



Policy for the mining sector in Chile



**Ministry of
Mining**

Government of Chile

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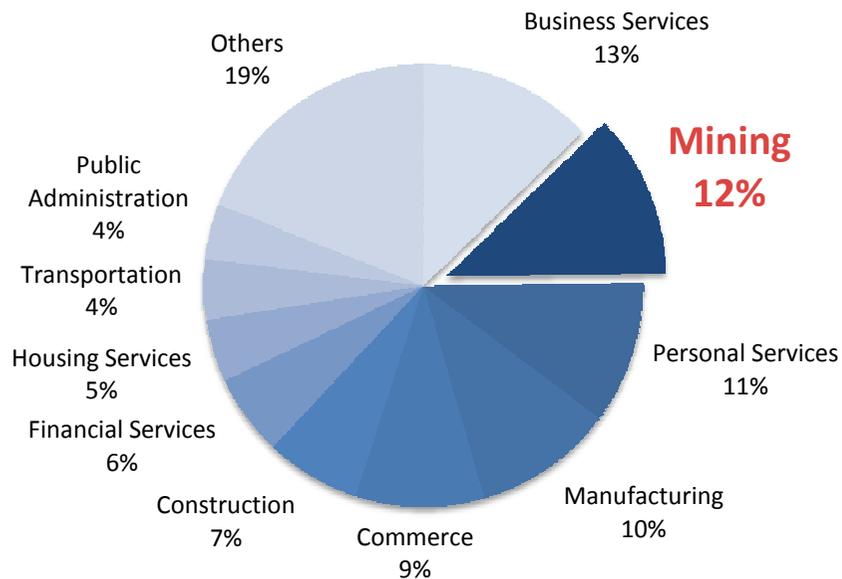
Lima, March 10th, 2014

A large excavator bucket is shown dumping material into a truck at a mining site. The scene is set in a dry, hilly landscape under a clear blue sky. The excavator's arm and bucket are the central focus, with dust or steam rising from the truck's bed. The background shows a vast, open mining area with distant hills.

I. IMPACT OF THE MINING INDUSTRY IN CHILE

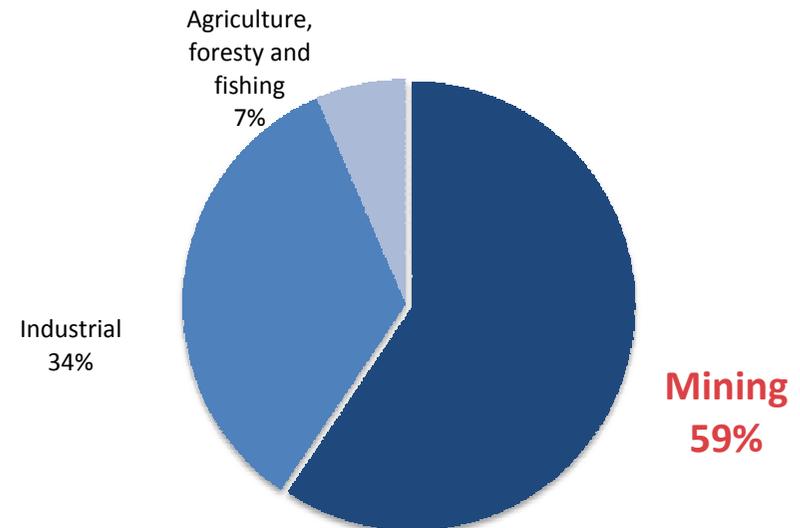
Relevance of Mining in GDP and Exports

Chilean GDP 2012 (% of Total)



Source: Central Bank of Chile, 2013

Chilean Exports 2012 (% of Total)

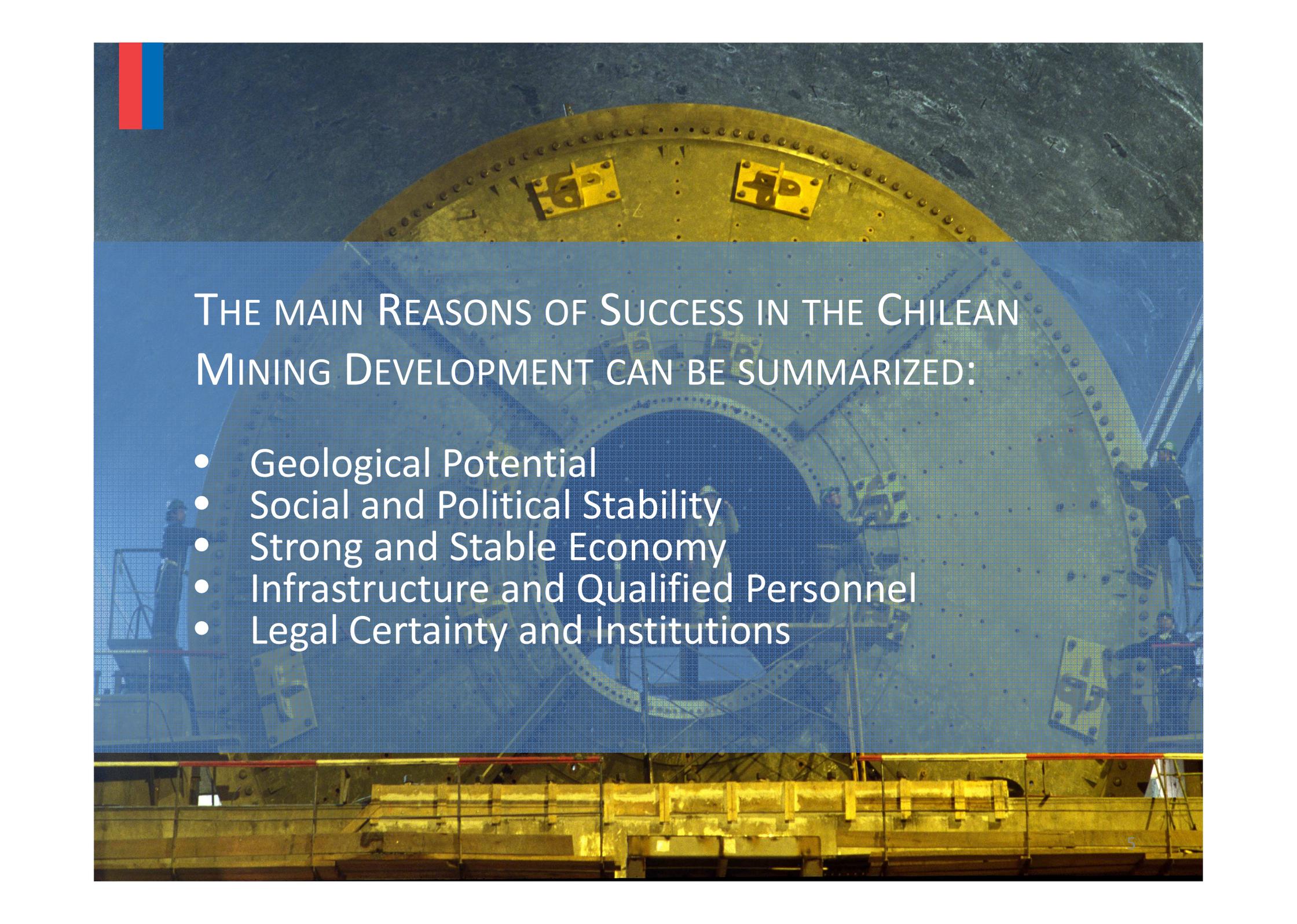


Source: Central Bank of Chile, 2013

Mining represents 12% of the national GDP and 59% of Chilean exports in 2012. This figures highlights the relevance of mining in our country, which it is known as the “engine” of the Chilean economy.

The background is a photograph of a mining landscape. The sky is a clear, bright blue. The ground is a mix of brown and tan earth, showing signs of excavation and mining activity. A semi-transparent grey box is overlaid on the middle of the image, containing the text. On the left side, there are two vertical bars, one red and one blue. On the top right, there is a small horizontal bar with a blue and red gradient.

II. REASONS OF SUCCESS IN THE CHILEAN MINING INDUSTRY: LONG TERM POLICY



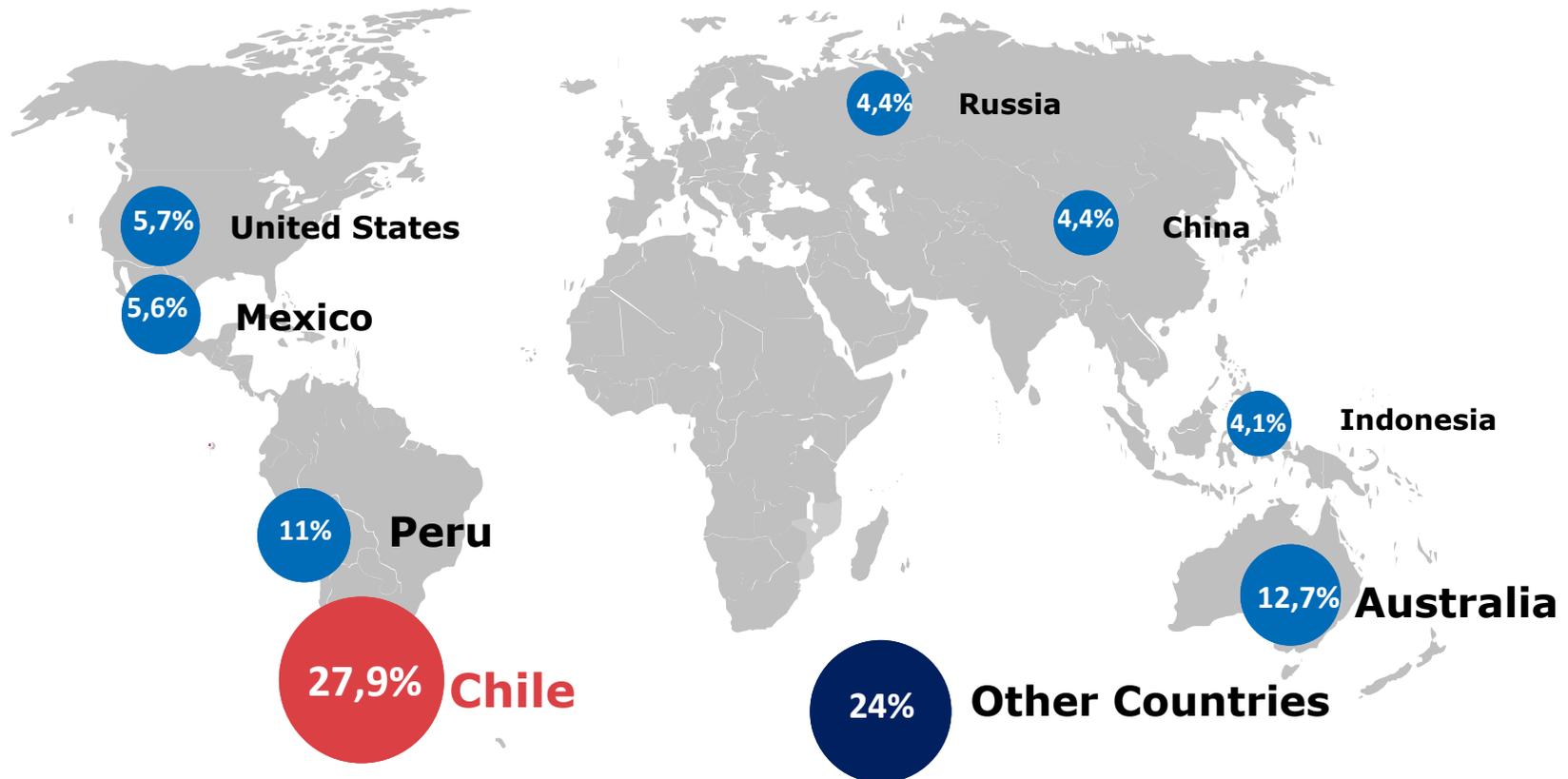
THE MAIN REASONS OF SUCCESS IN THE CHILEAN MINING DEVELOPMENT CAN BE SUMMARIZED:

- Geological Potential
- Social and Political Stability
- Strong and Stable Economy
- Infrastructure and Qualified Personnel
- Legal Certainty and Institutions



a) GEOLOGICAL POTENTIAL

Largest Copper Reserves in the World



Source: USGS, 2013

Chile has the largest copper reserves in the world. This leadership has been maintained thanks to our mineral potential and public policies that encourage investment in exploration.

Chile Has Other Minerals

| MINERAL STATISTICS 2012 | | |
|--|------------------|--------------------|
| Minerals | Reserves Ranking | Production Ranking |
| Rhenium (kilograms of rhenium content) | 1° | 1° |
| Iodine (metric tons elemental iodine) | 2° | 1° |
| Molybdenum (metric tons of molybdenum content) | 3° | 3° |
| Silver (metric tons ¹ of silver content) | 3° | 8° |
| Potash (thousand metric tons of K ₂ O equivalent) | 6° | 8° |
| Gold (metric tons of gold content) | 4° | 13° |

Chile is not only copper, but also has other minerals to explore and mine. We have important reserves of Gold, Molybdenum and Silver, that makes Chile unique in terms of mineral wealth.

Source: USGS, 2013



b) SOCIAL AND POLITICAL STABILITY



Chilean Social and Political Stability

Worldwide Governance Indicators

2011 Percentile Rank (0 – 100)*

| Governance Indicator | OECD | Chile | Latin America |
|--------------------------|------|-------------|---------------|
| Rule of Law | 85.6 | 88.3 | 36.7 |
| Political Stability | 72.2 | 65.0 | 39.9 |
| Voice and Accountability | 84.9 | 81.2 | 49.4 |
| Government Effectiveness | 86.4 | 84.0 | 45.0 |
| Regulatory Quality | 86.5 | 93.0 | 47.2 |
| Control of Corruption | 83.7 | 92.0 | 45.0 |

Chile is internationally recognized for its strong institutions, respect for the rule of law, free of speech and government accountability. These are some of the variables that allow social stability in which governance is possible.

Source: World Bank and Worldwide Governance Indicators, 2012.

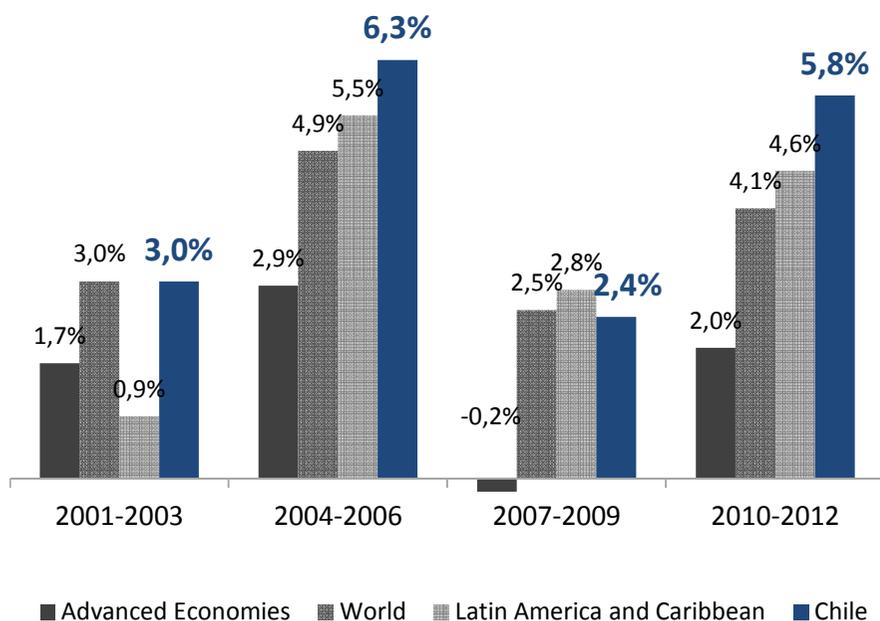
* Reports aggregate and individual governance indicators for 215 economies over the period 1996–2011, for six dimensions of governance.



c) STRONG AND STABLE ECONOMY

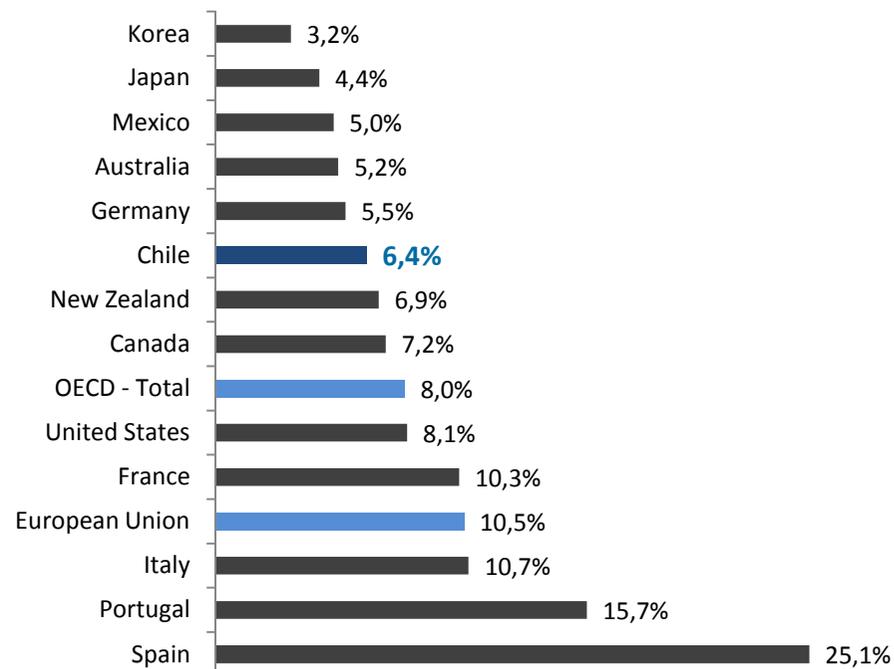
Economic Growth and Unemployment Rate in 2012

Gross Domestic Product Growth (%)



Source: International Monetary Fund 2013

OCDE Unemployment Rate 2012



Source: OCDE, 2013

Chile has recovered its dynamism growing at 5,8% in average for the last three years. Meanwhile, 6,4% unemployment rate is the lowest in the past fourteen years.



d) INFRASTRUCTURE AND QUALIFIED PERSONNEL

Development of Human Capital in Chile

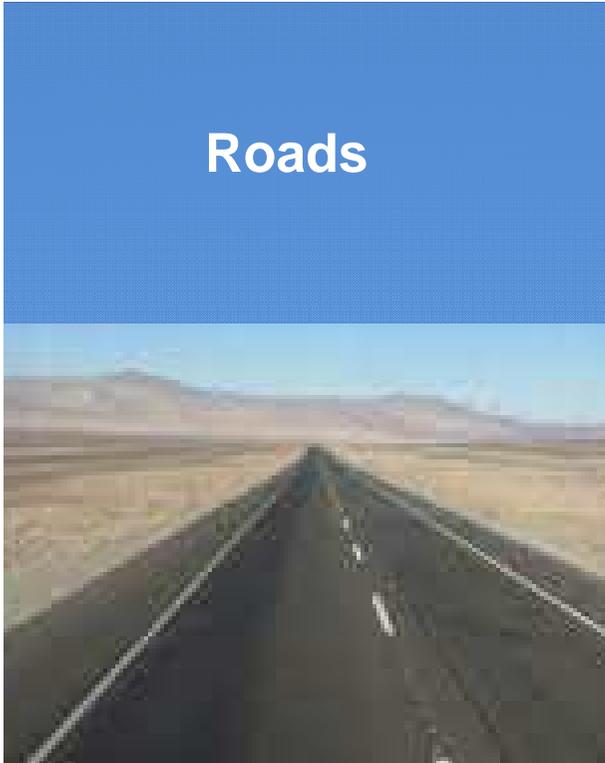
Human Development Index (HDI) 2013 Latin American Countries

| Name | Ranking (N=186) | 2012 Life Expectancy at Birth (years) | 2010 Mean Years of Schooling (years) |
|-------------------|-----------------|---------------------------------------|--------------------------------------|
| Chile | 40 | 79,3 | 9,7 |
| Argentina | 45 | 76,1 | 9,3 |
| Uruguay | 51 | 77,2 | 8,5 |
| Trinidad y Tobago | 67 | 70,3 | 9,2 |
| Venezuela | 71 | 74,6 | 7,6 |
| Peru | 77 | 74,2 | 8,7 |
| Brazil | 85 | 73,8 | 7,2 |
| Ecuador | 89 | 75,8 | 7,6 |
| Colombia | 91 | 73,9 | 7,3 |

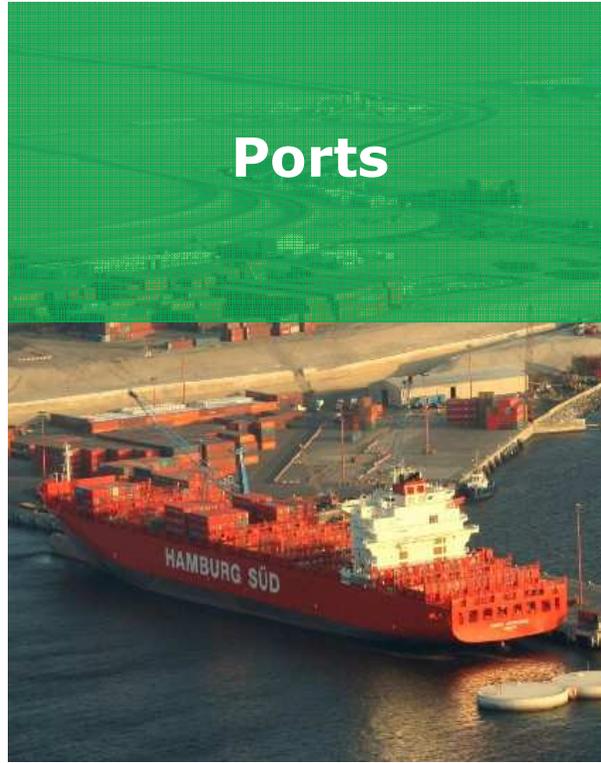
Chile is ranked 40th in the Human Development Index over 186 countries. This indicator measures Health, Education and economic wealth of the countries.

Infrastructure for Mining

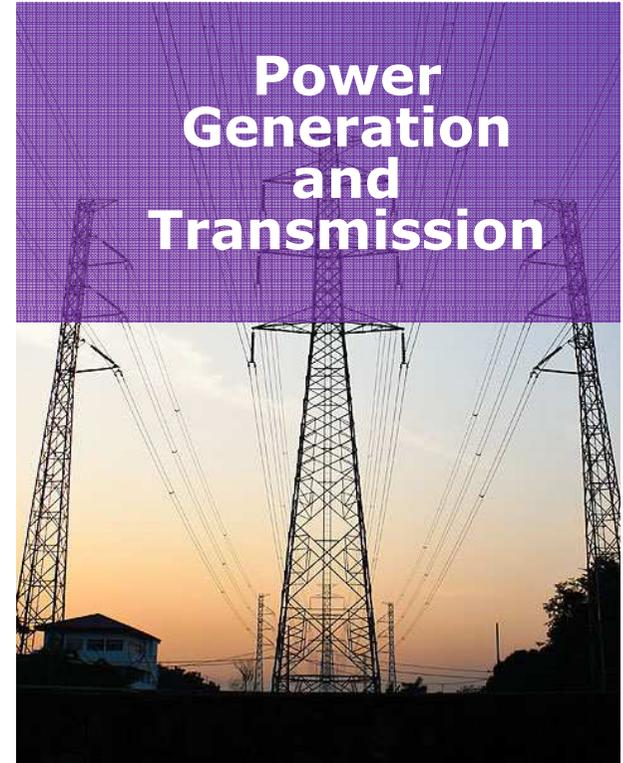
Roads

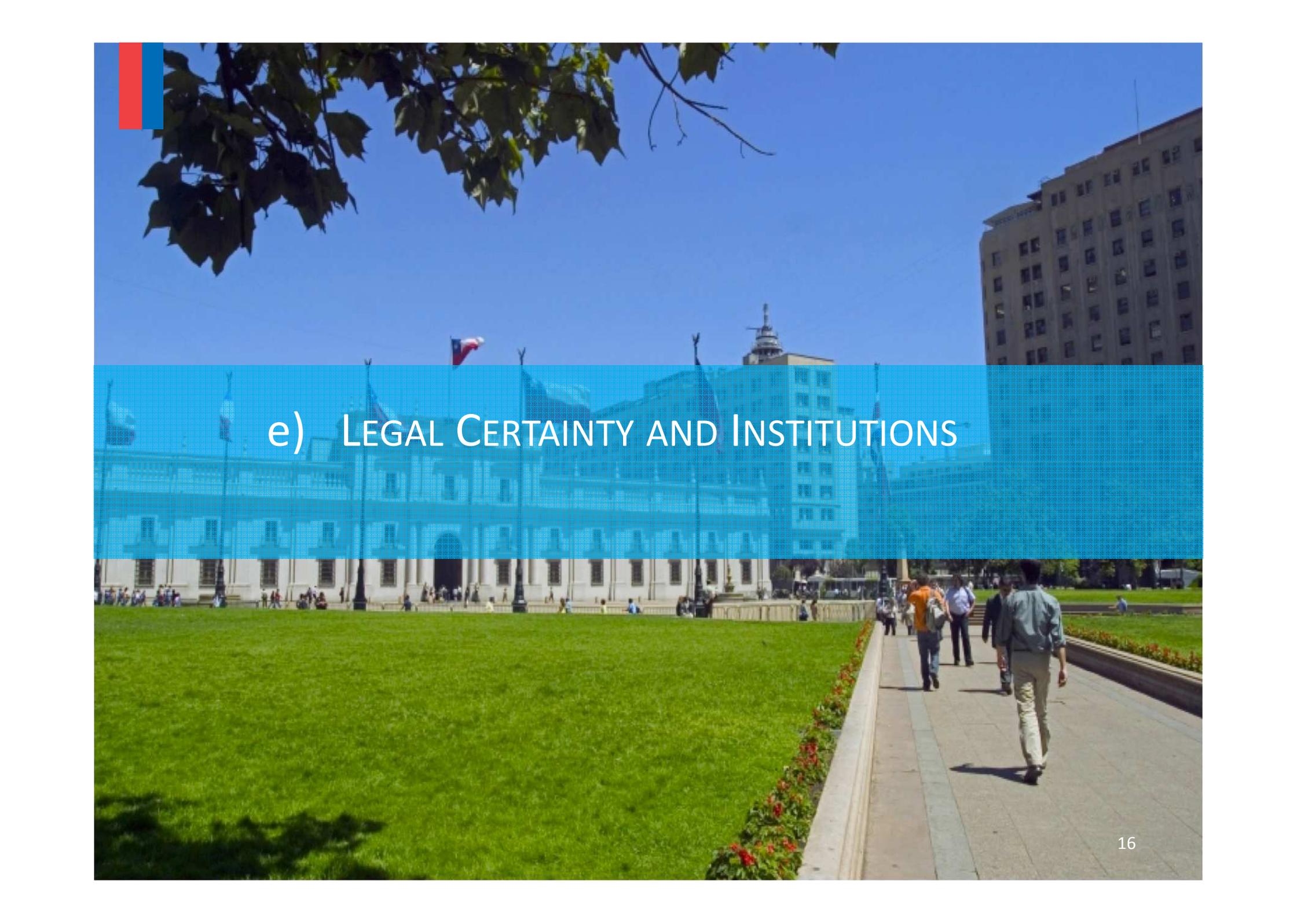


Ports



Power
Generation
and
Transmission





e) LEGAL CERTAINTY AND INSTITUTIONS

Certainty in Mining Property

LEGAL SYSTEM OF CHILEAN MINING

- ✓ **Constitution (1980)**
- ✓ **Organic Constitutional Law (1982)**
- ✓ **Mining Code (1983)**

ATTRIBUTES OF THE LEGAL SYSTEM OF GRANTING CONCESSIONS

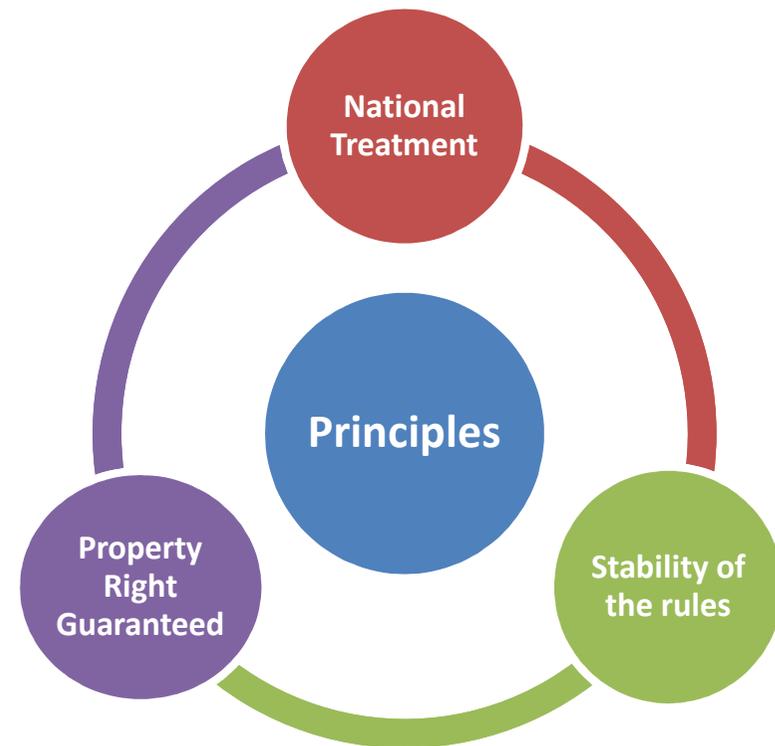


Foreign Investment in Chile

INSTRUMENTS FOR CAPITAL TRANSFERS

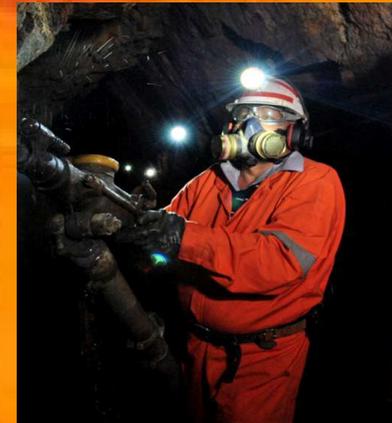
- Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations (CFER).
- Foreign Investment Statute (D.L. 600):
 - ✓ Economic Freedom.
 - ✓ No discrimination: no differences in tax treatment with national companies.
 - ✓ No discretionary procedures.
 - ✓ Juridical certainty.

PRINCIPLES OF THE FOREIGN INVESTOR REGULATION (1974)



An aerial photograph of a large-scale mining operation. The landscape is dominated by terraced hillsides, characteristic of open-pit mines. A central area shows a complex network of roads and processing infrastructure. The sky is clear and blue. A semi-transparent blue box with white text is overlaid on the middle of the image.

The implementation of public policies and the investment in mining projects has increased the production and the industry development.



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Thank you



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