MINING INVESTMENT OPPORTUNITIES IN ARGENTINA
Argentina presents great development opportunities in all sectors.
Since President Macri took office, Mining has been prioritized as one of the Growth and Development sectors for Argentina.

**Mining:** a **strategic** sector at National and Provincial levels

- "**MINING IS A KEY PILLAR FOR THE FEDERAL DEVELOPMENT OF OUR COUNTRY**"
- "**IT COULD BECOME ONE OF THE MAIN SOURCES OF EMPLOYMENT GENERATION**"
- "**… IS THE OPPORTUNITY FOR SUSTAINABLE DEVELOPMENT FOR PROVINCES THAT CANNOT HAVE AGRICULTURE**"
- "**… THE GEOLOGICAL ENDOWMENT OF ARGENTINA IS ONE OF THE MOST IMPORTANT IN THE WORLD, AND WE WILL OPEN THE DOORS TO ITS DEVELOPMENT**"
In addition to macroeconomic stabilization, we also work on a systemic competitiveness agenda.

- **Integration to the World** and Strengthening **Institutions**
- Multimodal **Transport** and more **Energy** available
- **Taxes reduction** path + Fiscal Pact – Observing the Law
- **Federal Mining Council (COFEMIN)** – New Agreement
- **Mining Investment Law** – Improving Benefits access through digitalization and regulatory simplification
- **Transparency** - Online Provincial Cadastre and EITI
- **Social Sustainability** of mining – Roundtables and Communities programs
Reemerging on the Global Stage
Strengthening Institutions

- G20 2018 BA Summit. Argentina’s motto: “Building Consensus for a sustainable and equitable development”
- Organisation for Economic Co-operation and Development (OECD) – Nomination
- INTERGOVERNMENTAL FORUM on Mining, Minerals, Metals and Sustainable Development (IGF). Argentina as Latin America Executive Board representative
- Mines Ministries of the Americas Conference (CAMMA) – Public Policy framework for mining
- Mining Integration and Complementation Treaty between Argentina and Chile
- CRIRSCO (Committee for Mineral Reserves International Reporting Standards) – Nomination
- CEPAL (United Nations Economic Commission for Latin America and the Caribbean) – Cooperation agreement for technical assistance
We carry out the most ambitious infrastructure plan in argentinean history

Towards a multimodal transport model
Thanks to Vaca Muerta we are increasing Energy Supply at competitive prices for the activities development.

Diversifying Energy Matrix

SHALE RESOURCES - VACA MUERTA

COMPETITIVE PRICES CONVERGENCE

-30%

LOWER CURRENT PRICES

GAS

U$S 3,5 MM BTU

2023

2018 First gas exports in 14 years

RENEWABLES

RenovAr Plans 1.0 1.5 2.0 & Res. 202:

157 granted projects

20% of Energy Demand by 2025

World Class Solar & Wind potential
Beyond the context, we are committed to a tax reduction path.

- **Income Tax**: 35% - 2017, 30% - 2018, 25% - 2020
- **Labour Taxes**: Lowering 30% by 2022
- **Gross Income**: Provinces commitment to eliminate the tax by 2022
- **Provincial Fiscal Pact**: 19 out of 23 provinces ended 2018 with Primary Surplus

### Fiscal Burden (National and Provinces, GDP %)

![Graph showing fiscal burden from 2004 to 2022](#)

**Tax Reform + Fiscal Pact**
Within the same territory there are:

- **1 Federal Government**
- **23 Provinces**
- **2000+ Municipalities**
- **1 Autonomous City**

What does this mean for the mining sector?

<table>
<thead>
<tr>
<th></th>
<th>Federal Government</th>
<th>Provinces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources (including mineral deposits)</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Mining Code</td>
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<td>Mineral title &amp; permits</td>
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</tr>
<tr>
<td>Environmental regulations</td>
<td>✓</td>
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</tbody>
</table>

**Federal Mining Council** working on common agenda among all provinces

**COFEMIN**

**New Agreement** 2017

Argentina is a Federal Democracy

**Secretary de Política Minera**
**Ministerio de Producción y Trabajo**
**Presidencia de la Nación**
**The Mining Investment Law (24.196/93)**

**Benefits granted**

- **TAX STABILITY**: Applies for 30 years to all taxes (national and provincial) applicable from the filling date of the feasibility study to the Federal Government.

- **IMPORTS**: 0% tax on capital goods (equipment & spare parts) and raw materials imports for mining purposes.

- **EXPLORATION PROMOTION**:
  - Double ‘Income Tax’ deduction of Exploration expenditures up to Feasibility
  - VAT Reimbursement within 6 months

- **ACCELERATED DEPRECIATION**: 3 years accelerated depreciation scheme

- **ROYALTIES UPPER BOUND**: The Law set an upper bound of 3% for Provincial Royalties

And we are improving Benefits access through digitalization and simplification!

- **REGULATORY SIMPLIFICATION**: 47 RESOLUTIONS TO 5

- **ONLINE APPLICATION**: Reducing costs and saving time
Argentine-Chilean Mining Integration and Complementation Treaty

- Facilitates the activities in the area and the border transit of people and assets
- Allows use of all kind of natural resources and infrastructure, fostering the feasibility of isolated projects
- Eases the Pacific Ocean access for argentine western provinces
- Provides a Tax coordination framework for each nation
At January 2019 — 8 Provinces Online

Online cadastral information unified for 8 Provinces: Jujuy, Salta, Catamarca, La Rioja, Mendoza, Neuquén, Río Negro & Santa Cruz

- Exploration permit (‘Permisos de Cateo/exploración’)
- ‘Discovery Manifestation’ (‘Manifestación de descubrimiento’)
- Mine (‘Mina’)
- 3rd Category Minerals (‘Minerales de 3ra Categoría’ Mining Code)

THE ONLINE CADASTRE IS PART OF THE ARGENTINA OPEN GOVERNMENT PLAN
EITI (Extractive Industries Transparency Initiative)

Last week Argentina has become the EITI’s 52nd member country.

To strengthen confidence and involvement of companies and communities in Sustainable Mining.
Sectorial Roundtables

Government, Unions and Companies working together

MINING ROUNDTABLE
LITHIUM ROUNDTABLE
Towards social sustainability of mining

- National Sustainable Mining Policy (*in progress*)
- Mine closure regime with social risk and impact assessments and participatory requirements
- Environmental and social KPIs
- Institutional capacity assessment for the EIA process
- Analytical tool for assessing environmental and social complexity of prospects
- Human Rights perspective (Guiding Principles on Business and Human Rights and Voluntary Principles on Security and Human Rights)
- Resource Guide on Good Practices in Mine Closure
- Social Management Guideline
- Assistance to provinces when required: reviews of EIAs and mine closure plans, socio-environmental conflicts, community participation and dialogue processes
Provincial Social Management Programs

**SALTA**
- Participatory monitorings
- Local social roundtables

**SAN JUAN**
- Sustainable mining and health program
- Community development fund
- Participatory monitorings

**SANTA CRUZ**
- Development agencies
- UniRSE – CSR mining fund

**JUJUY**
- Participatory monitorings
- Communities representation in EIA approval process (UGAP)

**SALTA**
- Dialogue roundtables
- Consultation
- Participatory monitorings and control
- Community training/workshops

**CATAMARCA**
- Dialogue roundtables
- Participatory monitorings and control
- Community training/workshops

**CHUBUT**
- Local dialogue roundtables

**MENDOZA**
- Dialogue roundtables

*This list summarizes several provincial initiatives and it does not pretend to be exhaustive*
Consequently, Argentina has **improved its attractiveness** for mining investments.

**Comparative Portfolio 2015-2018**

**Mining investments & deals**

- **New mining investments:** USD 1.04B
  - Dec15-Dec18
- **In-country acquisitions:** USD 1.76B
  - Dec15-Dec18

**2018 World Lithium Exploration Budget**

- *3 of them are expansions*
Investment in Argentina is in a growing path that outstand in the last 3 years.

Argentina’s performance outlined among the rest of Latin-American countries (base 2015):

- **2016**
  - **Argentina**: 20%
  - **Mexico**: 23%
  - **Chile**: 10%
  - **Brazil**: 24%
  - **Peru**: -26%
  - **Colombia**: -32%
  - **Otros**: -20%

- **2017**
  - **Argentina**: 0%
  - **Mexico**: -2%
  - **Chile**: -12%
  - **Brazil**: -22%
  - **Peru**: -27%
  - **Colombia**: -10%
  - **Otros**: -20%

- **2018**
  - **Argentina**: 22%
  - **Mexico**: 22%
  - **Chile**: 14%
  - **Brazil**: -6%
  - **Peru**: 3%
  - **Colombia**: -63%
  - **Otros**: -18%

Budgets in Argentina highlighted almost doubling from 2015, even against global trend:

Source: SNL & Argentina Mining Secretary

**Exploration Budget 2018 = 241 M USD**

**OUR GOAL 400 M USD**
What are we looking for?

JUNIOR COMPANIES TO FURTHER EXPLORE THE TERRITORY

MINING COMPANIES TO DEVELOP ADVANCED PROJECTS

TALENT AND SUPPLIERS TO JOIN THE DEVELOPMENT

OUR GOAL: TRANSFORMING ARGENTINA INTO A GLOBAL LEADING MINING DESTINATION