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REGULATIONS ON THE OBLIGATION TO SUBMIT GEOLOGICAL INFORMATION AND OTHER ARE PUBLISHED

Subsequent to the amendments to the Mining Code and other mining legislation that were introduced by Laws No. 21,420, of February 2022, and No. 21,649, of December 2023, on August 2nd there were published in the Official Gazette the Decrees No. 9 and 10 of the Ministry of Mining, which approved the Regulations on the obligation to submit geological information, and amended the Mining Code Regulations, respectively.

Decree No. 9: Approves regulations on the obligation to submit geological information pursuant to the Mining Code

Pursuant to article 21 of the Mining Code, as amended by Law No. 21,420, holders of mining concessions must submit to the Geology and Mining National Service ("SNGM") a report with the geological information obtained from exploration works undertaken in their mining concessions.

The same article set forth that the form, terms, conditions and requirements to be complied with by the holder of the mining concession in that regard would be set forth by a regulation from the Ministry of Mining.

Definitions

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The most relevant definitions contained in the regulation are the following:

• Reporting Entity: Holder of a mining concession, whether exploration or exploitation, who is obliged to submit a report with the geological information obtained from exploration works carried out in the concession of which he/she is the holder.
• Exploration: Set of works and actions leading to the discovery, characterization, delimitation and estimation of the potential of a concentration of mineral substances.
• Basic Geological Exploration: First stage of the exploration process, consisting of the selection of geographical areas with geological features that are favorable to contain mineral deposits, and the identification therein, through the application of one or more geological reconnaissance techniques of specific sectors or targets in which the presence of such deposits can be eventually verified.
• Advanced Geological Exploration: Exploration activity based on information obtained from basic geological exploration, in order to characterize the mineral deposits with greater precision and define the resource in economic value. The results of this stage are used for the development of pre-feasibility studies and the conversion of mining resources to reserves.
• Geological information: Set of data and background information obtained from exploration works, such as sampling databases, analytical certificates, maps, geological, geophysical, topographic surveys, drilling databases, and any other type of study.

Submission of geological information

The Reporting Entity shall submit a report with all the geological information obtained in the relevant period, together with an affidavit stating that such information is complete, consistent and truthful, through a form that will be available in SNGM's website.

The information is and will continue to be property of the Reporting Entity but will be available for public consultation in accordance with the provisions of Law No. 20,285 on Access to Public Information. The holder may indicate, and provide evidence, that the information comes from advanced geological exploration work, in which case it will be considered confidential for four years as of its submission to SNGM.

With respect to exploration mining concessions, the submission of the report shall me made within 30 days following the expiration date thereof, or else within the first 6 months of the last year in which the concession is in good standing, provided that the holder intends to apply for an extension; whereas in the case of exploitation mining concessions the submission shall be made every other two years as of the date of constitution of the mining concession, within 30 days as of the end of the two-year period.

Upon reception of the report, SNGM shall conduct a formal examination, with the possibility of granting a term to save errors and omissions, and then a substantive examination with respect to technical aspects, content and format of the report, being able to request clarifications, amendments or supplements thereto. Having done that, SNGM shall issue a resolution that will consider the obligation to submit the information as having been fulfilled, or else will initiate a sanctioning process.

Sanctions

Noncompliance with the obligation to submit the report will be penalized with a monetary penalty of up to 100 UTM (Unidad Tributaria Mensual [1]). If the information is explicitly requested by SNGM and not submitted on time, the penalty shall be up to 200 UTM and the offender will be disqualified from the benefit of reduced annual mining license set forth in article 142 bis of the Mining Code.

The regulations contain mitigating and aggravating circumstances that should be considered when determining the penalty.

Transitional provisions

The two-year period set forth for exploitation concessions shall be counted from their date of constitution, if after the entry into force of Law No. 21,649, whereas for those pre-existing mining concessions the same term will begin to run on January 1, 2024.

Decree No. 10: Amends Supreme Decree No.1 of 1987, Ministry of Mining, which approves the Mining Code Regulations

The amendments contained in Decree No.10 intend to make consistent Mining Code Regulations with the Mining Code as amended by Laws No. 21,420 of 2022 and No. 21,640 of 2023.

Main modifications

• To apply for the extension of an exploration concession the holder shall comply with the obligations set forth in Article 112 of the Mining Code, with respect to the obligation to submit the geological information obtained from exploration works.
• Repeal of Article 19 of the Regulations which allowed filing claims for exploitation mining concessions “by sight” (manifestaciones por vista).
• The term to file the request for measurement of the exploitation concessions shall be 30 days, between days 91 to 120, both inclusive, counted from the filing date of the claim.
• Sets out the requirements and proceedings to request the extension

of an exploration mining concession, which consist of submitting to Geology and Mining National Service a report with all the geological information obtained from exploration works that evidence they were undertaken, or the documentation that evidences having obtained an Environmental Qualification Resolution (environmental approval), or a resolution issued by the Environmental Assessment Service stating that the project has been submitted to the Environmental Impact Assessment System.
• Sets out the different hypotheses and proceedings to apply for a reduced mining license of 1/10 UTM per hectare and defines the concept of “mining productive unit”.
• Sets out the amount of the annual mining license for exploitation mining concessions not eligible to apply for a reduction.

Transitory Articles To apply for the reduction of the annual mining license, holders of mining concessions shall submit the supporting documentation within 30 days following the publication of the decree in the Official Gazette.

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[1] 1 UTM = USD 69.

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