



# **MINING IN ARGENTINA**

## **Part 2: Which are the risks involved?**

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**ESTUDIO BECCAR VARELA**

# Which are the risks involved?

## 1. Regulation of cyanide

1.1. The following provinces have banned the use of cyanide for mining activities:

- Chubut
- Río Negro
- Tucumán
- Mendoza
- La Pampa
- Córdoba
- San Luis



# Which are the risks involved?

## 2. Taxation on companies with fiscal stability benefit

### 2.1. Exports duties:

- Law No. 25,561 (Public Emergency Act): Executive Branch authority to tax
- Res. No. 11/02 Ministry of Economy (03/04/2002): 5% to 10% of the FOB value of the exported minerals
- Joint Res. No. 288 and No. 130 (Domestic Commerce Secretariat and Mining Secretariat): Export duties for companies that had obtained the fiscal stability benefit before Res. 11/02

#### *2.1.1. Legal Precedents:*

- *"La Alumbrera" ; "Minera del Altiplano S.A." ; "Minera Andacollo Gold S.A."*

# Which are the risks involved?

## 2. Taxation on companies with fiscal stability benefit

### 2.2. Income Tax (shareholders):

- Law No. 25,063: Created the "Equalization Tax"

#### *2.2.1. Legal Precedent:*

- "Cerro Vanguardia" (Supreme Court – 06/30/2009)
  - *Increase in shareholders' taxes: same effect as increase of income tax*
  - *Case Exception: Law No. 24,196 provided tax stability to projects for a 30-year period*

# Which are the risks involved?

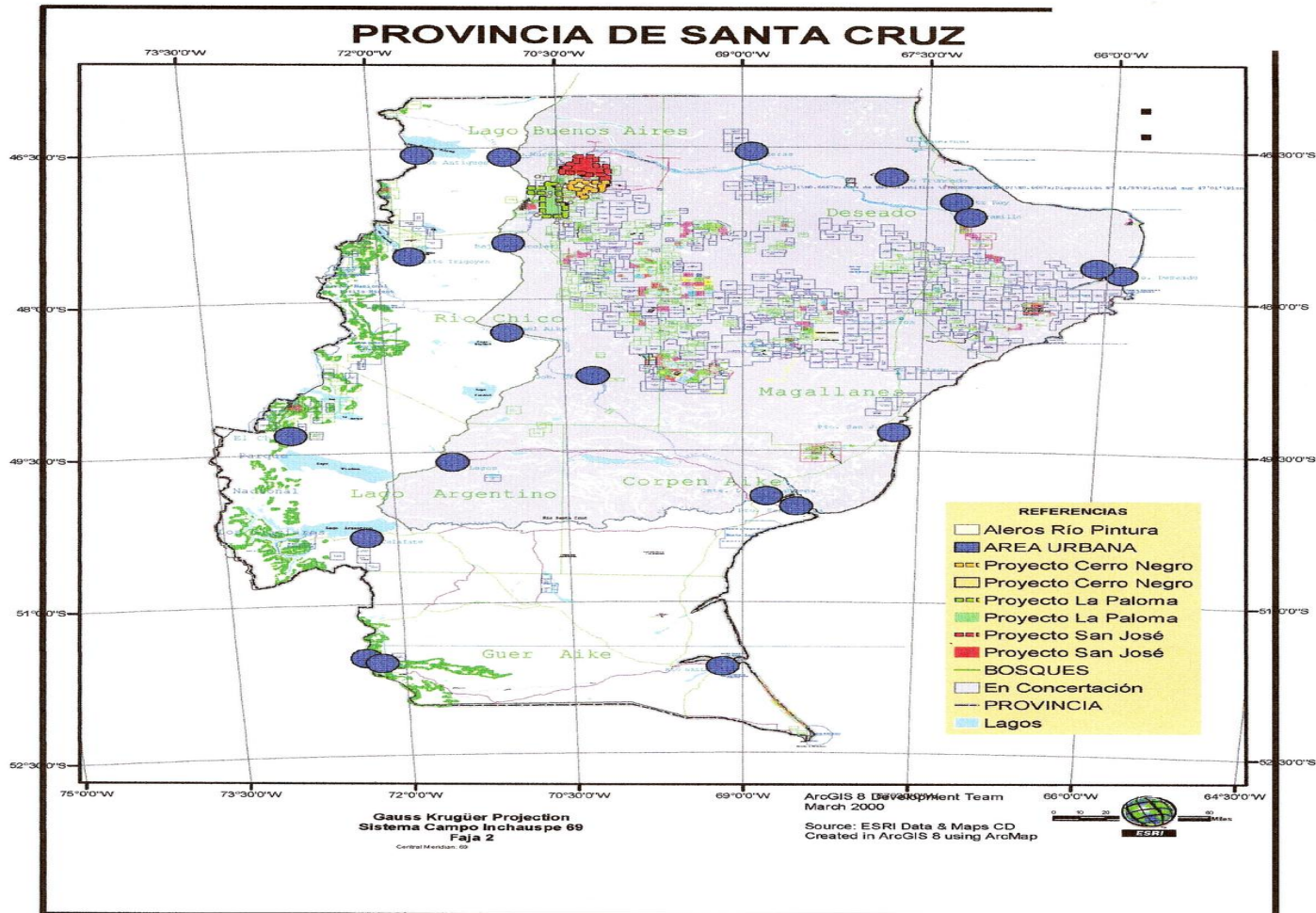
## 3. Zoning regulations

### 3.1. Province of Santa Cruz – Law No. 3,105: Creates a “Special Mining Interest Area”

- Prohibits metal mining activities outside the “Special Mining Interest Area”
- Excluded areas: i.e. areas on less than 10 kilometers from limits of urban areas or less than 4,000 meters from rivers / coastlines
- Mineral rights: no longer valid if not granted once Law enters into effect
- Mineral processing: 20 kilometers beyond the limits of excluded areas

# Which are the risks involved?

## ANEXO I



# Which are the risks involved?

## 4. Other environmental regulations

### 4.1. Law No. 26,639 on “Minimum Standards for the Protection of Glaciers”

- Prohibits mining and oil & gas activities in glaciers and peri-glaciers environments
- Creates the National Glacier Inventory

#### *4.1.1. Legal Precedents*

- *AOMA et al. v. National Government*
- *Barrick v. National Government*



**Thank you!**

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