

## MODIFICATION OF REGULATION OF LAW NR. 20,551 ON CLOSING OF MINING SITES AND FACILITIES

### Background

On July 18, 2019, Law No. 21,169 was published in the Official Gazette, which modifies Law No. 20,551 on Closure of Mining Sites and Facilities (the "**Modification**"), including a series of reforms that required the publication of the amendment of its regulations in order to come into force.

Finally, on June 23, 2020, Supreme Decree No. 6 of 2020 of the Ministry of Mining was published in the Official Gazette, which modifies Supreme Decree No. 41 of 2012 of the same Ministry that approves the Regulation of Law No. 20,551 on Closure of Mining Sites and Facilities (the "**Regulations**").

### Main Modifications

These refer to various matters of the Regulations, among the following:

- To the general definition of "Lifespan of the Mining Project", the content of this concept is specified with respect to:
  - mining companies whose mineral extraction capacity is over 10,000 and under or equal to 500,000 gross tons per month for each mining site; and
  - hydrocarbon projects.
- Notifications of the approval procedures to which Closure Plans are submitted, will be made via email, unless the owner requests to be notified by certified letter.
- Regarding Simplified Closure Plans, special regulations are included for mining companies with mineral extraction capacity under 5,000 gross tons per month per mining site, distinguishing whether or not they lack a production plant, tailings deposit or leaching gravel.
- The experience in the mining industry area that is necessary to be considered a suitable External Auditor is decreased from 10 to 5

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years, for the purposes of the Public Registry of External Auditors of the National Service of Geology and Mining (the "**Service**").

- The requirement of prior auditing for extraordinary or voluntary updates to Closure Plans is eliminated.
- The powers of the Service relating to the declaration of non-compliance with the obligations established in the Closure Plans are strengthened.
- First-requirement guarantee policies issued by national insurance companies are introduced into category A.1 of those instruments which are eligible as guarantees for Closure Plans. These must be recognized by the Financial Market Commission, with a risk rating of BBB or higher and may not contain any limitation for collection and subsequent payment.
- The duty of mining companies to request authorization from the Service to make changes or alterations to the identity and validity of all category A.1 instruments is established.
- The mining companies covered by the regime indicated in transitory article 2, must update their Closure Plans instead of executing the first periodic audit, within the same 5-year period.

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