

Desde Santiago (*from Santiago*)

Desde Santiago (*from Santiago*) is Núñez, Muñoz & Cía. Ltda. Abogados' bulletin, which seeks to reach out to colleagues, partners, and the community as well as to inform of relevant issues concerning legal matters, taking place either in Chile or Latin America.

You are warmly welcomed to forward this information to anyone who may be interested.

Núñez, Muñoz & Cía. Ltda., Abogados provides legal services to national and foreign clients in different areas of law.

We are committed to provide the best legal service to our clients, and to solve their requirements in the fastest and most effective way.

The New Chilean System for Mining Resources Reporting came into force

On August 31st, 2009, the second process of accreditation as Competent Person for Mining Resources and Reserves was completed. Such event represents a successful implementation of the first Chilean system governing mining resources consultancy.

By Pamela Rubio*

The new Chilean system for mining resources reporting was initiated in 2002, when a group of 22 representatives of several public institutions, Chilean and foreign companies, scholars and consultancy associations gathered to develop a set of institutions capable of regulating public information distributed in the country about mineral prospects, resources and reserves. The purpose of this was to prepare a technical, legal, financial, accounting, and entrepreneurial platform that would serve as a basis for the reforms propitiated by the Government oriented to push a vigorous capital market in the country. The completion of the second process of accreditation as Competent Person for Mining Resources and Reserves represents



Source: Chilean Competence Evaluation Commission for Mining Resources and Reserves.

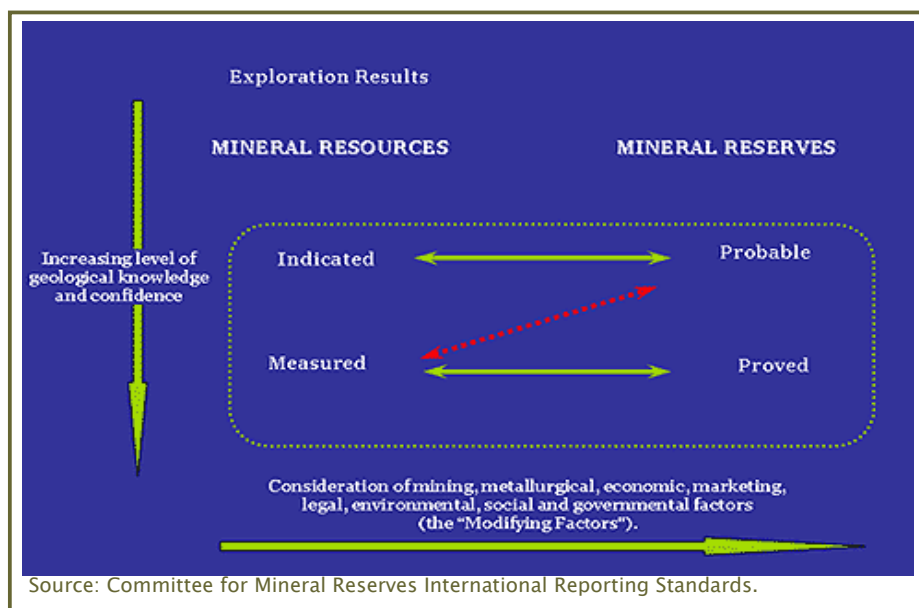
a successful implementation of the first Chilean scheme governing mining resources consultancy.

The New Scheme

The new Chilean scheme for mining resources reporting is based on four elements. The first one is the

accreditation as a Competent Person, in other words, fulfilling the requirements in order to be deemed an authority on mining resources and reserves. Such accreditation is required in order to issue reports on mining resources and reserves. Secondly,

... The New Scheme



the Competence Evaluation Commission for Mining Resources and Reserves was created. Such Commission is a non-profit legal entity whose purpose is to grant and control said accreditation. In third place, the Public Registry of Competent Persons for Mining Resources and Reserves was created, whose purpose is clearly stated in its name. Finally, the Commission enacted the first Chilean Certification Code for Exploration Prospects, Mineral Resources and Ore Reserves (the "Code").

The Competent Person Accreditation

A Competent Person for Mining Resources and Reserves ("Competent Person") is a professional with a formal degree of studies issued by a recognized University, with five years of training in his/her respective area of expertise and who has the

necessary background to report on geological, mining and metallurgic features of mining resources and reserves. Said person must likewise belong to an independent surveillance entity and provide evidence, beyond a reasonable doubt, of having solid code of ethics.

The Mining Commission: A technical and ethics custodian

As previously stated, the Competence Evaluation Commission for Mining Resources and Reserves ("Mining Commission") is a non-profit legal

entity. It is integrated by technical experts that are qualified to assess resources and mining reserves. The Mining Commission falls under the scope of surveillance of the Superintendency of Securities and Insurance. Among other duties, the Commission is responsible for certifying professionals as Competent Persons, managing the Public Registry of Competent Persons for Mining Resources and Reserves (the "Registry"), approving the Code and supervising the behavior of such Competent Persons, in addition to ensuring that the latter's performance is carried out in accordance with the ethic and technical criteria set forth in the aforementioned Code.

According to CRIRSCO, it is essential that the mining industry communicates the risks associated with investment effectively and transparently in order to earn the level of trust necessary to underpin its

The Competence Evaluation Commission for Mining Resources and Reserves is integrated by five professional associations:

- ▶ National Geologists Association (*Colegio de Geólogos*)
- ▶ Institute of Mining Engineers of Chile (*Instituto de Ingenieros de Minas*)
- ▶ National Engineers Association (*Colegio de Ingenieros*)
- ▶ National Mining Society (*Sociedad Nacional de Minería*)
- ▶ Mining Counsel (*Consejo Minero*)

Public Registry

The Registry is a record that keeps track of all the experts that have obtained accreditation as a Competent Person. Such instrument also registers the specific area of practice of each Competent Person. Furthermore, it is a public record, which means that any person is allowed to access it and freely consult the information provided therein. Since its creation, no-one is allowed to submit or prepare public reports on mining resources, unless previously registered in it.

In the new Chilean scheme, Foreign Competent Persons may be recognized for reporting purposes, under a principle of reciprocity.

Respecting International Standards

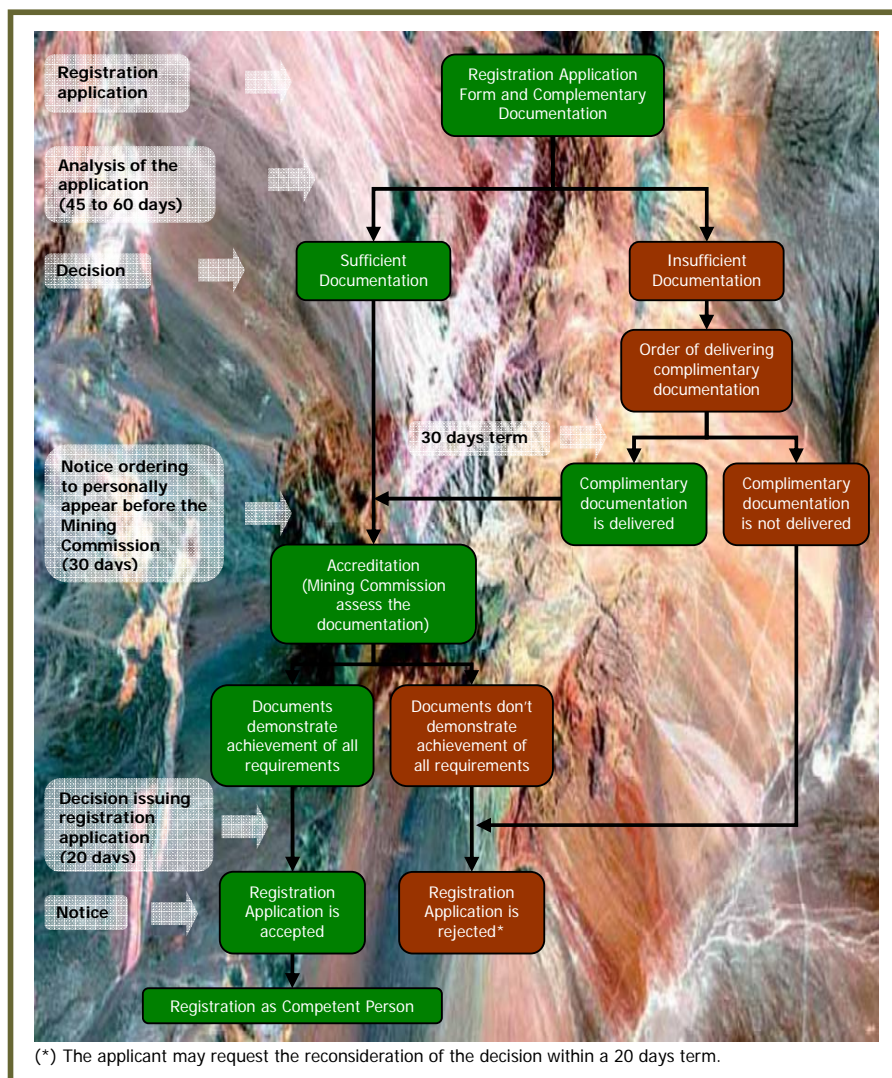
The Code synthesizes the present practice of the mining industry in regard to standards and procedures applied to exploration prospects, mineral resources, and reserves with the purpose of reporting publicly on financial instruments based on these mine assets in the capital markets. These standards follow general criteria already adopted and applied by capital markets in those countries characterized by a very dynamic and well developed mining sector such as Australia (JORC Code), Canada (National Instrument 43-101), South Africa (the SAMREC Code), USA (the Exploration Code), United Kingdom (the Reporting Code), and others. The Code has had the

recognition of the Combined Reserves International Reporting Standards Committee (CRIRSCO) that leads the establishment of an international code in these matters.

To certificate exploration prospects, mineral resources and ore reserves, Competent Persons must apply the rules, criteria and procedures set forth in the Code. In addition, they must observe any other technical rule that the Mining Commission may establish, according to its corresponding faculties.

The new scheme endeavors to guarantee that reports regarding mining resources and reserves will be based on solid evidence and will be the product of qualified professional opinions. As a result, an investor shall only be allowed to reveal reports regarding mining resources to the general public when they have been previously submitted or prepared by a Competent Person.

() Pamela Rubio is associate member of "Núñez, Muñoz y Cía., Ltda. Abogados" since 2007. Her areas of expertise are Litigation, Civil Law, Commercial Law and Administrative Law.*





Getting to know us...

- On September 16th, 2009, the newspaper Diario Financiero published the ranking prepared by Chambers Latin America in its 2010 edition. Both Núñez, Muñoz & Cía. and Patricia Núñez were included therein, respectively, among the most relevant Latin American law firms and attorneys of the moment.
- Best Lawyers conducts exhaustive peer-review surveys in which thousands of leading lawyers evaluate their professional peers. Said listings are published annually in more than 48 countries around the world and this year Patricia Núñez was selected as one of the best lawyers of Chile in the field of natural resources and mining.
- Between the months of July and September 2009, the legal team of Núñez, Muñoz & Cía. has experienced outstanding growth thanks to the incorporation of three new members: Mrs. Carolina Benito, Mr. José Ignacio Silva, and Mr. Andrés González. All three are endorsed by an exceptional academic background and, in two cases, by studies and professional experience in Europe and the U.S.A.

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