but does not expressly regulate this legal situation. Therefore, the General Mining Law regulates the entire mining procedure, from the time the concession is requested until it no longer exists.

Ownership of mineral resources

According to the Political Constitution of the Republic of Peru, the Peruvian State is the absolute, exclusive and permanent owner of all natural resources located in the territory, this includes minerals.

The Peruvian State manages the exploitation of minerals through the mining concession system, granting mining rights to private parties. These mining rights constitute an exclusive right to carry out activities such as exploration, use and exploitation of mineral resources.

According to the General Mining Law, mining concessions constitute a different right from the surface land located over it. As a consequence, the owner of the surface land may be different from the titleholder of the mining concession. According to the Peruvian Civil Code, the right over the surface land comprises the right over the soil, over ground and subsoil (but not the natural resources contained in it). The owners of the surface land is not authorized to perform mining activities unless they have a valid mining concession granted by the Geologic Mining and Metal Institute (Instituto Geológico, Minero y Metalúrgico or INGEMMET), the government entity that runs the mineral concessions cadaster providing complete public information regarding mining concessions.

Titleholders of mining concessions can freely acquire surface lands located over the mining concessions. In the case of surface lands owned by native communities, it will be necessary to obtain approval from a qualified majority of the community.

For the purchase of surface land owned by the government, it is necessary to follow an acquisition process with the Peruvian State through the Superintendency of National Properties.

Foreign investment

According to the Peruvian Constitution, foreigners have the same rights as Peruvians. The only exception is in the case of foreigners intending to acquire mining rights or properties located within 50 kilometers of the Peruvian border – in which case, they will not be able to acquire property or mining rights unless they previously receive express authorization through a Supreme Decree.

Role of the state

The Peruvian State's role in mining is of a regulator and promotor of the activity subject to compliance with general mining and environmental law.

In a subsidiary way, according to the Peruvian Constitution, the participation of the Peruvian State in mining activities as a stakeholder is limited to a public interest that must be previously approved by a special law.

The Mines Ministry jointly with INGEMMET are the main Peruvian authorities that regulate mining activity in Peru.

Nature of mineral rights

The mining concession regime has a constitutional basis but is also regulated by other laws, mainly the General Mining Law, which establishes four different types of mining rights as follows:

- a mining concession grants rights to execute mining activities of exploration and exploitation – it has the nature of an immovable right;
- a beneficiation concession grants the right to perform physical, chemical and physical-chemical processes to concentrate minerals or to purify, smelt or refine metals;
- a general labor concession grants the right to perform auxiliary mining services or activities such as ventilation, drainage, lifting or extraction to mining activities; and
- a mineral transportation concession grants the right to provide massive and continuous transport of mineral products by unconventional methods.

According to the General Mining Law a mining concession is irrevocable as long as the titleholder fulfills the legal obligations required to maintain it in force. However, the titleholder must comply with each obligation in order to maintain the mining concession.

Granting of mineral rights

Individuals or entities are entitled to apply for mining rights from INGEMMET and in certain specific cases through the Mines Ministry (beneficiation, labor and mineral transportation concessions).

Validity Fee:

Article 39 of the General Mining Law provides that the titleholder of a mining concession is required to pay a validity fee of US$ 3.00 per year and per hectare granted. The amount of such fee can be reduced depending on the nature of the titleholders (small, artisanal).

Validity fees must be paid annually to maintain mining concessions in force. The mining concessions will be declared extinguished as a consequence of a failure by a titleholder to pay the validity fee for two years (consecutive or not).

Minimum Annual Production or Investment:

The General Mining Law obliges mining concessions holders to move into production. Under the general regime, production needs to be reached by the titleholder of a mining concession by the first semester of the eleventh year from the date the mining concession was granted. The minimum mining production is equivalent to one (1) Tax Unit (approximately US$ 1,320.00 dollars) per hectare per year.

If the holder of a mining concession cannot reach the minimum annual production by the first semester of the eleventh year from the date which the concession was granted, the holder will be required to pay a penalty equivalent to 2 percent of the applicable minimum production per year per hectare until the fifteenth year. If the holder cannot reach the minimum annual production by the first semester of the sixteenth year from the date which the concession was granted, the holder will be required to pay a penalty equivalent to 5 percent of the applicable minimum production per year per hectare until the twentieth year. If the holder cannot reach the minimum annual production by the first semester of the twentieth year from the date which the concession was granted, the holder will be required to pay a penalty equivalent to 10 percent of the applicable minimum production per year per hectare until the thirtieth year. Finally, if the holder cannot reach the minimum annual production during this period, the mining concession will automatically expire.

Notwithstanding the aforementioned, a titleholder could be exempted from paying a penalty if it proves to the mining authority a minimum investment of no less than ten (10) times the amount of the penalty per year and per hectare that needed to be paid for the mining concession.

Security of tenure

The General Mining Law provides that mining concessions can be extinguished only by expiration (as a consequence of a failure by a titleholder to pay the mining validity fee and/or penalties for two years (consecutive or not), abandonment (as a consequence of the breach of the mining procedural rules applicable to a mining claim), nullity (in case a mining concession was claimed by an individual or entity that have restrictions according to the mining law), resignation (in case the titleholder requests the extinction of the mining right), cancellation (in case mining concession overlaps with priority rights, or when the right is unassailable), and a long period of non-production (30 years since the tittle was granted).

Titleholders has the exclusive right to perform exploration and/or exploitation activities on their mining concessions. Titleholders are able to assign such concessions in favor of a third party in order that they can perform such activities in the mining concessions. Finally, titleholders are able to sell or transfer such mining concessions in favor of third parties.

Please consider that surface lands are not part of the mining concession, and it is necessary to obtain a permit from the owner of such surface land to start activities. However, if such permit is resisted by the surface landowner, it is possible to request a mining easement before the Peruvian State.

Environmental and community considerations

Environmental protection and licensing

The main environmental laws are the following:

- Law No. 28611 (General Environmental Law);
- Law No. 27446 (Law of the National System of Environmental Impact Assessment);
- Supreme Decree No. 042-2017-EM (Environmental Regulation for Mining Exploration Activities); and
- Supreme Decree No. 040-2014-EM (Regulation of Protection and Environmental Management for the Activities of Exploitation, Benefit, General Labor, Transport and Mining Storage).

The principle regulatory bodies that administer these laws are the Ministry of Energy and Mines (Ministerio de Energías y Minas or MINEM), the Assessment and Environmental Control Agency (Organismo de Evaluación y Fiscalización Ambiental, or OEFA), the National Environmental Certification and regional governments as an environmental controlling entity.

To initiate mining activity, the titleholder must have in force the corresponding environmental certification, as well as the licenses, authorizations and permits required under relevant legislation.

The environmental certification is classified into the following categories:

- An Environmental Impact Statement (Declaración de Impacto Ambiental or DIA) includes the projects where execution will not generate a significant negative impact on the environment. This environmental certification is obtained automatically;
- A semi-detailed Environmental Impact Study (Estudio de Impacto Ambiental Semi Detallado or EIAsd) includes the projects where execution can cause a moderate environmental impact for which negative effects can be eliminated or minimized through the adoption of simple applicable measures. In can take can take from six to eight months to obtain this environmental certification; and
- A detailed Environmental Impact Study (Estudio de Imacto Ambiental Detallado or EIAd), which includes the projects where characteristics, scope and location could produce a significant environment impact requiring a deep analysis of those impacts. To obtain this environmental certification could take up to 12 months.

In order to perform mining activities a titleholder must obtain all the permits, license and authorizations required by the law. The principal permits and authorizations required are the following:

- Authorization to use or acquire the surface land where the mining concession is located.
- Environmental Certification according to the size of the mining project.
- Water License, Permission or Authorization to use the water.
- Authorization to initiate mining activities granted by the MINEM.

Environmentally protected areas

Investors interested in undertaking mining activities in Peru must respect protected areas as nominated by the Peruvian government. The treatment of protected areas is governed by special regulations depending on their nature.

Communities

The main community engagement laws are rural community law, civil participation law and prior consultation law (based on the Indigenous and Tribal Peoples Convention (ILO Convention 169).

The principal regulatory entities are the Ministry of Energy and Mines and the Ministry of Culture.

Indigenous rights and consultation

The protection of rights of indigenous and tribal people does not affect the acquisition or exercise of mining rights. However, the Peruvian government has adopted the Indigenous and Tribal Peoples Convention
(ILO Convention 169)by which title holders shall consult indigenous communities domiciled in areas located in projects prior to start activities. The government controls the process of prior consultation. The principal regulatory entities are the MINEM and the Ministry of Culture.

For such purpose, it is necessary to first determine, by a characterization process, whether the stakeholders are indigenous or tribal people, and if the answer is affirmative the prior consult process is mandatory before starting mining activities.

Taxes

Duties, royalties and taxes

The mining industry is subject to the general tax system[1]. Peruvian companies have to pay the following taxes (established by the Central Government):
(i) Corporate Income Tax (CIT), at the rate of 29.5 percent on net income; (ii) VAT, at the rate of 18 percent on the value of taxable transactions[2]; (iii) Excise Tax, depending on the kind of product acquired, different rates may apply; (iv) Customs duties: 0 percent, 4 percent, 6 percent, and 11 percent, depending on the kind of good imported; (v) Temporary Tax on Net Assets: 0.4 percent on net assets, for the excess of S/1,000,000 (approximately, US$400,000); and, (vi) Financial Transactions Tax: 0.005 percent on debit and credit transactions made through banks in Peru.

In addition, Local Governments collect the following taxes, among others: (i) Real Estate Tax: between 0.2 percent and 1 percent of the property value; (ii) Real Estate Transfer Tax: 3 percent of the purchase price or the self-appraisal value (the higher one) after deducting 10 Tax Units (approximately, US$12,000.00); and, (iii) Local (municipal) contributions and fees in exchange for the provision of certain public services to taxpayers. The holders of mining activities are taxed with local taxes applicable only in urban areas

There are also specific taxes on the mining industry:

- Special Mining Tax: Between 2 percent and 8.4 percent, depending on the operating margin of profits obtained quarterly, generated from selling mineral resources. The amount effectively paid is a deductible expense for Income Tax purposes.
- Supplemental Retirement Mining Fund: 0.5 percent on the company'staxable income.
- Regulatory Contribution to Supervisory Agency of Investments in Mining and Energy (OSINERGMIN): 0.14 percent for fiscal years 2020 to 2022. These rates apply on monthly sales related to mining activities, before VAT.
- Regulatory Contribution to the Environmental Evaluation and Enforcement Agency (OEFA): 0.10 percent for fiscal years 2020 to 2022, applicable on monthly sales related to mining activities, before VAT.
- Surcharges related to energy (electricity) supply (calculated by OSINERGMIN).

Mining companies must also pay a legal mining royalty (LMR). The LMR is the economic consideration that those who carry out mining activities pay the State for the exploitation of metallic and non-metallic mineral resources. It is calculated based on the quarterly operating profit margin generated by the sale of mineral resources applying a rate that fluctuates between 1 percent and 12 percent. The amount effectively paid is a deduction for Income Tax purposes.

1 Except for some special tax rules, contained in the General Mining Law (Supreme Decree 014-92-EM).

2 18% VAT = 16% of VAT itself, plus 2% that corresponds to the Municipal Promotion Tax. Export of goods and services is not subject to VAT, if requirements are met.

Incentives

There are different tax benefits and incentives to consider. For example, companies in general (not just mining companies) can apply to several VAT refund regimes. However, Law 27623 regulates a special regime for the mining sector. Mining companies that are in exploration phase can request a refund of the VAT applied on their purchases. The companies must enter into an Exploration Investment Contract with the Peruvian State, for an amount of not less than US$500,000.

Furthermore, the General Mining Law regulates the possibility of signing tax-stability agreements with the Peruvian State. Through these agreements, the Peruvian State guarantees, among other topics, tax stability for 10 years or more. To access these agreements, among other conditions, an investment of at least USD 20 million is required.

Transfer tax and capital gains

The transfer of property of a mining project is subject to the general Income Tax regime. Therefore, the seller must pay Income Tax over the profit made at the applicable rate.

With respect to the transfer of mining concessions, specifically, VAT does not apply.

The holders of mining properties are taxed by local taxes applicable in urban areas. But the Real Estate Transfer Tax is not applied on the sale of properties which are in mining concessions located in rural areas.

Listings

Listing requirements of mining or mineral companies in our local stock exchange or in international stock exchanges

The principal sources of financing for mining activities are the private banking system and the public stock market, Lima Stock Exchange (Bolsa de Valores de Lima or BVL).

During the past few years, the BVL has been very active in attracting and listing junior mining companies. Several Peruvian investors have participated in the negotiation and creation of shares and have actively participated in different private or public placements made by these companies.

All companies applying for listing under the Junior segment of the Lima Stock Exchange must present all documents using an authorized sponsor.

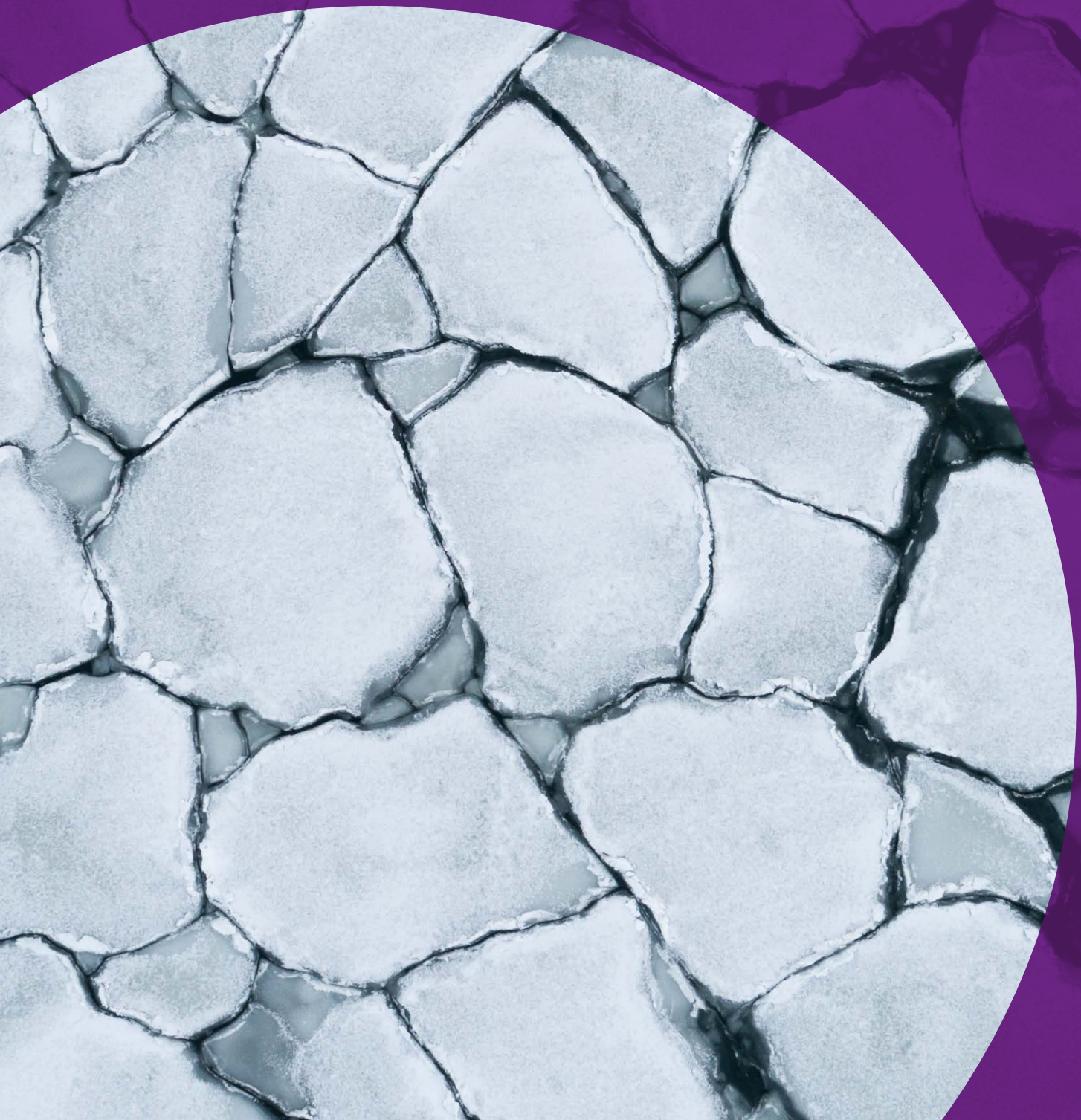
According to market regulations all the documentation to be provided to the BVL for listing purposes must be translated into Spanish (simple translation).

The information that must be filed includes:

- Description of the company (legal name, date of incorporation, country of origin, domicile, main products or focus, shareholders equity in original currency and US$; detail of issued warrants and options, including: i) number of warrants and options outstanding, ii) expiration date, iii) strike prices, iv) names of the beneficiaries of the securities in the case of members of the board, management, consultants or related parties.
- Information regarding the securities (face value – if applicable, rights conferred to the holder, ISIN code – International Securities Identification Number, Ticker, Exchanges on which it is listed, number of issued shares, dividends or other benefits).
- Information regarding the "representante bursátil" (legal representative appointed by the company to officially represent it before BVL and the Superintendency of Capital Markets or Superintendencia de Mercado de Valores or SMV). Such person must be authorized or empowered to proceed with the listing process (may be the same person).
- Information regarding the properties (sworn declaration concerning the possession and/or title, either directly or indirectly, of the mineral properties).
- Information regarding the promoters, managers and directors.
- Board Resolution approving the listing on the BVL.
- Board Resolution declaring the submission to the rules of the BVL.
- Sworn declaration concerning the information available in the original market and information available to the public through a webpage or other online means.
- Digital certification contract for the encrypted transmission of data to the BVL and SMV (MvNet system). This service is provided by COSAPI DATA and is renewed annually.

For the listing is necessary to have a website in both English and Spanish. All information provided to the market since the listing date must also be included on the company website in English and Spanish simultaneously.

Australia



General framework

Major features

Mining is one of the leading industries in Australia in terms of employment and export revenue, and regularly makes up approximately 8 percent of the country's Gross Domestic Product (GDP).

Australia has abundant resources across most mineral groups, and especially in energy and battery minerals. At the end of 2019, Australia was the world's largest producer of iron ore, bauxite, rutile and lithium, and one of the top 5 global producers of cobalt, uranium, zinc, gold and rare earth.

The Australian legislative framework in relation to mining seeks to balance the exploitation of mineral resources for economic gain with environmental and sustainability considerations.

Legal system and sources of law

Australia is a common law jurisdiction and a federation of six states and a number of federally administered territories. Under Australia's Constitution each state retains ownership of minerals located within its borders, except for uranium which is governed by federal regulations.

Each state has its own detailed legislation dealing with the regulation of the mining industry, including the issue of exploration licenses and mining leases, as well as employment, health and safety.

Under the Australian Constitution the federal government retains the power to issue laws and regulate Foreign investment, national security and taxation.

Both state and federal laws exist in relation to the protection of the environment.

Ownership of mineral resource

The ownership of all mineral resources located within their borders is vested in the relevant state government. The ownership of minerals is separate to the surface rights (which may be leasehold, freehold or Crown).

Subject to compliance with legislative procedures, the relevant state government may grant a lease to a person to extract minerals, which supersedes the rights of the holder of the surface rights, subject to the payment of appropriate compensation. Ownership in the minerals passes to the mining lease holder at the time the ore is extracted.

Granted exploration licenses, retention leases and mining leases are accessible on the public registers in each state.

Foreign investment

Foreign persons may apply for, hold and acquire mineral rights, subject to relevant Foreign investment laws, which requires prior federal government approval in some instances.

Role of the state

The role of each state government is to regulate the exploration and extraction of mineral resources, subject to environmental and sustainability considerations.

There are no state or federal government owned entities who are participants in the mining industry.

Nature of mineral rights

Mining rights are granted to applicants, of good character, by the government of the state or territory in which mining takes place.

Each state's mining legislation governs the grant of exploration licenses and mining leases, with some states also issuing a retention lease which allows an entity to maintain possession of a right to a mineral rich area pending improvement in economic conditions.

Once granted, tenements may be transferred or used as security. The terms and the conditions of the tenements must be met, including annual reporting and payment of rent. Tenements may be cancelled if the holder fails to meet the terms of their issue.

Granting of mineral rights

Mining rights are obtained by applying to the relevant state or territory government on a first-come, first-served basis, or in some instances, by a tender-based process.

Mining rights may also be acquired by entering into a contractual arrangement with the existing holder of the mining right (by way of purchase or farm-in).

Each license and lease delineates its area and duration. A holder must comply with the various terms and conditions of the permit, which include: the payment of annual rents, the payment of royalties once the mineral is extracted, meeting minimum annual expenditure obligations, agreeing to future mine rehabilitation plans and annual reporting requirements, as well as the provision of any environmental bond requirements.

Security of tenure

An exploration license is not an exclusive right to occupy the surface area. It is a right of access only for approved exploration activities, and subject to negotiated land compensation and access arrangements. Holders of an exploration license (or retention license in some instances) have a priority right to apply for a mining license. Exploration licenses may be renewed for new terms, depending on the state.

A mining lease once granted is an exclusive right for the holder to carry out the approved mine plan and related activities. It is generally granted for a fixed term, which may be 20+ years.

Rights to access the land surface area are regulated both by legislation and by private access and compensation contracts with landholders.

Mining leases do not always guarantee exclusivity and may be subject to existing competing rights such as coal seam gas rights or infrastructure rights.

Environmental and community considerations

Environmental protection and licensing

Each state and territory has a detailed legislative and regulatory regime relating to the environment, biodiversity, water conservation, development assessment, planning and land use. This is administered by the relevant state or territory

environmental protection agency, resources department and local government.

Mining leases may only be granted after the relevant state or territory departments have assessed in detail the environmental impact of the proposed mining activity, and a development approval has been issued. The applicant must prepare a detailed environmental impact assessment. The approval process typically may take more than three years for a large scale mine.

Environmentally protected areas

State governments regulate mining activities in state forests and parks and may prohibit mining in sensitive areas. Federal laws apply to mining activities that impact on Commonwealth lands (such as National Parks) or under the Environment Protection and Biodiversity Conservation Act 1999 which regulates areas of national environmental significance. These include threatened flora and fauna, world heritage sites, internationally protected wetlands and significant water resources.

The federal government has also published a set of guidelines on Best Practice on Environmental Management in Mining.

Communities

Where a mining project may have a significant impact on a local community it is typically a term of a development approval that adequate consultation has been undertaken with the local community, and the findings included in the mine permit application.

Consultation with all stakeholders of a project is encouraged by relevant approval authorities.

Indigenous rights and consultation

A large part of Australia is subject to claims for Native Title rights, which includes areas of mineral wealth. The rights of Native Title claimants are regulated by the Federal Native Title Act 1993 and related state legislation. Native Title rights may include the right to access land for traditional purposes.

Aboriginal Cultural and heritage surveys must be carried out over areas to be mined to identify and protect sacred sites and artefacts.

Consultation with native title claimants is required under the relevant Native Title laws and entry into a land user agreement. Mining leases may not typically be granted until the relevant consultation and agreement processes have been completed.

Taxes

Duties, royalties and taxes

Royalties are payable to the state government where the mineral is mined, at the time of sale following extraction. The rate of royalty varies depending on the state, the mineral mined and sometimes on the sales price (for coal in some states).

Corporate tax applies to profits at the rate of 30%. GST of 10% also applies to most supplies of goods and services in Australia.

Incentives

Generally, there are no tax incentives available for the mining industry. For some large projects in Western Australia State agreements may be entered into with project proponents to secure land and infrastructure access.

Transfer tax and capital gains

A capital gains tax of 30% is payable on any gain on the sale of shares and mining rights.

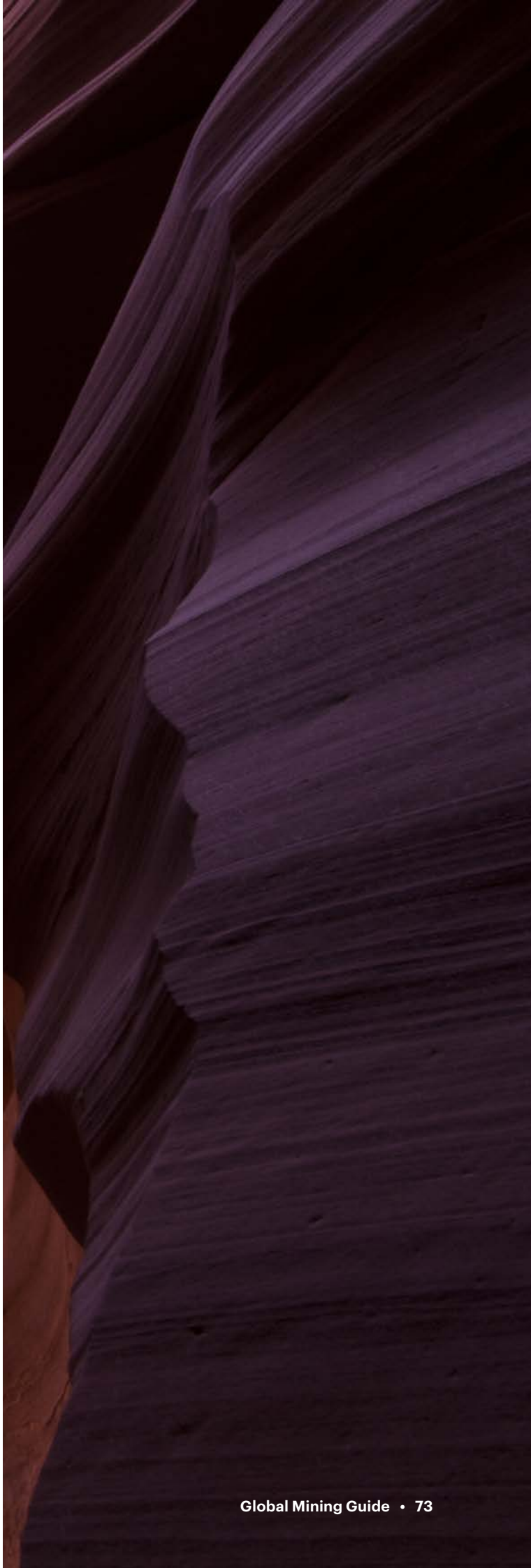
There is no stamp duty payable on the transfer of shares in a company. Stamp duty at a rate of approximately 5.5% may be payable on the transfer on a mining lease or the majority ownership of a company which has a majority of its assets in land (such as mining leases).

Listings

Listing requirements of mining or mineral companies in our local stock exchange or in international stock exchanges

The Australian Securities Exchange Limited (ASX) has a large number of listed mining companies, from explorers (juniors), through to developing mid-tier companies and some of the largest mining companies in the world.

To be eligible to list via an Initial Public Offering (IPO), a company must meet the eligibility criteria under ASX Listing Rule 1, as well as be able to provide JORC (Joint Ore Reserves Committee) compliant reports for its mineral resource (ASX Listing Rule 5). Key to this is the inclusion in the prospectus of a technical expert's report which includes a Competent Persons Statement concerning the mineral resource.



Canada

General framework

Major features

Canada ranks as one of the top five countries in the world for the production of major minerals and metals, including supplies of critical minerals. As one of the largest mining nations, Canada is at the forefront of mining innovation and hosts one of the largest mining service and supply sectors globally.

Canada's mining sector, including mineral exploration, development, reclamation and related support activities, is a key contributor to Canada's economy. Together with its associated industries, mining supports numerous jobs in Canada, and outside of government is the nation's largest employers of Indigenous persons. Canada is also recognized for its mining-related expertise in the consulting, accounting and legal sectors, which provide support for mining-related projects in Canada and around the world.

Canada's system of taxation is generally seen as favorable to mineral exploration and development and includes incentives such as write-offs of Canadian Exploration Expenses and allowances for those expenses to be transferred to investors by way of flow through shares. In addition, a number of provinces and the federal government offer tax credits, which provide further incentives to invest in mineral exploration in Canada.

Legal system and sources of law

Canada is considered to have a pluralist legal system, where civil law is applied to private law matters within the province of Quebec, and common law is applied in the nation's other provinces and territories. Pursuant to the Constitution Act, 1867, the responsibility for lawmaking in Canada is allocated between those matters that are under the jurisdiction of the federal government, and those that are under the jurisdiction of Canada's provinces.

The ownership, administration and control of public lands and minerals in Canada falls within provincial jurisdiction. As such, the nation's provincial legislatures regulate the exploration and extraction of mineral resources, which include the development, operation and regulation of mines. At times, however, the jurisdiction of the federal government may overlap with certain aspects of mining-related activity, including federal laws related to the environment, fisheries, imports/exports, and Indigenous peoples.

As a consequence of the provinces' jurisdiction over public lands and resources, Canada's provincial legislatures have each passed their own mining-related laws and regulations, creating separate mining regulatory regimes across the country, which in practice are often similar. Typically, multiple statutes in each jurisdiction in Canada govern mineral exploration and development operations, maintenance obligations, environmental standards, surface rights, and other matters connected to mining projects.

Similar to Canada's provinces, the governments of the Yukon Territory and the Northwest Territories regulate their own mineral rights. Currently, federal law governs mineral rights of Nunavut, but this is expected to change over the next few years as an agreement was reached in 2019 to transfer the responsibility from the federal to the Nunavut government.

Ownership of mineral resources

Except for mineral rights that comprise part of a finding of Aboriginal title or those rights granted to private persons pursuant to historic land grants, the ownership of minerals in Canada are typically held by the Crown. Typically, mineral rights in Canada are separate from the rights to the surface of the land, however, in original Crown grants dating back to the 1800s and early 1900s, the common law position was that minerals formed part of the land and thus belonged to the landowner rather than to the Crown. Over time, however, the wording of Crown land grants in Canada has shifted towards reserving the rights of minerals for the Crown. This means that in Canada, the Crown typically holds the rights to minerals beneath the surface of Crown lands, and under lands that are privately owned.

Foreign investment

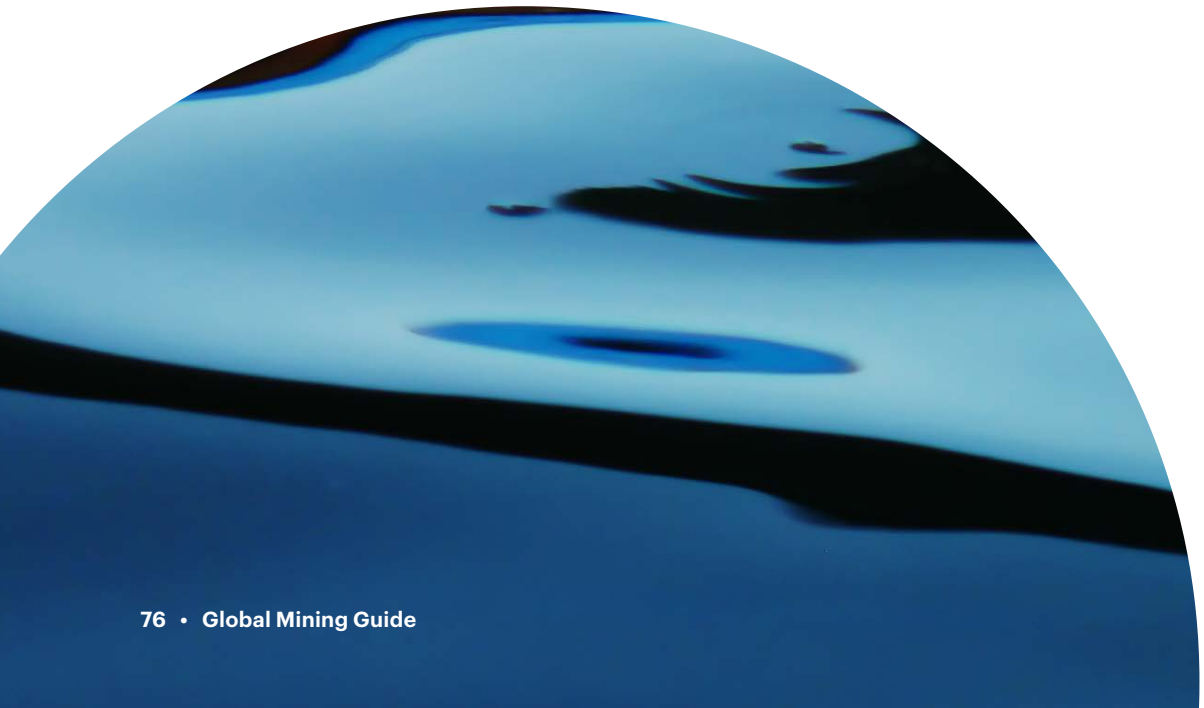
Canada is a relatively investor-friendly jurisdiction when it comes to inbound investments by foreign-controlled entities or foreign nationals. However, Foreign investment in Canada's mining sector, like that in other sectors of the Canadian economy, remains subject to a monitoring and review framework set out in the Investment Canada Act (ICA). This framework may present risks for certain

investments including, in rare cases, a transaction being blocked or made subject to a divestiture order. In addition, recent changes to Canada's policies for reviewing investments on national security grounds indicate that certain mineral investments may attract greater scrutiny under the ICA going forward.

Under the ICA, a small number of large transactions where control of a Canadian business is acquired by a "non-Canadian" (as determined under various technical rules within the ICA) must obtain government clearance before closing in a process to determine whether the investment would be of "net benefit" to Canada. This process requires investors to submit an "application for review" detailing specifics of their plans for the Canadian business in question (such as, for example, the effect of the investment on employment, on the degree and significance of participation in the business by Canadians and on competition, among other things). The financial thresholds for such review applications vary based on investor- and transaction-specific criteria, but as of 2021 an inflation-adjusted threshold of $1.565 billion in enterprise value of the target (as defined in the ICA's regulations) applies for investors from certain countries with trade agreements with Canada, including the United States, Mexico, EU member states and the United Kingdom, among others. For investors from most other countries, the relevant threshold was $1.043 billion in 2021, with significantly lower thresholds applying in other defined circumstances, such as a $415 million book value of assets threshold for state-owned entity investments. A specialist should always be consulted to confirm the need for an application for review in light of the technical nature of the ICA's criteria as well as to understand the transaction timing and planning implications associated with reviews, which are often significant.

For all investments by non-Canadians falling below the ICA's review thresholds, a completed notification form setting out prescribed details must be submitted to the government within 30 days of closing, but no restriction on closing applies.

In addition to the application for review and notification processes, the ICA also features a national security review procedure that can be initiated regardless of the size of a transaction. This procedure provides the Canadian government with extensive powers to assess whether an investment is "injurious to national security." As of 2021, a majority of national security orders issued have related to Chinese investments, including a 2020 order blocking Chinese state-owned enterprise Shandong Gold from acquiring TMAC Resources. The Shandong transaction is the only mining investment to be blocked under the ICA's national security provisions to date. However, changes to Canada's national security review guidelines in March 2021 now flag investments involving 31 minerals set out in a separate "Critical Minerals List" as potentially raising national security concerns. Accordingly, prospective foreign investors in Canada's mining sector should consult a specialist at the earliest stages of their transaction planning to determine the extent of national security risk, if any, their transaction is likely to face and potential timing and planning implications.



Role of the state

In Canada, various levels of government are involved in the regulation of mining and mining-related operations, with the majority of laws associated with mining under the authority of either the federal, provincial or territorial governments. Canada is viewed as having developed a consistent approach to the regulation of the mining industry, and jurisdictions across the country seek to promote and attract local mineral exploration and development through tax incentives and mining-favorable legislation.

Canadian federal, provincial and territorial governments have the duty to consult and accommodate Indigenous peoples who may hold or assert aboriginal rights associated with lands that are subject to mineral exploration and development. The scope of consultation required will vary from project to project and is largely proportionate to the strength of the asserted Aboriginal or treaty right and the seriousness of the potential impact. Although the law in Canada remains largely unsettled when it comes to determining whether Aboriginal title includes subsurface rights, Indigenous ownership of minerals through modern treaty rights has been established. In practice, project proponents typically take the lead in discussions with potentially affected Indigenous groups to determine common interests, establish plans for project development and a fair decision-making process. Aboriginal consultation and accommodation is now a routine component of developing mining projects in Canada and it is advisable for mining companies to identify potentially affected Indigenous groups and rights that may be impinged, prior to engaging in development.

Nature of mineral rights

In Canada, mineral rights that are held by the Crown may be granted to third parties through various forms of tenures. Mineral or placer claims, which are shorter-term tenures of one to five years (depending on the jurisdiction), allow the holder to carry out various activities connected to mineral exploration. A mining lease is a longer and more secure form of Crown land mineral tenure and is generally required should a proponent wish to place a mine into production. Mining leases typically range from 20 to 30 years, and the obligations of the lessee, including environmental and reclamation, are prescribed in the applicable legislation. The holder of a mining lease is entitled to mine minerals below the surface and reap the economic benefits of minerals extracted. Royalty payments to the government and taxes (mining and general income tax) associated with mining-related activities will vary depending on the jurisdiction.

As noted above, mineral rights and the rights to the surface are generally held separately in Canada: the holder of a right to minerals typically is not automatically granted a right of access to the surface. Surface rights may need to be obtained from the Crown (in the form of a license or a lease) or, in the case of private lands, negotiated with the landowner in accordance with the legislation, in order to conduct mining-related activities.

Granting of mineral rights

Depending on the jurisdiction, mineral rights in Canada are typically obtained either by "staking" a claim or by obtaining the mineral right by mean of an application which is more commonly done electronically. In each province and territory in Canada, the acquisition proces to acquire mineral rights is prescribed in the applicable mining legislation.

Although variations exist between the provinces, most jurisdictions in Canada use a form of free-entry system, which allows mineral rights to be acquired by means of staking a claim. The process for staking a claim varies across the country; the most traditional form is found in the Yukon territory, which requires physical staking of the claim area which is identified through a series of posts, marking of lines and the recording of the claim. Other jurisdictions such as British Columbia now have an online computer registration system that allows individual cells to be selected from an electronic map. Most provinces in Canada, including British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, the Northwest Territories, Nunavut, Ontario, Quebec, Saskatchewan and the Yukon, have adopted the free-entry system. The less prominent system, which is called the Crown discretion system, involves the Granting of mineral rights at the discretion of the provincial government, and is the system adopted in Alberta, NovaScotia and Prince Edward Island.

Generally, except for certain areas where mining-related activities are not permitted, including national parks, protected areas (such as National Wildlife Areas and Migratory Bird Sanctuaries), Indigenous reserves, municipalities and environmentally sensitive lands, Crown land is available for staking.

Security of tenure

As noted above, in Canada, mineral or placer claims typically refer to those Crown-granted exploration tenures, which typically have a term of one to five years, depending on the jurisdiction. Subject to certain requirements, such as carrying out physical work and filing fees, which need to be met in order to keep the claim in good standing, mineral or placer claims allow the holder to carry out various activities connected to mineral exploration on the associated Crown lands.

A mining lease, which is an interest in land, is the longest and most secure form of Crown land mineral tenure available in Canada. A mining lease allows for full exploitation of the resource subject to permitting and regulatory approvals and is typically required before the commencement of production at a mine. Certain requirements often need to be met in order to keep the lease in good standing, such as showing that the mine is currently in production, or demonstrating that there are positive steps being taken to develop the mineral potential in a specific area. Mining leases range in duration and generally have a term of 20 to 30 years, depending on the jurisdiction.

Environmental and community considerations

Environmental protection and licensing

Both the federal and provincial governments in Canada are responsible for environmental legislation and regulations. A mining operation requires multiple permits, often under both provincial and federal statutes.

The federal government develops laws regarding minerals and mining on federal lands, including environmental protection and conservation issues as they affect federal jurisdiction (e.g. migratory birds, species at risk, and fisheries resources). The regulation of mine operations and environmental remediation within the provinces falls under provincial jurisdiction. Mining regimes are relatively consistent between provinces, but they are often codified in several different statutes. Additionally, mining proponents must also comply with local municipal by-laws and licensing requirements in the conduct of their mining operations.

Mining regulators across jurisdictions incorporate the following mechanisms for protecting the environment:

i. Environmental assessments that ultimately provide requirements and guidelines for mine construction and operation.

ii. Pollution, emissions, and climate change regulations.

The issuance of permits, approvals and licenses with conditions that seek to ensure and promote environmental protection and sustainability.

Environmental assessments are conducted prior to (and occasionally throughout) mine development and determine whether a mining operation should be approved based on its environmental impacts. A mine proponent is also obligated to undertake reclamation and restoration of the affected lands following a mine closure.

The federal Impact Assessment Act (IAA) largely governs environmental protection in Canada. The IAA received Royal Assent on June 21, 2019, and came into force on August 28, 2019, replacing the Canadian Environmental Assessment Act, 2012. The key objectives of the IAA are to provide more certainty, coordination, efficiency, inclusiveness and transparency in the federal review process for assessing the impacts of major resource development projects and projects carried out on federal lands. The desired effect of the IAA is to build trust and confidence in the decision-making processes conducted by the Impact Assessment Agency of Canada based on evidence, science, sustainability, public engagement and Indigenous participation. The Canadian Impact Assessment Registry website also provides the public withaccess to information regarding the assessment type and the current phase of the proposed project, as well as the key documents filed by the proponent and the Agency, including the Agency's notice of impact assessment decisions with reasons.

The IAA applies to the federal government of Canada or a province and outlines a process for assessing the impacts of major projects. While the IAA does not apply to all projects in Canada, it applies to most major mining operations. The IAA sets out the impact assessment process and timelines, identifies factors to account for, provides tools to support cooperation and coordination with other jurisdictions, enables the Agency to support participant engagement through funding programs, requires transparency through information made publicly available within the Registry, and provides tools and authorities to ensure compliance. The scope of the IAA extends beyond an assessment of environmental effects to include mitigation measures, the need for the project, and the project's impact on sustainability.

Under the IAA, an assessment is required for designated projects, which can be determined in two ways:

i. Projects described in the Physical Activities Regulations (commonly referred to as the Project List); and

ii. Projects designated through the use of ministerial discretion (where the Minister of Environment is of the opinion that the physical activity may cause adverse effects within federal jurisdiction or adverse direct or incidental effects, or public concerns related to those effects warrant the designation).

In respect of mines and metal mills, the IAA provides that any projects involving activities set out in the Physical Activities Regulations are considered designated projects and subject to assessments pursuant to the IAA. Designated projects specifically include the construction, operation, decommissioning and abandonment of:

i. A new coal mine, diamond mine, metal mine or mill (other than a rare earth element mine, placer mine, uranium mine or uranium mill) with a production capacity of 5,000 t/day or more;

ii. A new rare earth element mine or uranium mine (excluding abandonment and outside the licensed boundaries of an existing uranium mine) with an ore production capacity of 2,500 t/day or more; and

iii. A new stone quarry or sand or gravel pit with a production capacity of 3,500,000 t/year or more. Expansions of existing mines and mills (other than a rare earth element mine, placer mine, or uranium mine/mill) will also trigger an assessment under the IAA if the expansion would result in an increase in the area of mining operations of 50 percent or more and the total production capacity (or input capacity in the case of a metal mill) would be 5,000 t/day (or 2,500 t/day for an expansion of a rare earth element mine or uranium mine/mill or 3,500,000 t/year or more for a stone quarry or sand or gravel pit) after the expansion. In the case of oil sands, an IAA assessment will be triggered in the case of a new oil sands mine with a bitumen production capacity of 10,000 m3/day or where there is expansion of an existing mine that would result in an increase in the area of mining operations of 50% or more and the total bitumen production capacity would be 10,000 m3/day or more after the expansion.

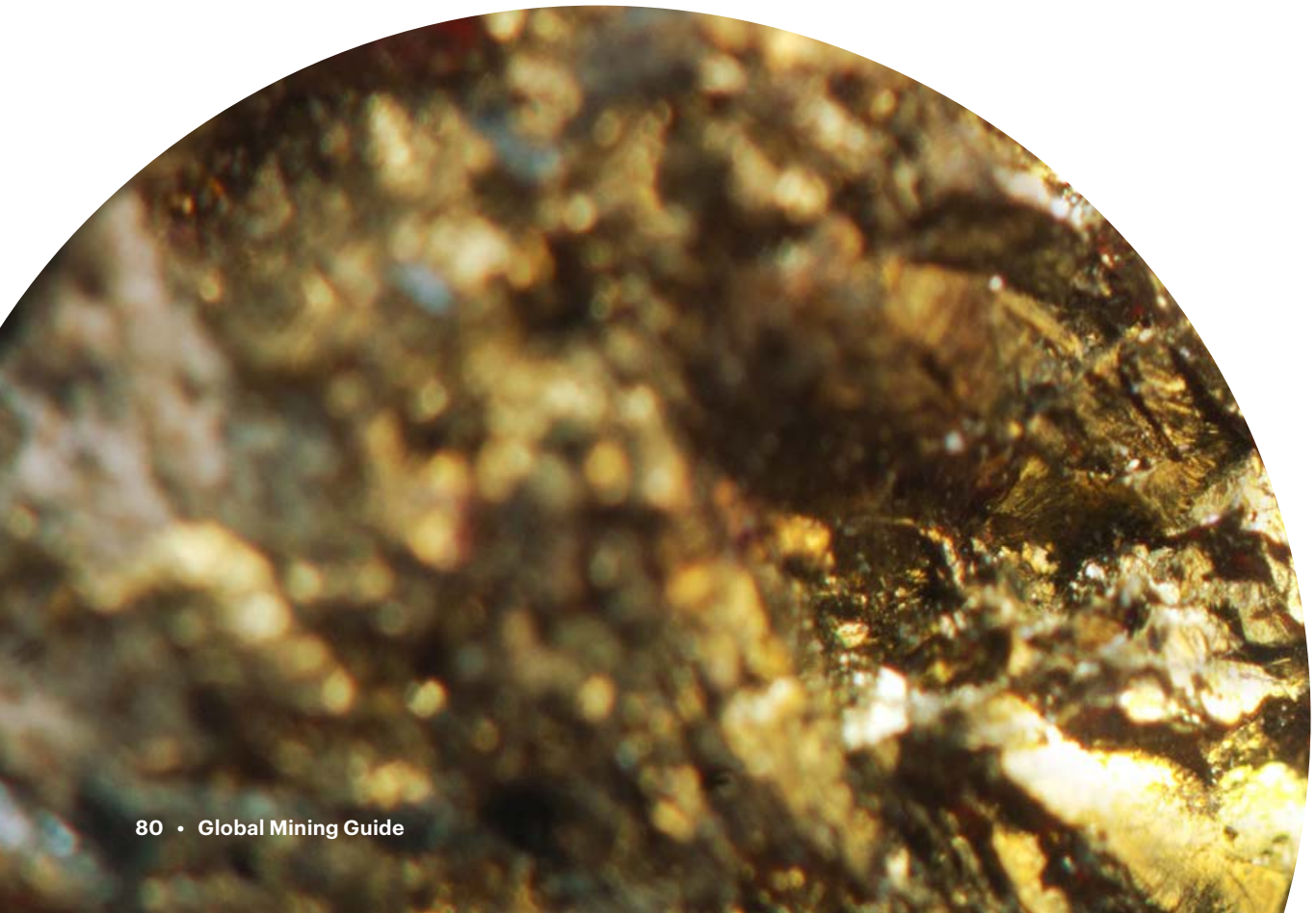
The impact assessment has five phases under the IAA: (i) planning; (ii) impact statement; (iii) impact assessment; (iv) decision-making; and (v) post-decision. The planning phase aims to create efficiencies, both in time and cost, early in the process with more predictable timelines and outcomes on next steps for mining proponents. Where the Agency determines that an impact assessment is required for a designated project and the Minister does not approve the substitution of a process for assessing the effects of the designated project by a provincial government or other provincial agency or an Indigenous governing body, the Agency is required to advise a mining project proponent, within 180 days of the posting of the project description on the Registry, whether the Agency will proceed with an impact assessment. The Agency must advise the proponent of its reasons for the decision and the information it requires from the proponent to conduct its impact assessment. The IAA also provides the Minister with the authority to put an end to a proposed project before an impact assessment is even decided upon or commenced by the Agency if, in the Minister's opinion, the proposed project would cause unacceptable environmental effects within federal jurisdiction or that the proponent/the project will not be awarded key permits or approvals by other federal regulators.

The IAA requires that the Agency coordinate with provinces to ensure a collaborative and efficient assessment. Each province may have additional regulations to consider as part of this collaborative process.

The mine proponent must also consider other environmental legislation that may apply to it, such as Canada's climate change regulations. For example, the federal Greenhouse Gas Pollution Pricing Act aims to reduce greenhouse gas emissions by implementing a federal carbon pollution pricing system, which applies to provinces and territories that either do not have their own carbon pricing scheme, or where the provincial scheme does not meet certain minimum national criteria. Within this scheme the Canada Revenue Agency administers a fuel charge, and through an output based pricing system, industrial facilities are required to remit compensation if their emissions exceed that permitted.

Environmentally protected areas

Environmentally protected areass within Canada include national parks, migratory bird sanctuaries, national wildlife areas and areas of marine protection. Under the IAA, national parks and marine protected areas have now been given greater focus and are more likely to require a federal impact assessment than under previous legislation.



Communities

Mining regulations may require community involvement prior to the approval of a mining project, particularly with Indigenous communities. A mining development that occurs on or near land subject to Aboriginal rights or treaty rights triggers Aboriginal law issues.

Aboriginal rights flow from Aboriginal peoples' continued use and occupation of certain lands. These rights, including Aboriginal title, and treaty rights may allow rights-holders to determine the land's use and to benefit from those uses. When the government considers approving a mining operation, they have a common law duty to consult Indigenous communities regarding the impact on their Aboriginal rights. If the allocated land use would infringe on the rights-holder's ability to exercise their Aboriginal rights, their rights are infringed.

In the event the IAA applies to a particular mining project, the IAA also provides for participation of Indigenous peoples in the approval of a designated mining project. The Agency will coordinate engagement and consultation for all federal assessments, and must take into account Indigenous-led assessments and Indigenous knowledge, rights and culture.

Indigenous rights and consultation

In the context of the issuance by the Crown of certain project-related approvals, permits or licenses to a mining project proponent, the Crown has a common law duty to consult with, and potentially accommodate, Indigenous communities that have Aboriginal rights, Aboriginal title or treaty rights and whose rights or title may be affected or infringed upon if the approval, permit or license were to be issued by the Crown. The duty to consult may also arise in the context of a potential transfer of mining-related approvals, permits or licenses or a change in ownership of the approvals, permits or licenses.

In the event the IAA applies to a particular mining project, during the planning phase, the Agency must offer to consult with any jurisdiction potentially impacted by the environmental effects of the designated project. The IAA also necessitates that the Agency consult any Indigenous group that the designated project may affect. During the IAA consultation process, the Agency will consider Indigenous peoples' concerns about the designated project and its impacts on their rights and the environment in a transparent fashion. The Agency ultimately aims to secure consent through collaboration with Indigenous peoples, with the objective of obtaining acceptance of impact assessment outcomes within their communities.

Taxes

Duties, royalties and taxes

The Canadian tax regime is complex as taxes are levied by the three levels of government being the federal, provincial and municipal levels.

Income tax is levied at the federal and provincial/territorial levels, and the combined rates vary from 23 percent to 31 percent depending on the province/territory. Taxpayers are also subject to tax compliance obligations, whether or not they are liable to pay taxes.

In addition, a province/territory may have its own set of rules mimicking a mining royalty type regime triggering additional tax liability and compliance obligations for the operator of a mine.

Canadian federal and provincial tax legislation also include a comprehensive value added tax regime, the combined rate of which vary from 5 percent to 15 percent depending on the province. These indirect taxes apply to the supply of goods and services. Certain specific rules apply to mining activities and so do certain exemptions.

A non-resident of Canada that carries on a mining business in Canada without the interposition of a Canadian special purpose vehicle will have a permanent establishment in Canada pursuant to most income tax treaties. Such permanent establishment will trigger tax and compliance obligations for the non-resident taxpayer. It is pertinent to note that the non-resident foreign entity operating a mining business in Canada though a permanent establishment will only be subject to Canadian tax on the income it generates in Canada. However, where control of a foreign corporation (i.e. central management) starts to be exercised in and from Canada, then it will be deemed a Canadian tax resident for domestic Canadian income tax purposes and become liable to Canadian tax on its worldwide income, subject to any applicable income tax treaty.

Where a Canadian special purpose vehicle is interposed by the non-resident entity to carry on mining activities in Canada, then the repatriation of funds in the form of passive income (e.g. dividends, interest and royalties) will be subject to a 25 percent tax that the Canadian special purpose vehicle must withhold on such payments made to the non-resident entity. This Canadian withholding tax rate may be lower if Canada has signed a tax treaty with the country where the non-resident resides for tax purposes.

Also, the Canadian tax regime provides for thin capitalization rules which apply in certain circumstances to limit the interest deduction otherwise available to a Canadian corporation when it takes out a loan from a non-resident corporation.

In addition, the Canadian tax regime provides certain rules applicable to upstream non-resident loans. For example, in certain circumstances, where a corporation grants a loan to its non-resident shareholder that remains unpaid one year after the end of the taxation year of the Canadian creditor in which the loan was granted, then the non-resident debtor will be deemed to have received the unpaid amount of the loan as a dividend. The Canadian creditor will be liable to remit a 25 percent tax computed by reference to such deemed dividend payment received by the non-resident debtor. This Canadian 25 percent withholding tax may be lower if Canada has signed a tax treaty with the country where the non-resident debtor resides for tax purposes.

Incentives

The federal income tax and provincial income/mining/royalty tax regimes include a considerable amount of incentives in the form of non-refundable/refundable tax credits and super deductions with respect to qualifying mining expenditures and accelerated tax depreciation for qualifying mining assets. As an example, a Provincial Quebec 38.75 percent refundable tax credit may be available with respect to qualifying expenditures incurred by a junior mining exploration corporation.

The Canadian federal and provincial income tax regimes allow mining corporations to issue flow-through shares in certain circumstances. This enhanced tax incentive is particularly interesting for junior mining corporations, for which

income tax deductions have little or no value during the exploration phase of the mining cycle. When a mining corporation issues flow-through shares, subject to certain conditions, it may renounce to certain expenditures in favor of its flow-through share investors, which results in significant tax savings for them in the form of super deductions and tax credits. Considering that raising financing is tedious during the mining exploration juncture, such incentive promotes fundraising in the mining sector.

The existence of certain pools of mining expenditures provided in the federal and provincial income tax legislation leads to an indefinite carryover of business losses.

Transfer tax and capital gains

Provincial/Municipal Canadian taxlegislation provides for land transfer taxes in certain circumstances.

The Canadian federal and provincial income tax regimes provide for a 50 percent capital gain inclusion in the income of a corporation where it disposes of certain assets. However, in the case of the disposition of certain assets (i.e. Canadian resource property), their proceeds of disposition reduce the resource income tax pools of the corporation and/or could be included in the corporation's income.

The shares of a Canadian mining corporation could qualify as Canadian/Quebec taxable property, which could result in significant Canadian/Quebec income tax and compliance obligations.

Listings

Listing requirements of mining or mineral companies in our local stock exchange or in international stock exchanges

The four stock exchanges in Canada are Toronto Stock Exchange (TSX), TSX Venture Exchange (TSXV), NEO Exchange (NEO) and Canadian Securities Exchange (CSE).

TSX and TSXV are the longstanding senior and junior exchanges, respectively. Each set out their listing standards by industry. In respect of mining companies, requirements will differ depending on the nature and stage of the company's assets, business and operations.

The NEO Exchange was established as an alternative to TSX and TSXV. It has quantitative and qualitative criteria for listing across industries, rather than having criteria differ by industry.

The CSE offers another alternative and simplified listing process, which may be especially attractive for some junior companies. Its listing requirements vary depending on the type of securities to be listed (i.e. equity or debt) rather than by industry. The CSE also sets out both quantitative and qualitative criteria for listing for each security type.

Ways to obtain a listing on a Canadian exchange and go-public

There are several methods for a company to have its securities listed on a stock exchange in Canada. This process is commonly known as going public, and can be achieved by any of the following:

- Conducting a traditional **initial public offering** (**IPO**) of securities, following the filing of a prospectus, and obtaining a concurrent stock exchange listing.
- Completing a **reverse take-over** (**RTO**) of an existing public shell company, (i.e. one without an active business but with public shareholders and an exchange listing).
- Variations on the RTO, including:
    - The **capital pool company** (**CPC**) regime of the TSXV, which involves an RTO with a TSXV-listed company with cash as its main asset, whose sole purpose is to find and acquire an existing private business.
    - The **special purpose acquisition company** (**SPAC**) rules of the TSX and NEO, which resemble the CPC regime but are aimed at larger private companies.
        - Like a CPC, a SPAC is a listed shell company that is looking for an acquisition transaction.
        - SPACs tend to involve larger transactions and capital raises (minimum IPO size is CA$30 million).
    - A pilot program of NEO focused on mid-market growth companies, known as **G-Corps**.
        - Such companies have an enterprise value of between CA$50 and CA$500 million.

    - This program is aimed at bridging a perceived gap between the CPC and SPAC programs.
- Conducting a **direct listing** on a stock exchange without an associated offering of securities. To the extent it is able to satisfy listing standards (including public float requirements), a company can list directly on a stock exchange by filing a non-offering prospectus. This method is often used where the company does not require immediate access to capital.
- A **dual listing** involves a company already listed on an exchange outside of Canada having its securities listed on an exchange here.
    - Such a company may apply for a dual listing without an associated offering of securities by filing a non-offering prospectus or other disclosure document as may be acceptable to the particular exchange.
- Each of the above methods are discussed in more detail in Dentons Guide to Going Public in Canada.

Listing application and listing requirements

In addition to filing and clearing a prospectus, information circular, filing statement or other disclosure document, as the case may be, the company seeking to list its securities on a stock exchange must complete a listing application with the applicable exchange and satisfy its listing requirements.

The TSX and TSXV have minimum property and work program requirements for mining companies.

In order to obtain a listing on the TSX:

- An exploration and development company must have at least a 50% ownership interest in what the TSX considers to be an advanced property and a recommended work program of at least CA$750,000 for the property.
- A producing (or near production) company must have at least three years of proven and probable reserves and a recommended work program that will bring the mine into commercial production (if not already at time of listing).

The property requirements and related work program requirements to obtain a listing on the TSXV are significantly less onerous and amenable to very junior and early stage exploration and development companies.

Set out in Dentons Guide to Going Public in Canada is a description of the initial listing criteria in order to list on the various exchanges.

Technical reports and qualified persons

Obtaining a listing on an exchange in Canada will require a technical report be prepared on each of the company's material properties.

A technical report is a detailed report intended to provide a summary of material scientific and technical information concerning mineral exploration, development, and production activities (as applicable) on a mineral project on a property that is material to a company.

A technical report must be prepared and filed in compliance with the National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101), which sets standards for disclosure of scientific and technical information regarding mineral projects and requires that the disclosure be based on a technical report or other information prepared by or under the supervision of a qualified person (who, in certain prescribed circumstances, must also be independent of the company).

A qualified person is an engineer or geoscientist, with the requisite academic accreditation and practical experience relating to mineral exploration or mining that meets certain other prescribed criteria under Regulation.

Before a company files a technical report, the company must have at least one qualified person who is responsible for preparing or supervising the preparation of the technical report complete a current inspection of the property that is the subject of the technical report.

In addition to these regulatory requirements, companies listed on certain stock exchanges in Canada will be subject to additional guidelines imposed by the particular exchange applicable to its mineral properties (which standards generally expand upon certain of the above-noted regulatory requirements).

Corporate governance

A public company must have an experienced board and management, including members with experience in continuous disclosure, governance and financial reporting.

A public company must have at least three directors. The majority of a company's board, especially for companies listed on TSX or NEO, are expected to be independent of the company.

Public companies must also have certain board committees, which are also subject to independence requirements. All public companies must have an audit committee, the members of which are also subject to financial literacy rules. Depending on the exchange, it may be required to have nominating and compensation committees, or at minimum procedures for nominating other directors and determining executive and director compensation.

See Dentons Guide to Going Public in Canada for some of the other noteworthy consequences of becoming listed on a Canadian exchange.

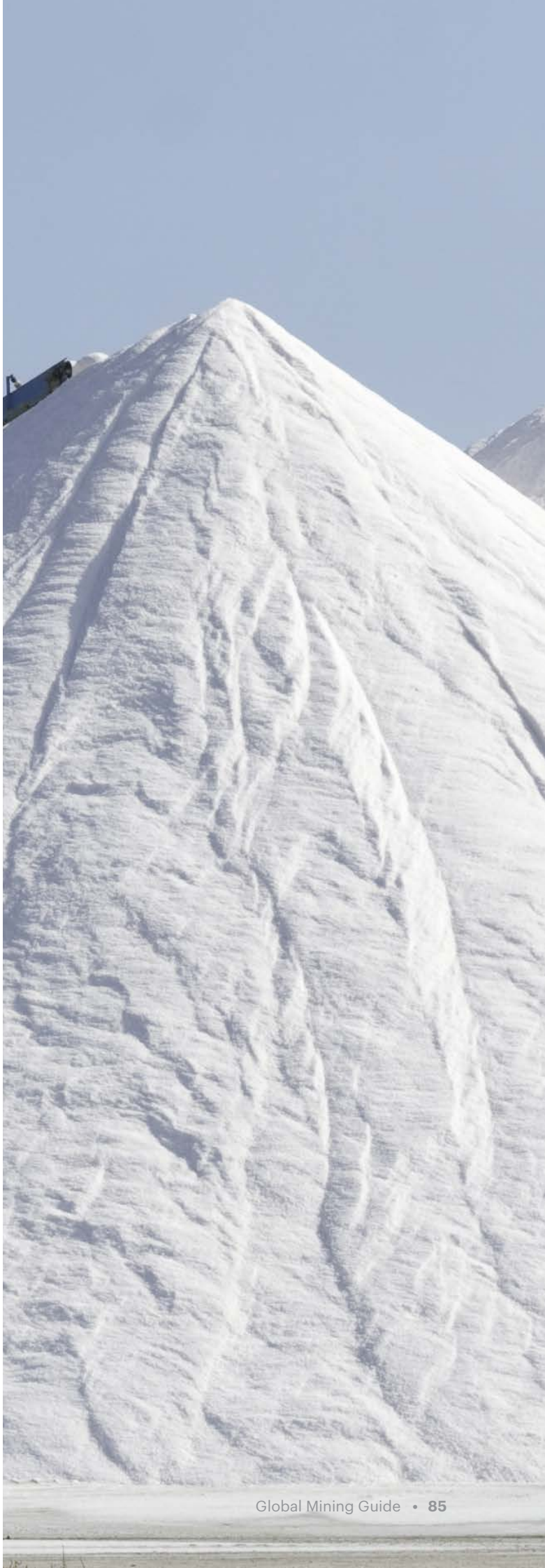
Ongoing continuous disclosure obligations

Quarterly and annual financial reports, annual proxy circulars, annual information forms, news releases, material change reports, technical reports and offering documents, among other things, all require attention and financial resources that might otherwise be dedicated to growing the business.

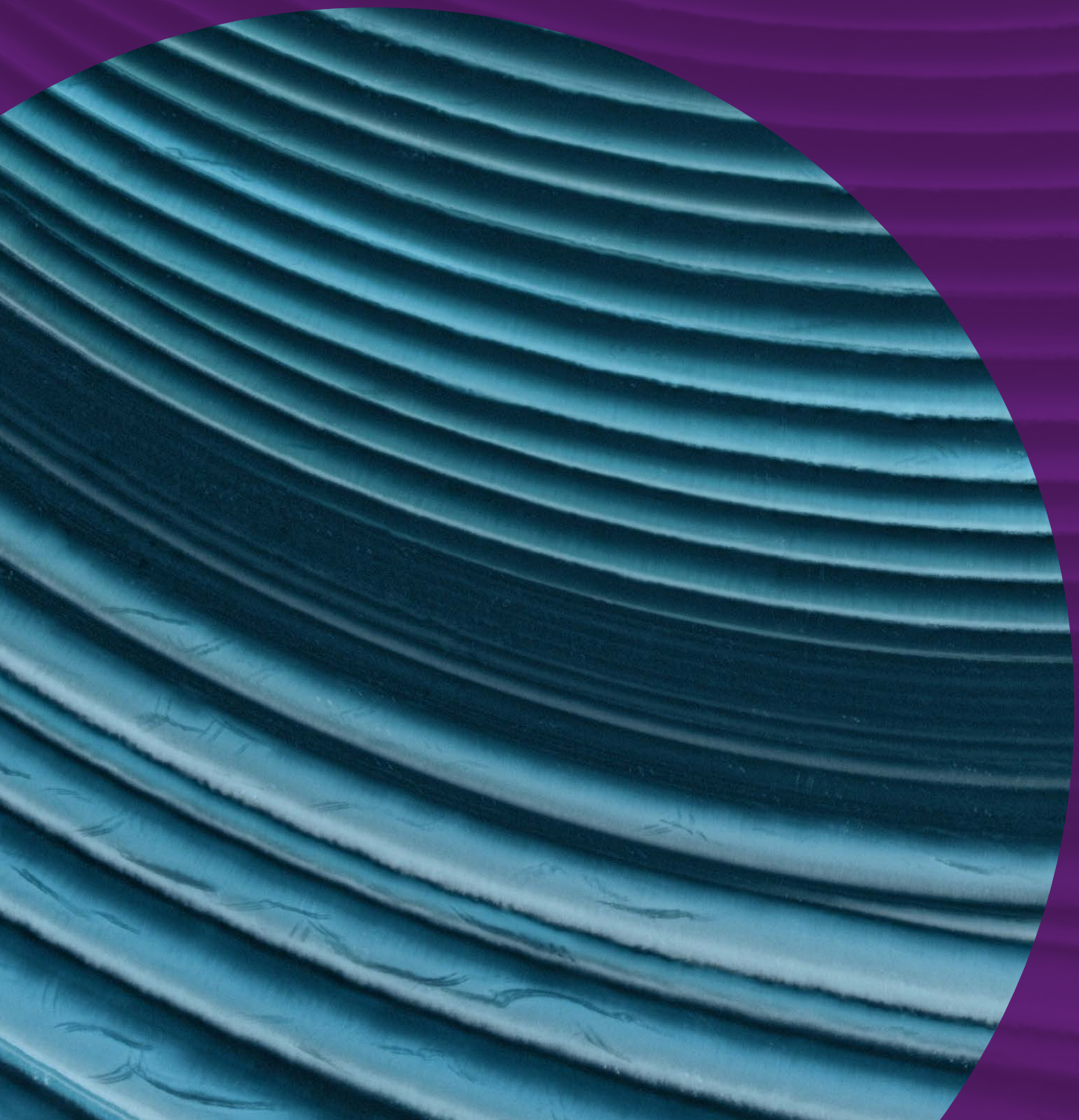
Such ongoing disclosure and reporting must also comply with the disclosure standards for scientific and technical information imposed by Regulation.

Stock exchange rules are an added layer of regulation, though in some respects the exchange rules and securities laws operate in tandem.

See Dentons Guide to Going Public in Canada for some of the other noteworthy consequences of becoming listed on a Canadian exchange.



South Africa



General framework

Major features

Various pieces of legislation regulate the mining sector in South Africa. They are:

- The most significant being the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA) which regulates inter alia the application for and the granting of prospecting and mining rights.
- The Mine Health and Safety Act 29 of 1996 whose purpose is to inter alia protect the health and safety of employees as well as other persons at mines and to provide for the enforcement of health and safety measures.
- The Mining Titles Registration Act 16 of 1967 which regulates the registrationof mining titles as well as other rights connected with prospecting and mining.
- The Mineral and Petroleum Resources Royalty Act 28 of 2008 (MRRA) which imposes a royalty for the transfer of mineral resources.
- The Mineral and Petroleum Resources Administration Act 29 of 2008 which regulates the administration of matters in connection with the imposition of a royalty for the transfer of mineral resources.

The mining sector in South Africa is also regulated by the Broad Based socio-economic Charter for the Mining Sect (Mining Charter) which will be discussed as a separate topic in this guide.

The Mining Charter is promulgated enactments by the Department of Minerals and Energy (DMRE) from time to time, which sets out empowerment targets focusing largely in terms of ownership, employment and procurement. The Mining Charter employs a weighted scorecard to determine a mining company's empowerment status.

Ownership of mineral resources

In South Africa, the state is the custodian of minerals for the benefit of the people of South Africa. The state may therefore grant, issue, refuse, control, administer and manage any permission or right regarding South African minerals. However, once a mining or prospecting right is issued, the holder enjoys real rights in law against arbitrary state action (being suspension and revocation) and strong rights of renewal.

Role of state

Please refer to the discussion on ownership of minerals above, but in addition it should be noted the consent of the minister is required for any change of ownership in the holding structure of vehicle holding the right.

It is hoped that this provision will be amended to aligned to the recently promulgated Oil and Gas Act which requires ministerial consent only in respect of a change of control.

Nature of mineral rights

A prospecting or a mining right which has been granted by the state is a limited real right in respect of the mineral and the land to which such mineral relates. The holder of a prospecting or mining right is entitled to enter the land to which such right relates together with his or her employees and bring into that land any plant, machinery or equipment and build infrastructure which may be required for prospecting or mining.

The holder of a prospecting or mining right is also entitled to prospect or mine on or under that land for the mineral for which such right has been granted.

The holder of a mining right is entitled to remove and dispose of a mineral (as detailed in the specific right) recovered during mining operations for his or her own account. The separation of the ore from the ore body is the mechanism in terms of which ownership of the mined material passes to the holder of the mining right.

Duration of rights

Exclusive mining and prospecting rights are typically issued to a holder for a period of thirty years, which period is renewable. Termination of these rights by the state is possible, but for good cause, and subject to court review and a detailed process of suspension or termination set out in the MPRDA.

Granting of mineral rights

In South Africa, a prospecting or a mining right is obtained by applying to the Minister of Mineral Resources and Energy (Minister).

- The Application must also be lodged simultaneously with the office of the regional manager of the region where the land in question is situated. Applications which have been received in the same day for the same mineral and land will be deemed to have been received at the same time.
- When considering the aforementioned applications for the same property the Minister must prefer historically disadvantaged applicants, being persons, category of persons or communities of South Africans who were disadvantaged by unfair discrimination before the Constitution of the Republic of South Africa, 1996 came into effect. Associations and companies who are owned and controlled by the aforementioned persons also fall into this definition. We notethat the majority of such persons are black South Africans.
- Applications which have been received in different days will be dealt with in the order of receipt. A prospecting or mining right can also be obtained through a sale. The MPRDA however states that a transfer of a prospecting or mining right can only take place with the written consent of the Minister.

Security of tenure

Please refer to the discussion on the nature of mineral rights above.

Environmental and community considerations

Environmental protection and licensing

The two main statutes which regulate environmental protection in relation to mining in South Africa are the MPRDA and the National Environmental Management Act 107 of 1998 (NEMA). The MPRDA provides that the principles as set out in the NEMA are applicable to any prospecting or mining operations and any matter incidental to such operations. The aforementioned principles include inter alia that environmental management must place people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interests equitably. The MPRDA also provides that an environmental authorization granted by the Minister shall be a condition prior to the granting of a right or a permit in terms of the MPRDA. There is also a pending amendment to the MPRDA which empowers the Minister to require an upgrade of an environmental management programme or plan of a right holder if the Minister is of the view that prospecting or mining will result in unacceptable pollution, ecological degradation or damage to the environment.

Environmentally protected areass

The MPRDA provides inter alia that no reconnaissance permission, prospecting right, mining right may be granted or mining permit be issued in respect of:

i. Land comprising a residential area

ii. Any public road, railway or cemetery

iii. Land being used for public or government purposes or reserved in terms of any other law or

iv. Areas identified by the Minister

v. but may be granted subject to Ministerial consent

The National Environmental Management: Protected areas Act (**NEMPAA**) also affects prospecting and mining in certain areas. NEMPAA provides that no commercial prospecting or mining may take place:

i. in a special nature reserve, national park or nature reserve

ii. in a protected environment without the written permission of the minister for forestry, fisheries and the environment and the Minister or

iii. world heritage sites, marine protected areas and specially protected forest areas, forest nature reserves and forest wilderness areas declared National Forests Act.

The the provisions of the MPRDA restricting or prohibiting prospecting and mining in certain areas are subject to NEMPAA.

Communities

The MPRDA requires that a DMRE regional manager of the region in which the land is located to within 14 days of accepting an application for a prospecting right, mining right or mining permit make known that an application for the aforementioned rights and permit has been lodged. The regional manager is further required to call upon interested and affected parties to submit comments regarding the application within 30 days from the date of the notice.

Any objections regarding the above-mentioned application should be referred to the Regional Mining Development and the environmental committee who should then advise the Minister accordingly.

Broad-based Black Economic empowerment ("B-BBEE")

Various Mining Charters have been promulgated in terms of the MPRDA, each with the aim of deracialize the ownership patterns in the mining industry through the redress of past imbalances and injustices and ensuring the meaningful participation of historically disadvantaged persons in the mining industry. The most recent Mining Charter was promulgated in September of 2018.

The Mining Charter promotes Broad-Based Black Economic Empowerment (B-BBEE) to meet its objectives. B-BBEE is for the purposes of the mining industry defined as a social or economic strategy, plan, principle, approach or act which is aimed at—

i. Redressing the results of past or present discrimination based on race, gender or other disability of historically disadvantaged persons in the minerals and petroleum industry, related industries and in the value chain of such industries and

ii. Transforming such industries so as to assist in, provide for, initiate or facilitate—

   a. the ownership, participation in or the benefiting from existing or future mining, prospecting, exploration or production operations;

b. the participation in or control of management of such operations;

c. the development of management, scientific, engineering or other skills of historically disadvantaged persons;

d. the involvement of or participation in the procurement chains of operations;

e. the ownership of and participation in the beneficiation of the proceeds of the operations or other upstream or downstream value chains in such industries;

f. the socioeconomic development of communities immediately hosting, affected by supplying of labour to the operations; and

B-BBEE scorecard consists of various weighted elements. All the items listed above attract a score and a weighting, but the most important of these is B-BBEE ownership. Compliance with the Mining Charter scorecard (save for ownership) is largely a matter of good corporate citizenry and is fairly easily achieved.

The Mining Charter also seeks to regulate the vexed issue of prior empowerment transaction impact on ongoing ownership transfer of mining rights and the requirement of new holders of previously empowered rights to include ongoing empowerment partners. This matter is before the courts for determination.

The status as set out below is as recorded in the most recent Mining Charter.

The ownership element applies to rights that existed prior to the coming into effect of the Mining Charter ("Existing Rights"), applications which were pending when the Mining Charter came into effect ("Pending Applications") as well as the rights which were granted after the Mining charter came into effect.

Existing Rights

A right holder who has achieved a minimum of 26% B-BBEE shareholding shall be recognized as compliant for the duration of the right even if the B-BBEE shareholder exists. This recognition will however not be applicable when the right holder applies for the renewal of the right. The renewal of a mining right shall be subject to the requirements of the Mining Charter applicable when the application for the renewal is lodged.

Pending Applications

The application shall be processed in terms of the requirements of the mining charter of 2010. he applicant is however required to have a minimum of 26% BBBEE shareholding. Should the application for the right be granted, the right holder is required to within a period of 5 years from the granting of the right increase BBBEE shareholding to 30%.

New Mining Rights

A right holder must have a minimum of 30% BBBEE shareholding.

Community upliftment programs

The Mining Charter requires a mining company who wishes to comply with it to provide a host community with an equity equivalent benefit. A host community is defined as a community within a local or metropolitan municipality adjacent to a mining area. The host community must be accommodated in required B-BBEE equity ownership structures.

Taxes

Duties, royalties and taxes

In terms of the MRRA, a person must pay a royalty for the benefit of the National Revenue Fund for the transfer of a mineral extracted from within the Republic of South Africa. The royalty payable for the transfer of refined minerals is determined by multiplying the gross sales of an extractor for that particular year of assessment by a percentage determined by a formula as set out in the MRRA. The aforementioned formula is currently 0.5 + [earnings before interest |and taxes/(gross sales in respect of refined mineral resources x 12.5)] x 100. The royalty payable for the transfer of unrefined mineral is determined by multiplying the gross sales of the extractor for that particular mineral resource by a percentage determined by a formula as set out in the MRRA. The aforementioned formula is currently 0.5 + [earnings before interest and taxes/(gross sales in respect of unrefined mineral resources x 9)] x 100.

All companies currently pay corporate income tax at a rate of 28 percent.

Incentives

The Income Tax Act 58 of 1962 ("Income Tax Act") provides that the full amount of capital expenditure incurred during the year of assessment shall be deducted for tax purposes from income derived by a tax-payer from mining operations.

Accordingly, any (generally capital) expenditure incurred by the taxpayer during the year of assessment on prospecting operations incurred in the construction or expansion of a mine in the year of assessment, may be utilized as a set-off against future income and income tax.

Listing requirements of mining or mineral companies in our local stock exchange or in international stock exchanges

Listing a company which trades exclusively as a mineral company (a distinction being drawn between solid mineral resources and oil & gas) requires compliance with S12 of the JSE(Johannesburg Stock Exchange) listings requirements, along with compliance with all other listings requirements as apply to companies listed on the JSE.

Utilizing the SAMREC (South African Code for Reporting Exploration and Results (resource and reserve statements) and SAMVAL (SA Code for Mineral Asset Valuation) as guiding principles, the listing requirements set out the specific requirements regarding the listing and ongoing compliance with the rules of the JSE regarding mineral companies.

Key to this, is the contents and inclusions of a Competent Persons Report in the listing submission, the contents of which report must be included in a prospectus, and first evaluated by the JSE Readers Panel, constituted largely by senior geologists and academics.

Information unique to mineral companies (in the main regarding resources and reserves, and mineral rights) and which is to be included in mineral companies pre-listing statements, prospectuses, annual reports and circulars is also set out in detail in S12 of the listings requirements.

Tanzania

General framework

Major features

The mining industry in Tanzania has been a dynamic one from a legal and regulatory point of view especially since the late nineties when the industry was officially placed under the private sector. One thing though has remained consistent; the involvement of the private sector in conducting mining business and the government remaining generally as the regulator.

Tanzania is endowed with many types of minerals including *Tanzanite* which is found and mined only in Tanzania. Other minerals include gold, iron ore, nickel, copper, cobalt, silver, diamonds, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stones, graphite, coal, and uranium as well as rare earth minerals. Of all minerals, gold is widely found and mined, and Tanzania is the fourth largest gold producer in Africa. Mining makes up approximately 10 percent of the country's Gross Domestic Product (GDP).

Legal System and sources of law

Tanzania's legal system is made up of written laws composed of the Constitution of Tanzania, which is the main source of law and other written laws enacted by the Parliament, customary laws, case laws (precedents) and subsidiary legislations. Tanzania is also a common law jurisdiction and therefore where there is a *lacuna* in law, principles of common law and doctrines of equity may be applicable provided local circumstances permit.

The mining industry is regulated mainly by the Mining Act and various regulations, rules and guidelines made under the Act. The Mining Act is supplemented by various laws regulating various issues on environment, health and safety, employment, explosives, taxation etc.

Ownership of mineral resources

The ownership of all minerals resources in Tanzania is such that all minerals are public property held by the President in trust for the benefit of the citizens of Tanzania; and anyone intending to engage in mining business at any level must qualify for and be issued with a mineral right which include prospecting licenses, special mining licenses, mining licenses and primary mining licenses. Grant of a mineral right does not grant automatic right to surface rights and there is a specific procedure to follow in order to access the area subject of a mineral right.

Information regarding granted licenses is available on the public register maintained by the Mining Commission.

Foreign investment

Foreign persons may apply for, hold and acquire mineral rights, except primary mining licenses which are reserved for Tanzanian citizens. The issuance and holding of mineral rights is also subject to compliance with various other laws.

Role of state

The role of the government is to regulate the exploration and extraction of mineral resources, subject to environmental and sustainability considerations.

Much as the role of the government is to act as a regulator, in law the government is entitled to have not less than 16 percent non-dilutable free carried interest shares in the capital of a mining company that holds mining or special mining license. In addition, the government is entitled to acquire up to 50 percent of the shares of a mining company, calculated on the basis of the total value of tax expenditure extended to the mining company.

Nature of mineral rights

Mineral rights are granted by the Mining Commission to applicants who qualify for grant and who meet various requirements as stated in the law.

Once granted, mineral rights may be transferred or used as security. The terms and the conditions of the mineral rights must be met, including annual reporting and payment of rent. Mineral rights may be cancelled if the holder fails to meet the terms of their issue.

Granting of mineral rights

Mineral rights are obtained by applying to the Mining Commission on a first-come, first-served basis, or in some instances, by a tender-based process.

Mineral rights may also be acquired by entering into a contractual arrangement with the existing holder of the mining right (by way of purchase or farm-in).

Each license and lease delineates its area and duration. A holder must comply with the various terms and conditions of the license, which include: the payment of annual rents, the payment of

royalties once the mineral is extracted, meeting minimum annual expenditure obligations, agreeing to future mine rehabilitation plans and annual reporting requirements, as well as the provision of any environmental bond requirements.

Security of Tenure

A prospecting license allows a person to enter the prospecting area, prospect for minerals to which the license applies and carry out operations and such work as necessary for that purpose. Where exploration activities result in disturbance or destruction of properties of a surface right holder, appropriate compensation must be paid. Prospecting license is granted for an initial period of four years and may be renewed for a further period of three years.

A mining license confers on the holder the exclusive right to carry on mining operations in the mining area for minerals specified in the license and is granted for operations for which the capital investment is between US$100,000 and US$100 million. It is granted for a maximum initial period of 10 years and may be renewed once for a period not exceeding 10 years. An application for renewal should be made not later than six months prior to expiry of the license.

A special mining license is granted for large-scale mining operations in which capital investment exceeds US$100 million. The license grants an exclusive right to the holder to conduct operations in the mining area for the minerals specified in the license. It is granted for the estimated life of the ore body indicated in the feasibility study or any other such period as the licensee request, whichever is shorter. A special mining license is renewable, and an application for renewal may be submitted at any time, but no later than one year before expiry of the license.

A primary mining license confers on the holder the exclusive right to carry on prospecting and mining operations in the mining area. It is granted for an initial period of up to seven years and is renewable. This type of license is granted only to citizens of Tanzania or to companies that are exclusively composed of Tanzanians, whose directors are Tanzanians and in which control of the company is exercised from within Tanzania by persons who are all citizens of Tanzania. A primary mining license may be converted into a mining license.

Rights to access the land surface area are regulated both by legislation. Mineral rights holders must compensate and or resettled surface rights holders before accessing the respective areas.

Environmental and Community Relations

Environmental Protection and Licensing

Tanzania has a detailed legislative and regulatory regime relating to the environment, biodiversity, water use and conservation, development assessment, planning and land use. This is administered by the National Environment Management Council.

Mineral rights may only be granted after the council have assessed in detail the environmental impact of the proposed mining activity and approved it. The applicant must prepare a detailed environmental impact assessment. The approval process typically may take around six months to completion.

Environmentally Protected Areas

The Mining Act provides for general prohibitions and restrictions to enter and conduct mining activities in forest reserves, national game reserves and other sensitive areas including for instance burial places, land set for public purpose, aerodromes, military installations etc. Entry into such areas would require consent from various government and local authorities.

Communities

Community engagement is a significant part in mining operations and the law makes various provisions on this. For instance, when seeking to exercise rights of entry in a licensed area where other people hold surface rights consultations must be made with local government authorities, as well as occupiers of such areas of land. Further, community engagement is a significant part of local content requirements as envisaged under the Local Content Regulations. Also, when undertaking environmental impact assessment studies, it is a legal requirement that there must be shown that adequate consultation has been undertaken with the local community, and the findings included in the environmental impact assessment study report.

Taxes

Duties, Royalties and Taxes

Royalties are payable to the government at the time of sale following extraction. The rate of royalty varies depending on the type of minerals mined and is calculated according to the gross value of minerals as determined through valuation. The royalty payable for metallic minerals, gemstones and diamonds is six percent, uranium is five percent, gems one percent and building materials, salt and industrial minerals is three percent.

Corporate tax applies to profits at the rate of 30%. There is also a requirement to pay 10% on dividends, 10% on interest payments, 15% on services fees provided by non-residents and 5% for local professional and consultancy services while VAT is 18%.

Incentives

Mining companies enjoy VAT exemption on the import of goods for exploration or prospecting activities to the extent that those goods are eligible for relief from customs duties under the East African Customs Management Act. There is also a restriction on input VAT credit where raw minerals are exported without the addition of local value.

Transfer Tax and Capital Gains

A capital gains tax of 30% is payable on any gain on the sale of shares and mineral rights.

Listings

Listing requirements of mining or mineral companies in your local stock exchange or in international stock exchanges

The Mining Public Offering Regulations mandate that 30 per cent of a shareholding by holders of special mining licenses be locally owned and that a minimum local shareholding should be obtained through a public offer made under the Capital Markets Securities Authority. The term local shareholding with respect to a natural person is defined as a citizen of Tanzania, and in relation to a body corporate it is defined as shares held by a company in which citizens of Tanzania or the government own a beneficial interest of at least 50 per cent of the shares of the company.

The regulations empower the Minister to grant a waiver if the holder of a license fails to secure the minimum local shareholding following an unsuccessful public offer. The waiver is granted on application by the license holder and upon recommendation by the Capital Markets and Securities Authority

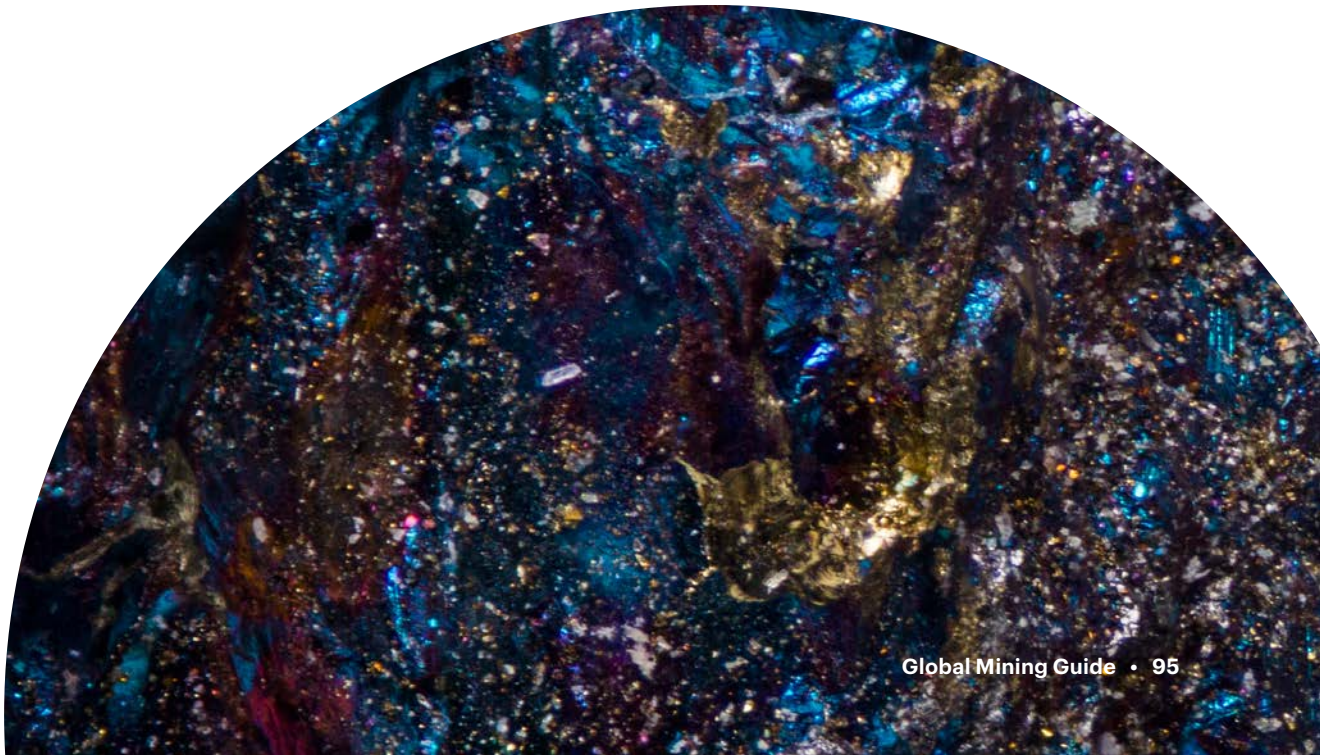
Useful links

Ministry of Minerals

Mining Commission

Tanzania Revenue Authority

National Environmental Management Council



Uzbekistan

General framework

Major features

Uzbekistan has the world's fourth-largest gold reserves and is ranked 12th in the world and second among Commonwealth of Independent States (CIS) countries (after Russia) in terms of mining. Uzbekistan is among the top 15 countries with the largest uranium and copper reserves. As reported by the State Geology Committee (GeoCom) in 2018, only 20 pe cent of Uzbek territory has been explored, with potential mineral resources being evaluated at US$5.7 billion. The country's explored reserves comprise more than US$1 billion.

Metallurgy is one of the largest domestic industries, and the most mined minerals are copper, gold, silver and uranium. There are two dominant state mining enterprises: the Almalyk Mining and Metallurgy Complex (AGMK) and the Navoi Mining and Metallurgy Complex (NGMK); the latter was recently transformed into a joint-stock company, with uranium and rare earth metals production hived off into a separate state enterprise, Navoiuran. Both AGMK and NGMK are working to enhance their management structures, the methods for assessing and accounting for mineral reserves and their financial reporting, which, as acknowledged by a presidential resolution in January 2019, impeded production growth and deterred investment.

Legal System and sources of law

Uzbekistan mining regime is based on a civil law system and is regulated in the following statutes:

- Constitution of Uzbekistan

  Due to the importance of mineral resources, the Uzbek Constitution has an article dedicated to mineral resources. This article recognizes mineral resources as national wealth of Uzbekistan.

- Law on Subsoil (Law No. 444-II, dated December 13, 2002);

  As primary law on the field, the Law on Subsoil lays down the basic legal principles on mining and regulates the principal issues of possession, use and disposal of the subsoil. The general structure and directions of regulation over the mining sector are usually initiated by presidential decrees, and then incorporated into more detailed decrees of the Cabinet of Ministers (government). Relations in the mining industry, similar to other market relations, are also governed by the provisions of civil, tax, environmental, corporate, currency, land and other industry-related laws.

- Law on Precious metals and stones (Law No. 710 dated 23.08.2021)

  This newly adopted law regulates relations in turnover of precious metals and stones. It covers all phases of the exploitation of precious metals and precious stones — from exploration and extraction to processing (refining), sales and export.

- A number of presidential and governmental resolutions.

  Government with support of international development institutions is developing the legal framework to make this sector more attractive to foreign investors. For example "First come first serve" principle has been adopted by Presidential Resolution (PP-5083) earlier this year and it is expected that new law on subsoil will be enacted in 2022.

Ownership of mineral resources

Subsoil title generally vests with the state. Under Uzbek law, the award of the subsoil rights is possible as a result of online auctions or through direct negotiations. The president, in July 2019, ordered the adoption of international standards (ISO, OHSAS) in management and implementation of investment projects in mining, envisaging a license agreement framework. On 23 June 2020, the Cabinet of Ministers of Uzbekistan approved a new Regulation "On the procedure of issuance licenses for the right to use subsoil plots".

All subsoil operations in Uzbekistan are subject to licensing. There are several regulations on licensing depending on the underground activity (exploration, development, artisanal mining, use of technogenic mineral formations, etc.) or the mineral that is sought after (ore minerals, non-metallic minerals, oil and gas). These regulate the conditions, requirements, and procedure of licensing.

Foreign investment

In accordance with Law "On Investments and Investment Activity", there is no restrictions on foreign investments for being engaged in activities such as exploration, development, production or use of natural resources, as well as participation in the production sharing agreement. Licensing procedures also provide same rules for both local and foreign investors.

The long-term programs adopted by the government in recent years are aimed at accelerated development, modernization and the expansion of production of the large enterprises of the mining and metallurgical industry. In accordance with Presidential Resolution No. PP-4124 dated 17 January 2019, it is planned to increase production by 30 pe cent at NGMK by 2026, attract investments in the amount of $2.9 billion to AGMK and increase copper production by 28 percent and zinc by 75 percent by 2023.

Investors in the mining industry enjoy the general investment protection offered by Uzbek law. Investment law guarantees:

- protection against discrimination;
- change in law protection for certain limited cases;
- protection against nationalization; and
- protection of the rights to profit repatriation and access to information.

Additional guarantees, such as government guarantees, state project financing and special tax and payment regimes are provided on the basis of special presidential decrees. It is common practice that any major investment projects or investment agreements in Uzbekistan are generally implemented by issuing of special decrees.

Role of state

State management of mining industry is carried out by the Cabinet of Ministers of the Republic of Uzbekistan, local state authorities, as well as specially authorized state bodies.

The government is a primary regulating body in the industry, which adopts policies for the development of the mining sector and licensing procedures, in addition to other matters.

Local government bodies carry out supervising functions over the use and conservation of resources, and the prevention of unauthorized use of the subsoil.

The specially authorized bodies are the following three committees:

- the State Committee on Geology and Mineral Resources (GeoCom);
- the State Committee for Ecology and Environmental Protection (EcoCom), and;
- the State Committee for Industrial Safety of the Republic of Uzbekistan.

Among them, the GeoCom is the main executive body responsible for the development of mining policies and is also the licensing and compliance monitoring body.

EcoCom coordinates issues of environmental protection, standards for mining operations and waste management. Mining allotments for the development of mineral deposits are coordinated with the Committee for Industrial Safety in terms of ensuring industrial safety.

As previously mentioned, there are two dominant state mining enterprises: the Almalyk Mining and Metallurgy Complex (AGMK) and the Navoi Mining and Metallurgy Complex (NGMK); the latter was recently transformed into a joint-stock company, with uranium and rare earth metals production hived off into a separate state enterprise, Navoiuran.

Nature of mineral rights

Article 19 of the Subsoil Law provides that mining rights grant their holders the exclusive authority for exploration, extraction, artisanal mining of mineral resources, use of technogenic mineral formations, construction and operation of underground facilities (underground storage and disposal of waste). However, such rights do not grant ownership or possession rights over mining areas. Article 30 of the Subsoil Law establishes that mining rights can be transferred subject to GeoCom approval.

Granting of mineral rights

Subsoil title generally vests with the state. Under Uzbek law, the award of the subsoil rights is possible as a result of online auctions or through direct negotiations.

In PP-5083, it is envisaged to include in a new draft law "On Subsoil":

- Online issuance of permits for the right to use little-explored subsoil areas for geological exploration on the basis of the "first come first served" principle, based on online applications from investors;
- Issuance of permits for the right to use areas with a high degree of exploration and the potential for the discovery of deposits for geological exploration, as well as mining of minerals at discovered deposits based on the results of auctions held on the Single Electronic Trading Platform "E-AUKSION".

Security of tenure

Pursuant to the Uzbek Subsoil Law, mining rights may be restricted, suspended or terminated early in the following cases:

I. Occurrence of a threat to life or health of population, to ecology in the zone affected by works related to subsoil use;

II. Failure to start using a subsoil area within one year;

III. Systematic failure to make payments for subsoil use;

IV. Violation by the subsoil user of the main conditions of the license

V. Failure to comply with regulatory requirements to exploration (art.36) and to development (art. 37), safety (art.40)

The procedure for restriction, suspension and termination of subsoil use rights is specified by the Cabinet of Ministers of the Republic of Uzbekistan.

Environmental and social considerations

Environmental, health and safety regulations

Currently, there is no special law on environmental requirements for mining activities. In general, irrespective of the type of activity, all companies must comply with the environmental regulations. The legal basis for environmental controls is laid down by the Law on Environmental Protection.

Compliance with environmental regulations is supervised by the government and EcoCom.

In cases where harm is caused to the environment (e.g., unintended use, subsoil pollution by chemicals, fertility deterioration), the right to use the land may be revoked by the state. Moreover, any company involved in an activity that produces waste (in the course of extraction or processing) must comply with sanitary and environmental standards, monitor levels of waste that are hazardous for the environment and people, provide conditions for safe waste utilization and avoid waste disposal within unauthorized territories. More detailed rules are elaborated in the Uniform Rules of Subsoil Protection for Development of Mineral Deposits. According to these rules, a company involved in mining must, at its own expense, conduct recultivation of the land after termination of all works on all lands suitable for farming, forestry or any other agricultural activity, or for the fishing industry. It is the company's responsibility to maintain necessary facilities and equipment for the prevention, control and remediation of waste products. Besides this, it is strictly forbidden to start mining works if a company does not operate the above-mentioned facilities.

Uzbek law does not differentiate health and safety regulations depending on the company's type of activity. Therefore, all types of health and safety regulations and other correlated legislative instruments have to be observed by mining companies. Employers should insure their liability for any harm that may be caused to an employee's health as a result of work-related injuries, professional illness or other damage caused during the employee's employment.

Supervision by the regulatory bodies administering the observance of laws on safety precautions may be divided into external and internal control. External control is performed by the government and the Ministry of Employment and labor relations, while internal control is carried out by the company's employees or trade union, or both.

Any company operating in Uzbekistan, irrespective of its type of activity, has to observe health and safety rules. In cases where the number of employees equals or exceeds 50 persons, the employer must establish a special department or position responsible for health and safety compliance. Moreover, if the company possesses 50 or more vehicles, an analogous department for

traffic safety must be organized within the company. In cases where the number of employees or vehicles is less than 50, the employer may assign such duty to one of its senior managers. The specialists in the health and safety department and traffic safety department are responsible for internally controlling the observance of the health and safety rules by the employees.

All employees of the company must be properly informed by the employer on labor conditions and professional risks before conclusion of the employment agreement, or while they are on transfer to another position within the company. Moreover, the employer has an obligation to hold regular training sessions on accident prevention and occupational sanitary, fire protection and other health and safety rules. It is strictly forbidden to allow employees to start work without attending such training or without passing an internal health and safety exam held by the employer. In practice, the employee must sign the register journal before starting work. The employee's signature shows his or her understanding of his or her personal duties, and of any risks in the event of failure to observe safety rules while performing his or her duties.

Environmentally protected areas

Law on Protected Environmental Areas prohibits conducting any other activities in environmentally protected areas.

Taxes

Duties, royalties and taxes

Tax issues in Uzbekistan are governed by the Tax Code effective from 30 December 2019.However, in accordance with Presidential Decree No. UP-6319, the following amendments will be introduced into the Tax Code staring on January 1, 2022:

- A decreased subsoil use tax rates for oil and natural gas, gold, copper, tungsten, and uranium.
- Introduction of a tax on rental income for subsoil users at new discoveries.
- Incentives for new oil and gas wells.
- Unified tax rates for subsoil use for non-metallic minerals
- Right to carry out tax accounting in US dollars for enterprises with foreign investment (i.e. payers of tax on rental income).

The Uzbekistan taxation system mainly falls under two headings: taxes and fees. The Tax Code envisages the following definitions:

- 'taxes' are mandatory payments established by the Tax Code, paid to the state budget or to the state trust fund; and
- 'fees' are mandatory payments to the budget system established by Uzbek law, the payment of which is a condition for legal actions performed by authorized bodies and officials, including provision of certain rights, or the issuance of licenses and other permits.

The following taxes are applied in Uzbekistan:

- value added tax;
- excise tax;
- profit tax;
- personal income tax;
- subsoil use tax;
- water use tax;
- property tax;
- land tax; and
- social tax.

The procedure for introducing, calculating and paying fees is determined by the Tax Code and other legal acts.

The Tax Code

The Tax Code provides the following tax regimes: the standard tax regime and the simplified tax regime.

The following special tax regimes are established for certain categories of taxpayers in Uzbekistan:

- sales tax;
- for companies under PSAs; and
- for participants in special economic zones and certain categories of taxpayers.

Special tax regimes may include exemption from certain taxes, the application of reduced tax rates and other tax benefits.

A foreign investor, with the exception of cases provided for by legislation on production sharing agreements, pays taxes provided for the Tax Code at tax rates established for residents of Uzbekistan, unless otherwise provided by the PSA during the term of the PSA.

Standard tax regime

The standard tax regime envisages the payment by companies of all the aforementioned taxes and compulsory payments. Operation under the standard tax regime does not require companies to meet certain specific requirements under the Tax Code (i.e., investments).

I. Taxes and fees for subsoil users

In accordance with the Tax Code, subsoil users pay the following taxes and fees: subsoil use tax. Besides, in accordance with newly proposed amendments to the Tax Code there will be new "Special rent tax on extraction of minerals" for subsoil users.

Subsoil use tax

Subsoil use taxpayers are subsoil users that extract mineral resources from the subsoil, useful components from minerals or man-made mineral formations, and carry out the processing of mineral resources with the extraction of mineral components. Tax rates are established by Article 452 of the Tax Code. For example, the tax rate for mining of gold, silver, copper uranium and zinc is 10 percent.

However, new amendments to the Tax Code provide that the subsoil use tax rates staring from 1 Jan 2022 for oil and natural gas will be reduced to 10 percent, for gold and copper to 7 percent, for tungsten to 2.7 percent, and for uranium to 8 percent.

The tax base for subsoil use tax is determined based on the cost of the volume of extracted (mined) finished product, calculated on the weighted average realization price for a reporting period.

Special rent tax on extraction of minerals

Special rent taxpayers are legal entities extracting precious, non-ferrous and radioactive metals, rare and rare-earth elements and extracting them from technogenic mineral formations, as well as extracting hydrocarbon raw materials. Tax rate is expected to be 25%. The tax base for special rental tax on extraction of minerals is the amount of rental income, and if there is a rental loss, the tax base is equal to zero.

Rental income means any difference between the income from the sale of produced (extracted) metals or hydrocarbons calculated on the basis of the price applied by the parties to the transaction, without the inclusion of VAT and excise tax, and the costs directly related to their production (extraction).

This tax is expected to be introduced from January 1, 2022.

II. Legislative trends and amendments

As of January 1, 2022, the following amendments will be introduced:

- The subsoil use tax rates for oil and natural gas will be reduced to 10 percent, for gold and copper to 7 percent, for tungsten to 2.7 percent, and for uranium to 8 percent.
- New oil and gas wells will be exempt from corporate property tax for the first two years, starting from the month of their exploitation, and for the following three years they will see a 50 percent reduction from the established corporate property tax rate.
- From January 1 to December 31, 2021 the taxable base for the subsoil use tax for the production of oil, natural gas and certain kinds of minerals will be reduced by expenses associated with transportation and refining.
- The tax rates for subsoil use for non-metallic minerals are to be unified.
- Enterprises with foreign investment (i.e., payers of tax on rental income) will be granted the right to carry out tax accounting in US dollars.

Exploration companies and their contractors and subcontractors are exempt from:

- Periodic customs fees for temporary importation of special equipment
- Customs duties on imports of equipment, special facilities and material and technical resources not produced in Uzbekistan, in accordance with a separate list.

III. Other taxes payable by subsoil users

Subsoil users also pay corporate tax and VAT (presently 15 percent).

Tax rates on corporate income tax are set in the following amounts:

Payers	Tax rates in % of taxable base
Legal entities	15
Legal entities carrying out the production of cement (clinker)	20

Incomes paid in the form of dividends and interest to residents of Uzbekistan are taxed at a rate of 5 percent. Excess profits tax was abolished as per the new Tax Code from 1 January 2020.

Listings

Listing requirements of mining or mineral companies in your local stock exchange or in international stock exchanges

In Uzbekistan, there are no such special listing requirements of mining or mineral companies in local exchange.

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