

MINING REPORT

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WHAT'S NEW IN MINING?

VINTO METALLURGICAL COMPANY ANTICIPATES SIGNING A CONSTRUCTION DEAL FOR THE ZINC PLANT WITH A CHINESE FIRM IN OCTOBER.

America Economía.

04/09/2023: Vinto Metallurgical Company (EMV) is expected to sign a contract on October 30th with a Chinese firm to build the Zinc Refining Plant in Oruro. EMV's manager, Teodocio Ayllón, outlined the process that will lead to this decision among four interested Chinese companies. These firms have already visited the designated site for the refinery. A schedule will be followed that includes presentations, evaluations, and approvals. If everything goes as planned, the chosen company will be announced, and the contract signed by the end of October.

[Read more](#) 

BOLIVIA TO ACCESS RUSSIAN AND CHINESE TECHNOLOGY FOR LITHIUM EXTRACTION.

Sputnik Mundo

29/08/2023: Bolivia will collaborate with Chinese and Russian firms to adopt technologies in the extraction of lithium carbonate, essential for batteries. The Minister of Hydrocarbons and Energy, Franklin Molina, announced the technological transfer to the state-owned Yacimientos de Litio Boliviano (YLB) in line with agreements with companies Catl Brunp & Cmoc, Corporación Citic Guoan, and the Russian Uranium One Group. These investments, exceeding \$2.8 billion, will boost production up to 50,000 tons annually. Bolivia holds the world's leading lithium reserve, primarily located in Uyuni.

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COMIBOL UNDERTAKES INDUSTRIALIZATION PROJECTS IN CARACOLES AND COROCORO

La Voz de Tarija

16/08/2023: The Bolivian Mining Corporation (Comibol) is aiming to optimize tin production at the Caracoles Mining Company and copper production at the Corocoro Separation Plant. By order of President Luis Arce, these projects will commence in the coming weeks. Caracoles, located in La Paz, aims to initially produce 50 tons of tin daily, eventually increasing to 200 tons. Comibol's goal was emphasized: to transition towards industrialization, adding value to the minerals.

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“MARCELINO QUISPE SWORN IN AS THE NEW MINISTER OF MINING AND METALLURGY”

Ministry of Mining and Metallurgy

02/06/2023: The president of Bolivia, Luis Arce, swore in Eng. Marcelino Quispe López as the Minister of Mining and Metallurgy in a ceremony held at the Casa Grande del Pueblo. Marcelino Quispe is a mining engineer with experience in the sector, having previously held positions such as Executive President of the Mining Corporation of Bolivia (COMIBOL) and General Manager of the Huanuni Mining Company.

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“LITHIUM: ENGAGING IN EXCHANGE ON NEW TECHNOLOGIES”

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12/06/2023: The state-owned company Yacimientos de Litio Bolivianos and the University of Warwick in Great Britain have engaged in a technical and scientific exchange to advance in the industrialization of lithium and the manufacturing of electric batteries. The president of YLB emphasized that they are training staff to update them on processes and technologies for cathode production and batteries. Experts from the University of Warwick met with Bolivian professionals to share knowledge on cathode manufacturing, batteries, and materials applicable to Direct Lithium Extraction (DLE). This technological transfer aims to strengthen the production capacity of lithium batteries in Bolivia.

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“JUDGE ORDERS MILITARY SUPPORT TO PROTECT MADIDI PARK IN CASE AGAINST ILLEGAL MINING”

Erbol

22/05/2022: An Agro-environmental Judge has ordered the support of the Armed Forces to protect Madidi National Park due to a legal case related to mining exploitation in the reserve. Previously, the same judge had issued environmental precautionary measures and has now involved the Armed Forces to monitor and restrict access to the Protected Area. Additionally, the judge instructed the Mining Administrative Jurisdictional Authority (AJAM) to reject procedures for granting mining rights in the bed of the Tuichi river, which is located within Madidi National Park. These measures, setting a jurisprudential precedent, aim to prevent damage to biodiversity and the environment in the protected area.

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ANALYSIS AND OPINIÓN

ECONOMIC CHALLENGES AND CREATIVE SOLUTIONS: THE NEW GOLD LAW IN BOLIVIA.

As a result of fiscal rescue policies and public spending geared towards welfare, combined with trade conflicts among economic powers, many countries face the challenge of ensuring stability and promoting economic growth.

For Bolivia and other developing economies, accessing foreign currencies, especially the US dollar, is crucial for both the effective functioning of the state machinery and the advancement of the private sector. This need directly ties to funding imports, maintaining a stable exchange rate, and meeting international obligations. However, for nations in this scenario, securing such resources becomes an uphill task, largely due to dwindling exports and an unfavorable economic backdrop in the region.

Given this landscape, the Bolivian government has recently enacted the Ley de Compra de Oro Destinado al Fortalecimiento de las Reservas Internacionales en Bolivia or Gold Purchase Law for Strengthening Bolivia's International Reserves. Specifically, Article 9 of this law sets out a legal framework allowing the Central Bank of Bolivia to transact using gold reserves, facilitating the metal's use as a strategic financial asset on the global stage. This empowers the ability to purchase, invest, hold, transform, and convert gold into foreign currencies.

As a result, windows of opportunity open for international companies willing to invest capital in the Bolivian state. For instance, global financing entities can deploy tools to monetize reserves without necessarily affecting the state's gold stockpile. Through such operations, the State receives the required funding, while financiers can ensure repayment using instruments backed by gold reserves.

As highlighted earlier, the core aim of these initiatives is to secure Bolivia's state funding without significantly impacting gold reserves. In this juncture, the resourcefulness of the involved participants and their consultants is pivotal, as innovative solutions fostering these kinds of operations, previously successfully executed in the region, need to be explored. Out of this dynamic arise fresh alternatives like creating gold investment funds, enabling international investors to financially back the State through gold-backed assets, tapping into the intrinsic benefits of this investment avenue. Additionally, issuing bonds backed by gold fiscal reserves through the BCB on international markets might streamline the adoption of strategies encompassing repurchase agreement methodologies (REPOS) for concrete implementation. Regional experiences, like those in Colombia or Ecuador, offer hands-on guidance in executing analogous programs, which have proven effective in meeting the primary goal of offering liquidity.



Ultimately, the synergy between the Gold Purchase Law and the potential state funding avenues presents an evolving and promising challenge in the Bolivian economy. The pressing need to obtain foreign currencies to sustain stability and economic growth intersects with a plethora of legal tools aimed at capitalizing on the nation's gold reserves' value. The key to crafting successful legal and economic scenarios lies in collaboration between international players and creativity in structuring financial instruments. This convergence unfolds various opportunities to finance the state without disrupting Bolivia's economic foundations, underscoring the imperative for strategic management in balancing Bolivia's economy in a shifting global scene.

Did you know that

MINING PATENTS: CONSIDERATIONS AND EFFECTS

Law No. 535 on Mining and Metallurgy (“Law 535”) stipulates that all holders of mining rights, whether through licenses and/or mining administrative contracts - whether new or through adaptation - are obligated to make the relevant payments for the Mining Patent.

On one hand, Law 535 establishes that mining rights granted and/or recognized by the Bolivian state in favor of mining holders are subject to compliance with the Social Economic Interest (“SEI”) - as outlined in the Political Constitution of the State and Law 535 - through the payment of the Mining Patent. IES is understood as the generic interest that drives the achievement of objectives that generate economic returns and benefits that favor society. Consequently, the Mining Patent is understood and interpreted as an economic obligation that must be fulfilled in a timely and proper manner exclusively by the mining holder for the conduct of their mining activities.

The calculation of the Mining Patent for exploration and exploitation activities is determined based on the amounts specified in Law 535 and for each grid con-

tained within the granted and/or recognized mining area through the appropriate license and/or mining contract, as applicable. In the case of mining administrative contracts for duly adapted mining claims, the same criteria will apply, but on an equivalent basis. However, when the mining rights of the holder have been in existence for more than five (5) years since their recognition and/or granting, the Mining Patent must be paid with an additional one hundred percent (100%) increment. Additionally, the amounts specified for the payment of Mining Patents are updated annually based on the exchange rate of the Housing Promotion Unit (“UFV”).

In accordance with the provisions of Law 535, the Mining Patent is paid for the entire current year, and the first payment legally required within the procedures for license and/or mining contract applications must be made within twenty (20) business days from the order and authorization of payment by the Mining Administrative Jurisdictional Authority (“AJAM”). Subsequently, the payment will be demanded and must be made in advance for the following fiscal year.



In the current fiscal year, starting from April 3, the collection of Mining Patents for the 2024 fiscal year began, following this scale:

AUTHORIZATION TYPE	EXTENSION	BASE AMOUNT	UPDATED AMOUNT
Prospecting And Exploration	Per grid	Bs.325	Bs. 404
Exploitation	Per grid, up to 30 grids.	Bs. 400	Bs. 497
	Per grid, from 31 to 40 grids	Bs. 500	Bs. 622
	Per grid, from 41 grids.	Bs. 600	Bs. 746

Did you know that

Failure to pay the Mining Patent will result in the AJAM publishing a special annual edition of the National Mining Gazette on the first business day of February each year, listing mining holders with pending payments for the following fiscal year. This publication serves as a citation and payment requirement, with the listed holders having a period of thirty (30) calendar days to make the payment, which is counted from the day following the publication of the special edition.

To this end, the Directorate of Mining Cadastre and Grid (“DCCM”) is obliged to inform the AJAM of non-compliance with the citation and payment requirement within the stipulated period, in order to initiate the corresponding administrative processes for the revocation of licenses or termination of mining administrative contracts, as appropriate. However, this obligation creates a legal incongruity since Law 535 does not consider non-payment of Mining Patents as grounds for revocation of prospecting and exploration licenses. Therefore, while the DCCM can inform the AJAM about such non-compliance, it lacks legal grounds to revoke a license for non-payment.

Finally, Law 535 establishes that one of the grounds for the termination of any mining administrative contract - whether new or through adaptation - is the non-payment of the Mining Patent. In this regard, it is important to mention that the contract termination must be substantiated in an administrative process before the AJAM, demonstrating conclusively the reasons for non-compliance attributed to the mining holder. Only when all avenues of appeal have been exhausted and the termination is duly executed, will the document be recorded in the Mining Register, resulting in the resolution of the contract without the need for further formality.

Nevertheless, practice has shown that the AJAM has not been initiating such processes, as the authority is more interested in continuing mining activities and operations, rather than seeking the termination of mining rights that could render areas inactive and consequently cease to provide economic and social benefits.



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Si requiere más información sobre el contenido del presente documento, el equipo de PPO queda a su disposición



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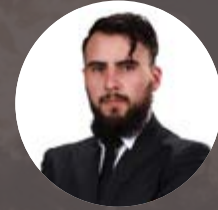
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