

**MARVAL
O'FARRELL
& MAIRAL**

MINING IN ARGENTINA

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Argentina and Mining

- Minerals do not respect national boundaries

Mountains = Minerals

Argentina = Mountains

Argentina = Minerals



- “We believe Argentina is the most appropriate destination for mining investments due to its huge geological potential” - Wang Xuelong (General Director at the China Geological Survey): **Comentario: Dif. C. Per y Chile**
- China has replaced USA as the main consumer of coal, steel, copper, aluminium, and zinc. Chinese in Argentina: MCC (U\$S350M). Exploration (gold, copper, iron, and lithium) in: La Rioja (Shandong Gold), Salta, Jujuy, Catamarca, and Santa Cruz (Shangai Pengxin Group; San He Hopefull Grain & Oil Group)



Mining Investments: Growth

-Mining Investors in Argentina (Exploration):

Year 2006

- Canada (70%)
- Argentina (6%)
- United Kingdom (6%)
- USA (6%)
- Switzerland (4%)
- Peru (4%)
- South Africa (2%)
- Brazil (2%)

Year 2009

- Canada (50%)
- Asia (8%)
- Peru (8%)
- Australia (6%)
- Brazil (6%)
- Switzerland (6%)
- USA (6%)
- United Kingdom (6%)
- South Africa (2%)
- Argentina (2%)

- Investments: U\$S1.9 billions (2009): 1014% of accumulated growth since 2003

- 403 mining projects

- Exports: U\$S3.2 billions (275% of accumulated growth since 2003)

- Production: U\$S4.3 billions (292% of accumulated growth since 2003)

- 256.000 direct and indirect jobs (256% of accumulated growth since 2003)





Mining Investments: Growth

Reasons for the Growth:

- A.- Argentina ranks sixth among the countries with the greatest mining resources

- B.- Only 25% of 750,000 square kms. with mining potential has been explored and developed: **Diferencia con Perú y Chile**
- C.- Favorable Legal Framework

 - (i) Decree 815/1992: rule of non-discrimination
 - (ii) Law 24,402/1994: special regulation for the financing or reimbursement of Value Added Tax payments made by mining companies
 - (iii) Law 24,228/1993: approved the Federal Mining Agreement and comprises the commitment on behalf of the provinces to eliminate municipal taxes and provincial stamp taxes from mining companies



Mining Investments: Growth

Reasons for the Growth (cont.):

C.- Favorable Legal Framework (cont.)

(iv) Law 24.196/1993

(a) 30-year tax stability

(b) right to deduct from income tax statement 100% of the amounts invested in prospecting, special research, mineral and metallurgical tests, pilot plants, applied research and other works aimed at determining the technical and economic feasibility of the project

(c) accelerated depreciation of investments made on housing, transportation, construction of plant and equipment for the necessary infrastructure for the mining activity

(d) exemption from paying income taxes derived from profits of the mines and mining rights, used as payment for the subscription of shares of registered beneficiary companies

(e) exemption from paying taxes on the assets

(f) 3% cap on royalties, calculated according to the "pit hole" value of the extracted mineral

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