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REGULATES THE CONCEPT OF THE COMPETENT PERSONS AND CREATES THE COMMISSION TO QUALIFY THE COMPETENCIES IN MINERAL RESOURCES AND RESERVES

Bearing in mind that the Honorable National Congress has given its approval of the following bill:

Title I

The Public Registry of Competent Persons in Mineral Resources and Reserves

Article No. 1 - Public Registry of Competent Persons in Mineral Resources and Reserves

Create a Public Registry of Competent Persons in Mineral Resources and Reserves, hereafter referred to as "The Registry ", in which all those persons who comply with the requirements and stated conditions within this law and its rules can enroll.

This Registry will be administered by the Commission to qualify the Competencies in Mineral Resources and Reserves, hereafter referred to as the "Mining Commission", to which Title II of this law refers.

Article No. 2 – Persons that can enroll in the Registry

Those who enroll in the registry will be designated for the effects of this law as "Competent Persons in Mineral Resources and Reserves". They must be individuals and comply with the requirements established in this law, its rules and complementary requirements that are enacted for such purposes.

Article No. 3 – Enrollment Requirements

Persons that wish to enroll themselves in the Registry—must comply with the following requirements:

- a) Possess a university degree in a field of the sciences associated with the Mining Industry.
- b) Have at least 5 years of relevant experience in this field.

The procedure, method, timing and other conditions necessary to enroll in the Registry, will be established in the rules mentioned in the previous Article No. 1.

In relation to Competent Persons in Mineral Resources and Reserves enrolled in a Foreign Registry recognized by the Mining Commission to be able to validly sign or issue technical or public reports, proof of enrollment will be sufficient by means of a certificate duly issued by the foreign entity in charge of that Foreign Registry without the need to enroll in the Registry matter of this law.

For the effects of recognition of a Foreign Registry of Competent Persons in Mineral Resources and Reserves, the Mining Commission will take into consideration the treatment that these

Registry give to Chileans under similar conditions to those contemplated in this law and its regulations. For the effects of this law, the term technical report relates to all documents prepared and signed by one or more Competent Persons in Mineral Resources and Reserves, whose objective would be to provide scientific or technical information concerning the activities of exploration, development and production of a mine property. Likewise, the term public report relates to whatever verbal or written declaration, independent of the media of communication used, whose final destination would be a regulatory entity, investors or the general public, executed by one or more Competent Persons Mineral Resources and Reserves, and that refers to the general characteristics of one or various mineral deposits, especially the results of the exploration works carried out at such locations.

Article No. 4 - Prohibitions, inabilities and incompatibilities

The following persons are unable to enroll in the Registry or be entrusted with estimation, categorization, and evaluation work of Mineral Resources and Reserves:

- a) Persons affected by the inabilities and prohibitions established in No.'s 1 and 3 of Article No. 35, and No.'s 1, 2 and 4 of Article No. 36 of law No. 18.046, regarding Public Limited Companies. The inability that affects the unsuccessful candidate will cease when they are rehabilitated.
- b) Persons that have been sanctioned by the Securities and Insurance Regulator (Superintendencia de Valores y Seguros) or by the Ordinary Courts of Justice, in accordance with the causes described in Article No. 20 of this law or for unlawful acts contained in Articles No. 61 and 164 and so forth of law No. 18.045, regarding the Securities Market.
- c) The officials and employees of the Central Bank of Chile (Banco Central de Chile), the Securities and Insurance Regulator, the Banks and Financial Institutions, or the Pension Fund Administrators.

Article No. 5 – Validity of Certification

The Mining Commission must certify the validity of the enrollment of a Competent Persons in Mineral Resources and Reserves in the Registry to which this Title refers, conditioned to have fulfilled at that time, the obligations that this law imposes, its regulations and the complementary rules that are enacted for such effect. For all legal effects, the certification should have validity only for the certification requested.

Title II

The Review Commission of Competencies in Mining Resources and Reserves

Article No. 6 - Mining Commission. Functions

Authorize the Institute of Mining Engineers of Chile, the College of Geologists of Chile A.G., the College of Engineers of Chile A.G., the National Society of Mining and the Mining Council, to jointly concur to the formation of a privately held legal entity denominated the Commission for the Qualification of Competencies in Mineral Resources and Reserves, that is governed by Title XXXIII of Book I of the Civil Code, in all that is not contradictory to the provisions of this law and its regulations.

The Corporation created in virtue of the authorization conceded in the paragraph above will have sole responsibility for the following functions:

- a) Manage the Public Registry of Competent Persons in Mineral Resources and Reserves such as Title I of this law refers, and issue the certifications to which this law and its rules refer.
- b) Enact the Code to inform about the estimation, categorization and evaluation of Mineral Resources and Reserves, hereafter referred to as the "Code", as well as approve its modifications and updates in accordance with the technological and economical progress of the mining industry, and the standards contained in the existing international Codes relative to this subject.
- c) Provide technical assistance in matters of its competence to the Securities and Insurance Regulator Superintendence and other regulatory entities, and to the Courts of Justice, when required.
- d) Request for its revision at whatever time, officially or by a petition founded on behalf of an interested party, a technical or public report prepared by a Competent Person in Mineral Resources and Reserves for the reasons described in this law. The said revision should aim to determine if the report complies with the rules, methodologies and procedures established in the Code and any additional technical rules that have come into effect, in accordance with its legal faculties.
- e) Enact the rules and criteria of special or particular character for the preparation and presentation of technical and public reports that will be issued by a Competent Person in Mineral Resources and Reserves.
- f) Establish standards or codes of good practices of the Competent Persons in Mineral Resources and Reserves for the estimation, categorization and evaluation of the Mineral Resources and Reserves.
- g) Carry out in a direct or indirect mode, studies and analyses about the certification of prospects, mineral resources and reserves, such as the training of Competent Persons in Mineral Resources and Reserves and of all other persons that have an interest in the mining industry.

Article No. 7 – Composition of the Mining Commission

The statutes of the Mining Commission, whose formation is authorized by this law, must state that the administration and high management of the said commission must be in charge of a Board composed by five members, individuals, which are designated by the institutions to which the initial paragraph of the previous article refers.

They must also establish that the practice of the functions by the members of the Board will be voluntary, and that they cannot receive remuneration or compensation of any kind for such roles.

The statutes must expressly mention the address, the rights and obligations of the members of the Commission, the conditions of incorporation and the methods and motives of exclusion, as well as the composition, operation, functions and duties of the Board, and the replacement of members of the said Board, which must be partially carried out.

Article No. 8 - President and Vice President of the Mining Commission.

The statutes of the Mining Commission must express that its President will be of the Commission and its Board; that he/she must be elected by the majority in session at which the five members must concur by secret vote in a meeting of the Mining Commission Board, and that he/she will remain in the said role for three years, and is unable to be reelected for a following period.

Likewise, they must state that the same procedure will be applied to appoint the Vice-President, who will substitute the President in the case of absence or impediment.

Article No. 9 - Operation of the Mining Commission Board

The statutes specify that the Mining Commission Board must meet with the attendance of at least three of its members, and that it will adopt the agreements by absolute majority of the attendees to the respective session, without prejudice to those matters that, in accordance with the law, require a special quorum of approval. The statutes indicate that in the case of a tie, the deciding vote will be that of the member who chairs the meeting.

The statutes also must stipulate that the Mining Commission Board must designate a Executive Secretary, who will represent the Commission judicially and extra judicially, and have the capacity to act as a notary for the proceedings, deliberations and agreements of the Directorate.

The statutory rules must establish that the Mining Commission Board will meet twice a year on an ordinary basis, at times set by the said Board, or on an extraordinary basis, at whatever time, based on a simple request of two or more of its members or its President.

Notwithstanding the provisions in the previous paragraph, the Mining Commission Board must meet additionally in the event of the interposition of the written petition of reconsideration to which Article No. 21 of this law refers.

Article No. 10 - Cessation of members of the Mining Commission

The statutes must also indicate that the members of the Mining Commission could lose their capacity as members for the following causes:

- a) Resignation.
- b) Cessation of their legal status / capacity.
- c) Bankruptcy or insolvency.
- d) Exclusion. For not complying with their financial obligations with the Commission for more than six months.
- e) For causing grave harm, verbal or physical, to the interests of the Commission.

They must also state that it is the responsibility of the Board to settle the exclusion of one or more members of the Commission in agreement with the above mentioned causes, requiring for such purposes, the vote of at least two thirds of the Board members.

The statutes will determine that it is the responsibility of the Board with the conforming vote of the absolute majority of its members, to replace the member that has lost their membership rights.

Article No. 11 - Duration, requirements, inabilities and incompatibilities of the members of the Mining Commission Board.

Abstention Obligations. The statutes must stipulate that the members of the Mining Commission Board must remain in their functions for three years, and that they can only be newly appointed on one occasion and for an equal period.

The statutory rules must also state that in order to be a member of the Mining Commission Board it is necessary to be a Competent Person in Mineral Resources and Reserves and be enrolled in

the Register. Without prejudice to it, they must also state that the members of the Board cannot sign or issue technical or public reports whilst they act in these roles.

They must also expressly state that the members of the Mining Commission Board who according to Article No. 82 of law No. 18.045 concerning the Securities Market, are persons with interest in the issue of securities whose technical or public reports are known to, or being investigated by the Mining Commission, cannot participate in the debate and in the adoption of whatever agreement relative to the said reports, and must leave the respective meeting.

For the purposes established in Article No. 82 of the stated law, the members of the Mining Commission Board must make, in compliance with that stipulated in the regulations, a sworn statement that accredits that they don't have interest in the matters that have arrived to the attention of the Mining Commission in virtue of its legal mandate.

Article No. 12 - Cessation of the Directors Role

The statutes of the Mining Commission must establish rules relative to the cessation of the role of Director, specifying that it will only cease earlier than anticipated in the case of death, resignation, disability, incompatibility or unjustified absence from four consecutive meetings or six meetings during a calendar year.

The statutes must stipulate that following the cessation of a Director, they must appoint a substitute for the institution that has designated the Director that should be replaced, for the remainder of the period that the original member was due to serve.

It must also establish that this procedure is applied in the case that it is not possible to reach the quorum established to meet and adopt agreements as a consequence of an act of abstention referred in the preceding Article. In such case, the statutes must indicate that the corresponding substitute will only continue until there is no longer a conflict of interest with the substituted member of the Directorate.

Article No. 13 – Confidential Information. Sanctions

The members of the Mining Commission Board whose constitution is authorized by this law, as well as its Executive Secretary and any other person that has knowledge relating to its functions, must not divulge the information, documents and details that they become aware of, except for that which is required for any public authority with legal faculties or for the Justice Courts.

Similarly they are prohibited to utilize, directly or indirectly, for their own benefit or that of third parties, the information to that which they have access to in the performance of their functions, during at least 5 years following the cessation of their role. Any infractions to these obligations will be sanctioned with penalties of imprisonment in whichever of its levels, and temporary inability for roles and public duties for the duration of the sentence.

Article No. 14 – Minutes Book

The statutes of the Mining Commission must specify that the deliberations and agreements of the same Board must be registered in a Minutes Book, which will be completed by its Executive Secretary.

It is understood that the minutes and the agreements contained therein are approved from the moment they are signed by the attendees at the corresponding meeting. If a member wants to be exempt from their responsibility for a minute or agreement of the Mining Commission Board, they must make their opposition known in the minutes. Likewise, the attending member that considers that a minute contains inexactitudes or omissions has the right to write down the corresponding exceptions before signing it.

Article No. 15 - Audits

Notwithstanding the provisions in Article No. 6 of this law, the members of the Mining Commission will be subject to the auditing of the Securities and Insurance Regulator (SVS), which concerns the fulfillment of the legal requirements and regulations for the qualification of members. Likewise, the Mining Commission will be subject to the auditing of the Securities and Insurance Regulator (SVS), in relation to the legal correctness and regulation of its internal procedures.

The Mining Commission Board must remit to both the Securities and Insurance Regulator (SVS) and the Mining Ministry, an authorized copy of the minutes of its meetings and of its corresponding details, as well as all its agreements, within 48 hours following their dispatch or adoption, in compliance with that stated in the regulations.

With prior consent from the Mining Commission, the Securities and Insurance Regulator will establish by means of general rules, the financial information that must be included in the technical reports that are produced for the issue of securities.

The Securities and Insurance Regulator and the Mining Ministry must coordinate their actions with the aim of facilitating to the former, the fulfillment of its fiscal functions.

Article No. 16 – Wealth and financing

The wealth of the Mining Commission will consist of the contributions made by its members in accordance with the regulations, and the statutes of the same, set forth in this law for the donations or allowances that they make, for the product of its goods or services in accordance with that stipulated in the regulations and for the contributions and subsidies that it obtains from individuals or companies, from the municipalities or from the State, and all other assets acquired by virtue of any title.

Donations to which above paragraph refers do not require the procedure of judicial insinuation and will be tax-exempt from the donations established in law No. 0.16.271.

The Mining Commission can demand the payment of a fee for granting of the validity certificates in accordance with that established in the regulations, along with any other certificates that are requested in the fulfillment of its functions.

The expenses required for the Mining Commission operations as well as the Public Registry of Competent Persons in Mineral Resources and Reserves, will be financed by the institutions stated in Article No. 6 of this law, in the fashion and proportion established by the regulations.

The Mining Commission must publicize an audited balance sheet on the 31st of December each year in the form and frequency that the law establishes for Publicly Traded Companies.

Title III Competent Persons in Mineral Resources and Reserves

Article No. 17 - Definition

Competent Persons in Mineral Resources and Reserves are those enrolled in the Registry and comply with the requirements established in this law, its regulations and additional complementary rules.

Article No. 18 - Faculties and Duties of the Registered Competent Persons in Mineral Resources and Reserves.

A public offer of securities of mineral exploration or mining companies can only take place if a duly registered Competent Person in Mineral Resources and Reserves has signed or previously issued a technical report for the said public offer. Likewise, only the Competent Persons in Mineral Resources and Reserves can sign or issue public reports. However, all other persons that habitually carry out management or administration functions on account or on behalf of an actual or potential issuer of securities can only divulge public reports if they have previously been signed or issued by a Competent Person.

For the preparation of the technical and public reports, the Competent Persons must adhere strictly to the rules, regulations, criteria and procedures established in the Code, and likewise to all other rules of technical character that the Mining Commission enacts using their legal faculties.

Persons who are not enrolled in the referred Registry cannot pretend to be Competent Persons in Mineral Resources and Reserves, or use letterheads, printed papers or any emblem that would identify them as such.

Article No. 19 – Obligation to provide Transparent Information

The Competent Persons in Mineral Resources and Reserves, in the fulfillment of the functions described in this law, will be obligated to provide in a transparent and non ambiguous manner, all the necessary information to make investment decisions in projects of this nature. Consequently they will be unable to sign with third parties, all types of contracts, clauses or other acts or confidentiality agreements signed by Competent Persons in Mineral Resources and Reserves, or limit or restrict in any way, the complete, truthful and timely handover of the information afore mentioned.

Article No. 20 - Responsibility and Penalties

The Competent Persons in Mineral Resources and Reserves will be liable for their actions in the practice of their functions, without prejudice to the penal responsibility that could affect them.

In the event that a technical or public report has been signed or issued by more than one Competent Person, all of them will be jointly liable for the damages caused by their guilty or harmful actions. Likewise, they will be jointly liable for the damages caused, to the issuer of the public offer securities that would have been in charge of presenting the technical report or divulging the public report.

Competent Persons that sign or issue false or damaging technical or public reports, and the persons to which the initial paragraph of Article No. 18 refers that divulge public reports without them being previously signed or issued by a Competent Person, will suffer the penalty of imprisonment ranging from a minor sentence (middle level) to a major sentence (lower level), and a fine for fiscal benefit for a value of up to 4,000 Development Units (Unidades de Fomento, (UF)).

When in the operation of its functions the Mining Commission receives information relative to a Competent Person who has participated in activities that could be constitutive of a crime or an offence, it must report them to the authorities.

Title IV Reconsideration

Article No. 21 - Reconsideration of Mining Commission Board agreements

The persons or entities that deem that the acts or agreements that the Mining Commission enact are not in accordance with the law, regulations or rules to which they should adhere, can request the reconsideration in accordance with that established in the following Article.

Article No. 22 – Petition of Reconsideration

The Mining Commission Board can be asked to reconsider an act or agreement, upon condition that the petition includes new technical details that were unknown at the time of announcing the respective act or agreement. The petition should be formulated in writing and contain in a clear and precise manner, the facts on which it is based.

The period for the presentation of the written petition is twenty days, counted from the notification of the respective act or agreement. The Mining Commission will take a further fifteen days to decide, following which if the Mining Commission has not made any declaration, it shall be understood that the reconsideration has been rejected.

If the written petition of reconsideration is rejected, the persons that deem they have been affected by the resolution of the Mining Commission, can appeal to the Ordinary Courts of Justice and assert their rights, in accordance with the general rules.

Title V Timescales and Notifications

Article No. 23 - Timescales

Days established within this law, are classed as working days.

Article No. 24 - Notifications

The notifications produced by the Mining Commission will be sent by certified post, and the timescales to which they refer, run from the third day following dispatch of the said notifications.

Article No. 25 - Under no circumstances can the regulations of the present law be interpreted as limitations to the object and functions of the National Enterprise of Mining, created by the legislative decree that has the equivalent authority of Law No. 153, of 1960, of the Ministry of Finance.

Title VI Transitory Regulations

First Article –

The requirement established in the Article No. 11 of this law will not apply to the members of the first Board in respect to the need to be a Competent Person in Mineral Resources and Reserves in order to be a member of the Mining Commission Board. However, members must acquire the said competency within a period of six months counted from the acceptance of the role. Once the said time period has lapsed, members of the Mining Commission Board who have not fulfilled the abovementioned obligation must be substituted by designated persons for the remainder of the period that the original members were due to serve.

Second Article -

The legal entities to which reference is made in the initial paragraph of Article No. 6, must legally constitute the Mining Commission within ninety days following the validity of this law. The said period can be extended once by a further ninety days.

Third Article –

The regulations for the application of this law must be enacted within ninety days following its publication.”

And for which I have had the pleasure of approving and sanctioning; therefore enact it and bring it into effect as a Law of the Republic.

Santiago, 17th December 2007
MICHELLE BACHELET JERIA, President of the Republic
Karen Poniachik Pollak, Mining Minister
Andrés Velasco Brañes, Finance Minister

Transcribed for your knowledge.

Yours faithfully, Marisol Aravena Puelma, Undersecretary for the Mining Industry