

EXPLORING OPPORTUNITIES



AGENCIA NACIONAL DE
MINERÍA



DECEMBER 2015

LEGAL DISCLAIMER

The information outlined in this publication has been prepared based on the existing rules; however, these rules can be amended at any time. Therefore, we recommend to check the validity of the regulatory provisions previously.

GENERAL REFERENCES

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WELCOME TO COLOMBIA

Colombia is located in the north west of South America and it is the only country in South America with coasts in both oceans (Pacific and Atlantic). The country shares borders with Panama, Venezuela, Brazil, Peru and Ecuador and maritime boundaries with Costa Rica, Nicaragua, Honduras, Jamaica, the Dominican Republic and Haiti.

Colombia is the second largest country in South America with a population of 48 million people, and seven of its main cities exceed one million inhabitants. Additionally, it has a great ethnic and cultural diversity. Also, because of its location in the equatorial zone, Colombia has a wide variety of climates and ecosystems.

With a GDP of USD 380 billion, Colombia is the fourth largest economy in Latin America after Brazil, Mexico and Argentina. Additionally, it is recognized as having a stable and conservative economic policy. As a result, Colombia has never entered in default and has a positive credit rating by the International Monetary Fund (IMF).

In the last 10 years, Colombia has had an average GDP growth of 4%, and in 2014 the Colombian economy reached the highest growth in Latin America - ranked seventh globally with a 4.6% GDP growth. Furthermore, Colombia's inflation was maintained within the government's target at 3.6%.

Due to good economic management, Colombia has a stable and positive rating from the three major worldwide rating agencies - Standard & Poor's (BBB: stable), Moody's (Baa2: stable) and Fitch (BBB: positive) as a result of its dynamics of long-term growth and sound fiscal management.

According to the World Bank's "Doing Business" 2015 report, Colombia is the most favorable economy for business and the first in investor protection in Latin America.

Furthermore, the World Investment Report 2015 ranks Colombia as the 18th country receiving the largest amount of foreign direct investment and the third in Latin America in 2014. Foreign direct investment in Colombia reached US\$ 16 billion in 2014. Around 40% of investment flows are concentrated in the oil and mining sector.

Additionally, Colombia occupies the 9th place worldwide in proper climate for mining investments, improving two places since 2014 according to the report "Where to Invest in Mining 2015" presented by the American consulting firm Behre Dolbear.



WELCOME TO **COLOMBIA**

WHAT IS COLOMBIA'S MINERAL POTENTIAL?

Colombia's geological conformation is associated with the activity of the tectonic plates of Cocos and Nazca (in the Pacific Ocean), Caribbean (in the Atlantic Ocean), and South American (at east and southeast mostly). In general, the lithological sequence from oldest to youngest rocks comes in an east to west direction, separated by regional transcurrent faults with high angle. The eastern zone basement is formed by polymetamorphic rocks from the Precambrian age (primitive craton), and the western region is composed of volcano-sedimentary oceanic crust rocks (ophiolites) from Cretaceous age. In this same direction (East - West), there is a marked metallogenic trend, that causes mineral deposits formation.



SCALE 1:100.00



THE MINERALS WITH THE GREATEST POTENTIAL BY MINERAL GROUP

PRECIOUS METALS AND MINERALS: GOLD, SILVER, PLATINUM AND EMERALDS

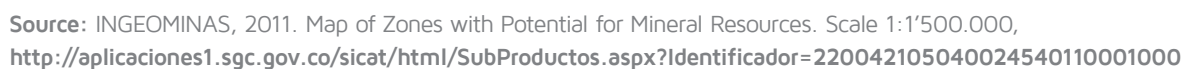
Gold in Colombia is associated with different types of environments and geological ages, from the Precambrian to the Quaternary, which is related with a wide variety of deposit types (porphyry, epithermal, intrusion-related gold, alluvial gold, among others); the mineral occurrences are distributed in almost all of the country. In general, silver is obtained as a subproduct of a gold mining process.

For platinum minerals group (PMG), the geological potential is found in alluvial deposits that drain Ultramafic Zoned Complexes, which also contains chromite and sulphide concentrations. They are located

mainly in the western flank of the Western Mountain Range, in the Choco, Cauca and Nariño departments.

The emerald geological potential is distributed in two belts located in the Cundinamarca and Boyaca departments (Eastern Mountain Range). These deposits are associated with veins and hydrothermal breccias affecting sedimentary sequences of black carbonaceous argillites from the cretaceous age.

SCALE 1:1'500.000, GROUP 1: Au, Ag, Pt, EMERALDS



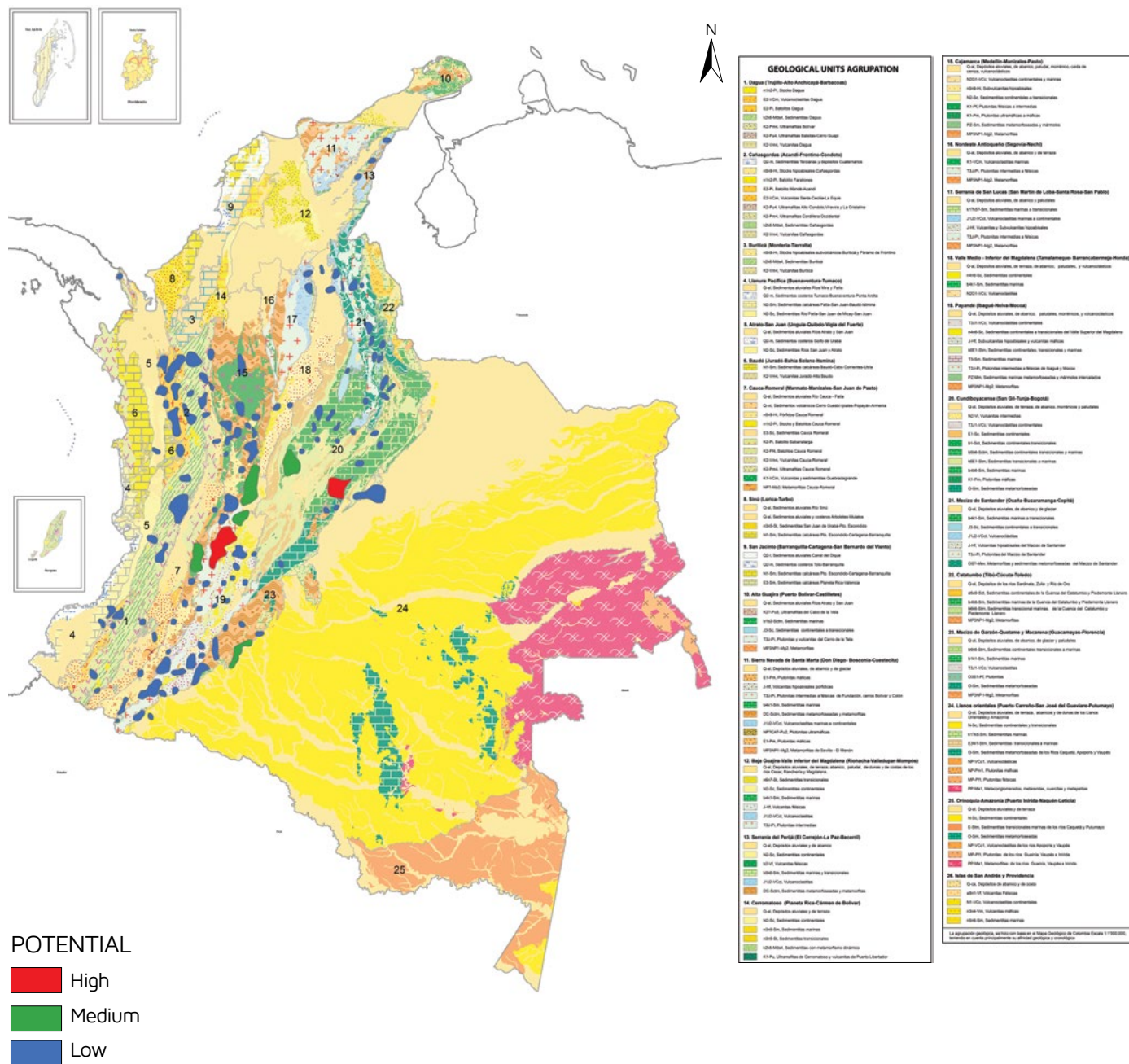
BASE METALS: **COPPER**

Colombia has mineral deposits type such as Porphyry Copper, Skarn, Volcanogenic Massive Sulphide (VMS) and Red Sedimentary Sequences, which raise the perspective for copper discoveries in the country; these are located mainly in the Central and Western Mountain Ranges and in some sectors of the Santander and Cesar departments and the Serrania del Perija. Metallogenic events that are related to the copper mineralization occurred mainly between the Jurassic-Cretaceous and Miocene periods.



MAP OF ZONES WITH POTENTIAL FOR MINERAL RESOURCES IN COLOMBIA

SCALE 1:1'500.000, GROUP 2: Cu, Zn, Pb, Sn,



Source: INGEOMINAS, 2011. Map of Zones with Potential for Mineral Resources. Scale 1:1'500.000,
<http://aplicaciones1.sgc.gov.co/sicat/html/SubProductos.aspx?Identificador=220042105040024540110001000>

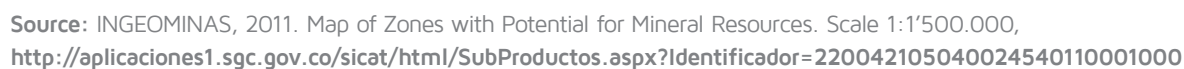
STEEL INDUSTRY METALS: IRON AND NICKEL

The main source of iron in Colombia is a strata-bound oolitic ore hosted into Tertiary sedimentary rocks and located in the department of Boyaca (Eastern Mountain Range). Manifestations of banded ironstones are found in the Amazonian Craton, associated with Precambrian metasedimentary sequences. There have been reports of titaniferous sands with high content of iron in the vicinity of the Sierra Nevada de Santa Marta.

Nickel in Colombia has lateritic nickeliferous, whose main ore deposit is located in the southern part of the Atlantic Coast (Department of Cordoba). Other prospects and occurrences are located in the department of Antioquia and sectors of the Western Mountain Range. These are related with ultramafic bodies (peridotites and serpentinites) of the Cretaceous period, highly weathered and altered, due to the tropical climate and the peneplain's topographic profile, characteristic of this part of the country. They have a high Fe content (Ferronickeliferous).



SCALE 1:1'500.000, GROUP 3: Fe, Ni, Cr, Mn

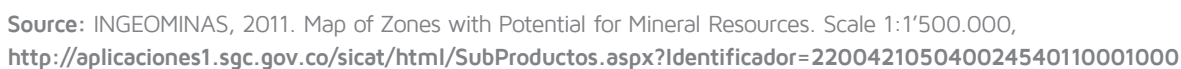


SPECIAL METALS: COLTAN (Nb-Ta)

In Colombia, in the departments of Vichada, Guainia and Vaupes (Amazonian Craton), Nb and Ta occurrences have been reported; associated with pegmatites, alkaline granites and alluvial, eluvial and residual placers from deep weathering. They are also related to rare earth elements deposits.



SCALE 1:1'500.000, GROUP 4:Nb-Ta, Ti-REE



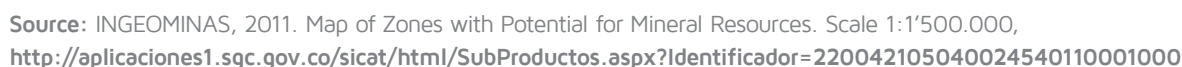
INDUSTRIAL MINERALS: **PHOSPHATE ROCK, MAGNESITE AND POTASSIUM SALTS**

The potential for phosphate rock is found in marine sedimentary deposits from the Late Cretaceous period, mainly located in the Eastern Mountain Range, from the departments of Santander and Norte de Santander to Huila. Usually, they are associated with black shales, sandstones and cherts.

Cryptocrystalline magnesite deposits have been found in lenses and veins in ultramafic and ferromagnesium rocks in Bolivar (Department of Valle) and Santa Marta (Department of Magdalena). The Eastern Mountain Range has potential areas for these minerals, as well for potassium salts too.



SCALE 1:1'500.000, GROUP 5: Mg, P, K. SILICEOUS SANDS, BAUXITE, BARITE, KAOLINITE, AMONG OTHERS



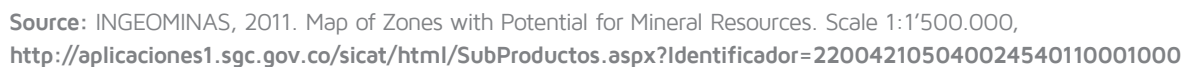
ENERGETIC MINERALS: **COAL AND URANIUM**

Colombia is a privileged country in terms of coal resources at a worldwide level with potential, different quality types and spatial distribution throughout the country. Thermal coal is found in all coal areas in the country and metallurgical coal is found in the departments of Boyaca, Cundinamarca, Santander and Norte de Santander. They are found from bituminous to anthracitic quality rank. The potential and the exploitable coal seams are found in Late Cretaceous age rocks.



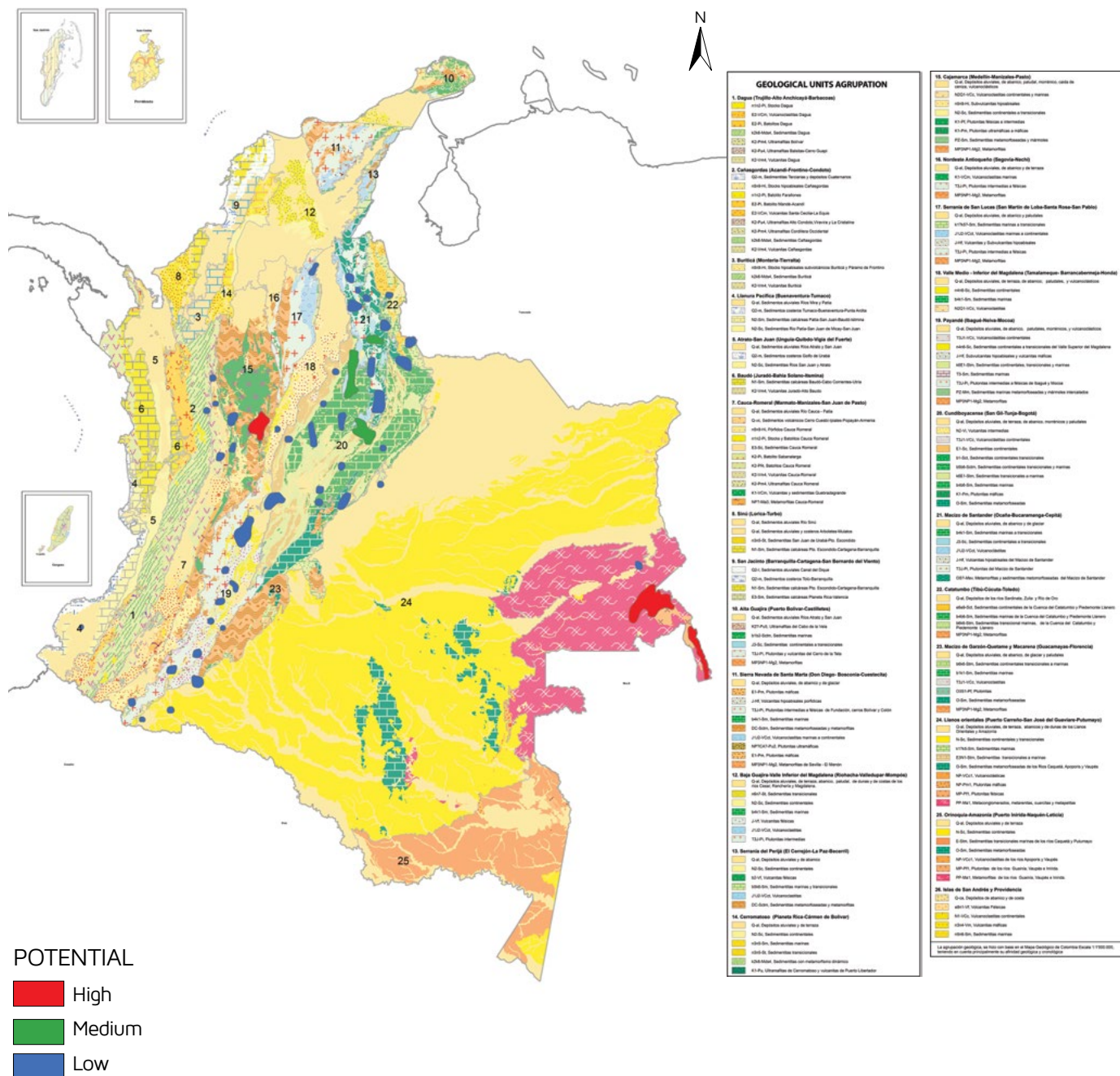
Most of the manifestations of uranium in the country are located in the Andean region, mainly in the Eastern and Central Mountain Ranges and in the department of Guainia. Uranium is found in a variety of lithologies, mostly in sedimentary rocks from the Proterozoic period that have suffered little metamorphism and are deposited in reductive environments. Also, they are present in acidic igneous rocks, in pyroclastic rocks and in pegmatites rocks often associated with Au, Ag and Cu. The most promising areas are located in the departments of Caldas, Santander, Guainia and the Quetame Massif (Eastern Mountain Range).

SCALE 1:500.000



MAP OF ZONES WITH POTENTIAL FOR MINERAL RESOURCES IN COLOMBIA

SCALE 1:1'500.000, GROUP 6: U



Source: INGEOMINAS, 2011. Map of Zones with Potential for Mineral Resources. Scale 1:1'500.000,
<http://aplicaciones1.sgc.gov.co/sicat/html/SubProductos.aspx?Identificador=220042105040024540110001000>

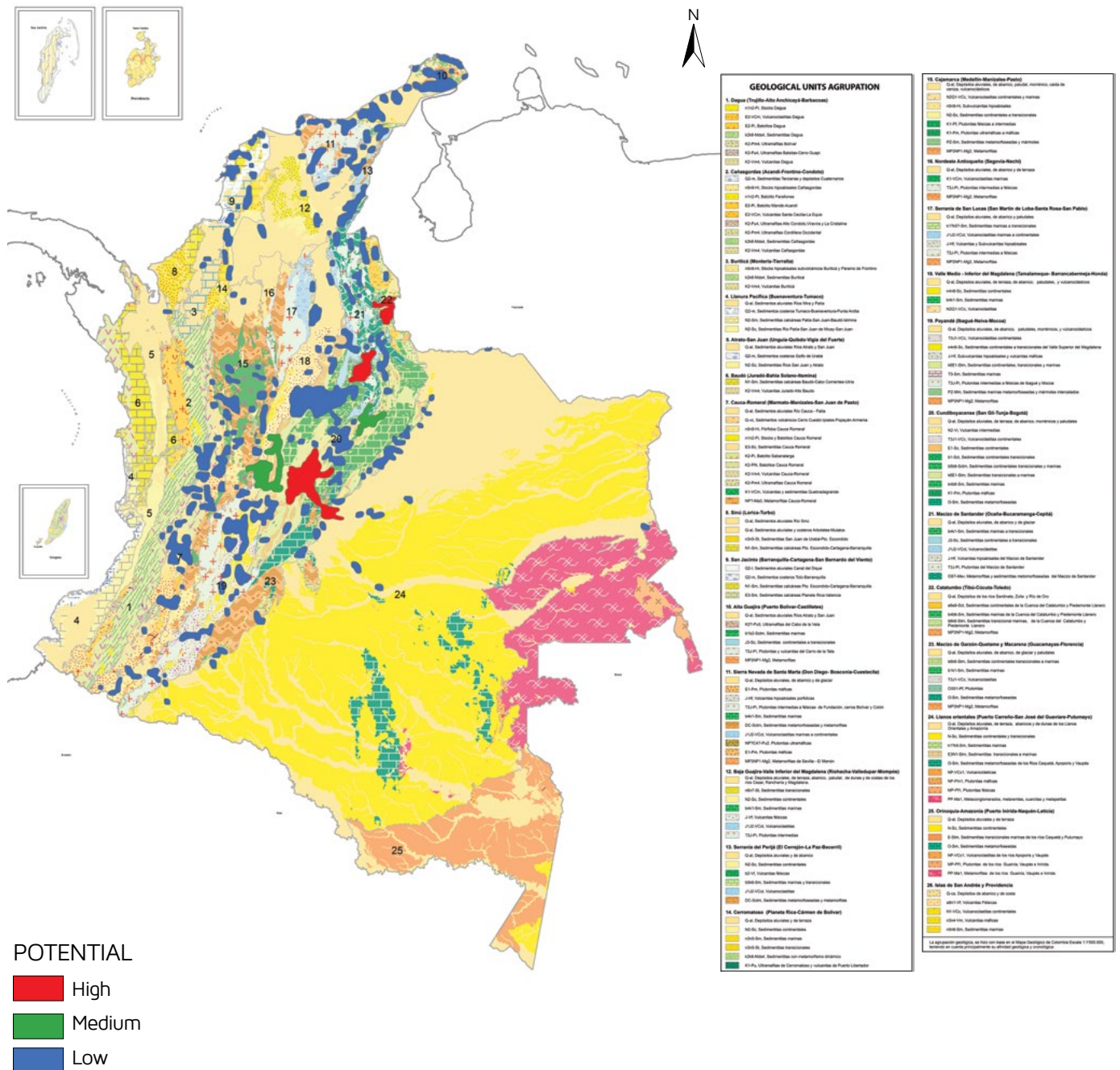
CONSTRUCTION MATERIALS

Construction materials can be obtained from any type of rock. Igneous rocks are widely used due to their hardness and resistance. Metamorphic rocks such as marbles and some schist are also used. Moreover, sedimentary rocks such as conglomerates and sandstones (sediments and clays) are most widely used as construction materials. They are spatially distributed throughout the country in alluvial deposits, quarry and mining areas near urban centers.



MAP OF ZONES WITH POTENTIAL FOR MINERAL RESOURCES IN COLOMBIA

SCALE 1:1'500.000, GROUP 7: SANDS, GRAVELS, CLAYS, LIMESTONES, MARBLE, AMONG OTHERS



Source: INGEOMINAS, 2011. Map of Zones with Potential for Mineral Resources. Scale 1:1'500.000, <http://aplicaciones1.sgc.gov.co/sicat/html/SubProductos.aspx?Identificador=220042105040024540110001000>

WHICH ARE THE MAIN MINERALS EXPLOITED IN COLOMBIA?

Colombia is currently the largest producer of coal, the fourth producer of nickel, and the sixth producer of gold in Latin America. Furthermore, Colombia is the second producer of emeralds in the world. Additionally, it has several mining projects in construction materials, salt, copper, iron ore and manganese.

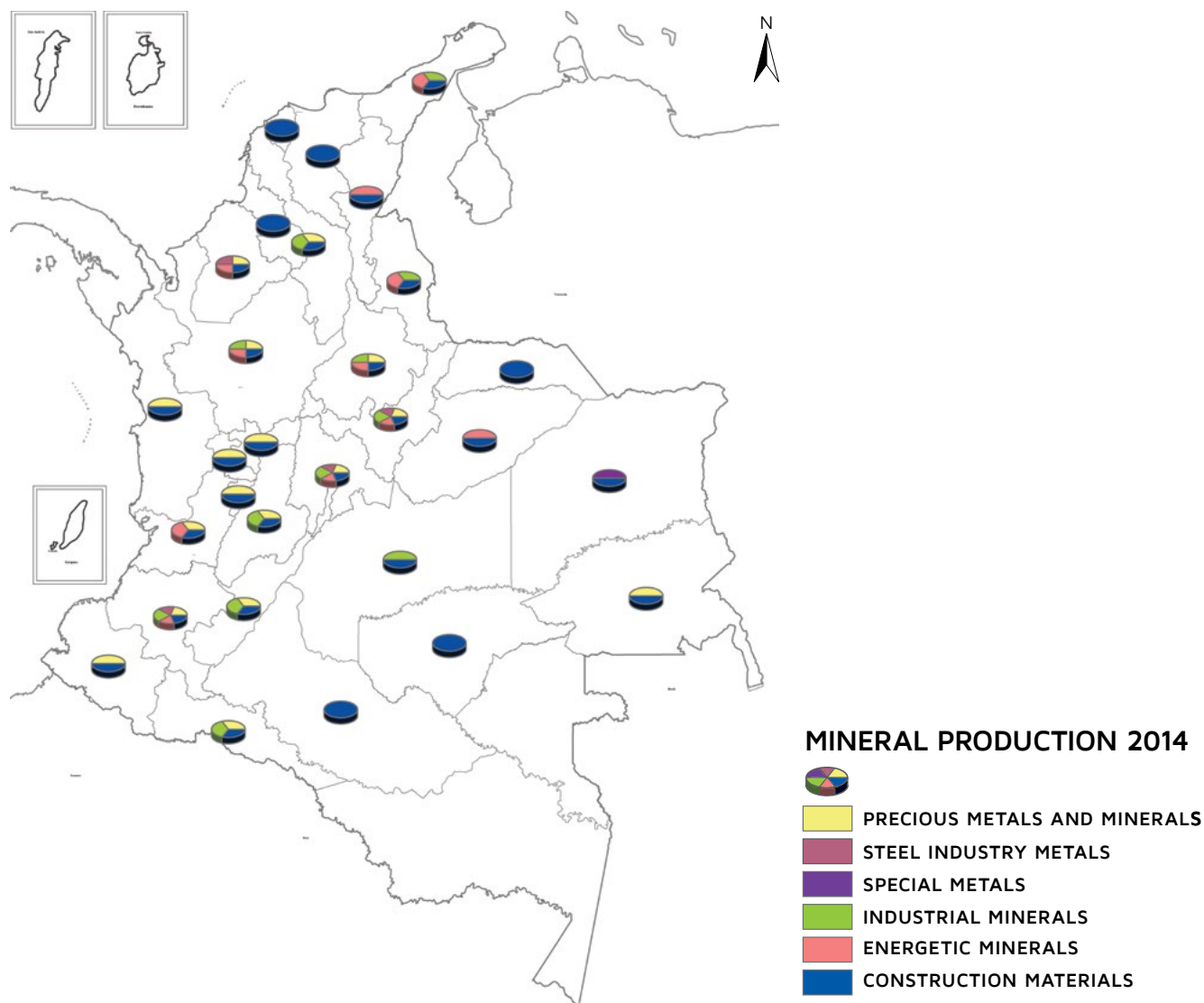
| Mining titles by Mineral and Contractual Phase - 2015 | | | | | | |
|---|---------------|-----------------|-----------------------------|-------------------|---------------------------|--------------|
| Mineral | No. of titles | Area (Hectares) | % of the National Territory | Contractual phase | | |
| | | | | Exploration | Construction and assembly | Exploitation |
| Coal | 1.524 | 1.001.478,244 | 16,31% | 153 | 407 | 964 |
| Construction materials | 3.675 | 522.261,299 | 39,34% | 408 | 547 | 2720 |
| Gold and precious metals (Silver, Platinum and precious metals) | 2.074 | 2.612.892,845 | 22,20% | 846 | 583 | 645 |
| Emeralds | 358 | 86.933,068 | 3,83% | 50 | 86 | 222 |
| Nickel | 13 | 91.351,566 | 0,14% | 5 | 7 | 1 |
| Gold and coltan (vanadium, tantalum, zirconium, niobium) | 23 | 63.752,268 | 0,25% | 4 | 19 | 0 |
| Coltan (vanadium, tantalum, zirconium, niobium) | 3 | 5.979,795 | 0,03% | 1 | 1 | 1 |
| Other minerals | 1.672 | 406.436,250 | 17,90% | 233 | 290 | 1149 |
| Total | 9.342 | 4.791.085,33 | 100% | 1.700 | 1.940 | 5.702 |

Source: National Mining Agency - 2015

SOME COMPANIES WITH PROJECTS IN COLOMBIA ARE:

| COMPANY | MINERAL | COUNTRY OF ORIGIN |
|------------------------------|------------------------|----------------------|
| BHP Billinton | Coal | AUSTRALIA |
| Pacifico Minerals | Gold | |
| South 32 | Nickel | |
| Acerias Paz del Río | Iron | BRAZIL |
| Gran Colombia Gold | Gold | CANADA |
| Continental Gold Ltd. | | |
| Red Eagle Mining Corporation | | |
| Eco Oro | | |
| B2gold | | |
| Angel Gold Corp. | | |
| Sunward Resources Ltd. | | |
| Batero Gold Corp. | | |
| Orosur Mining | | |
| Antioquia Gold | | |
| Colombian Mines Corporation | | |
| Atico Mining | Copper | |
| U308 CORP | Uranium | |
| MINEROS S.A. | Gold | COLOMBIA |
| Argos | Construction Materials | |
| C.I. Milpa S.A. | Coal | |
| Mubadala | Gold | UNITED ARAB EMIRATES |
| Drummond Company Inc. | Coal | UNITED STATES |
| Murray Energy Corporation | | |
| Minería Texas S.A. | Emeralds | |
| CEMEX | Construction Materials | MEXICO |
| Anglo American | Coal | UNITED KINGDOM |
| Gemfields | Emeralds | |
| AngloGold Ashanti | Gold | SOUTH AFRICA |
| Holcim | Construction Materials | SWITZERLAND |
| Glencore Xstrata | Coal | |
| YILDIRIM Group | Coal | TURKEY |

DISTRIBUTION OF MINERAL PRODUCTION BY DEPARTMENT



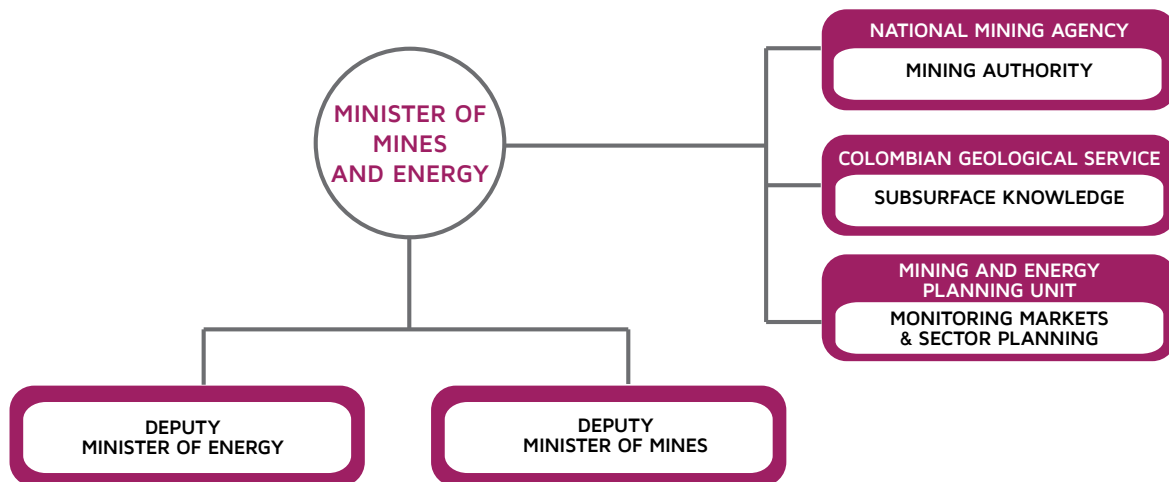
Colombia's total trade has grown four times in the last ten years. Colombia exported US\$ 54.795 million to more than 162 countries in 2014 where mining exports represented 17.4%. This means that one (1) out of every US\$ 6 of Colombia's exports comes from mining.

The main exported mineral is coal representing more than 80% followed by gold and ferronickel. These minerals are sold in markets such as the European Union, China and the United States.

Construction materials were mainly sold in Panama, Dominican Republic, Puerto Rico, Ecuador, Peru and the United States.

WHICH ARE THE MAIN INSTITUTIONS IN THE MINING SECTOR?

The mining sector is divided in three institutions led by the Ministry of Mines and Energy.



MINISTRY OF MINES AND ENERGY (MINMINAS)

Responsible for the implementation of the national policy for exploration, extraction, transportation, refining, processing, transformation and distribution of minerals and hydrocarbons. Moreover, the Ministry ensures that the activities carried out by the companies from the sectors of mining and energy guarantee the proper development of national natural resources.

www.minminas.gov.co

NATIONAL MINING AGENCY (ANM)

The government mining authority is responsible for handling concessions for exploration and exploitation, applying the mining legislation and regulation and promoting the sector. The objective of the Agency is to develop a strong sector while achieving social and environmental sustainability.

www.anm.gov.co

COLOMBIAN GEOLOGICAL SERVICE (SGC)

Institution that aims to perform basic and applied scientific research of the potential of subsoil resources, to carry out the monitoring and follow up of threats of geological origin and to manage the subsoil information.

www.sgc.gov.co

MINING AND ENERGY PLANNING UNIT (UPME)

Institution responsible for planning the development of the mining and energy sector, supporting public policy formulation and coordinating sectorial information with agents and interested parties.

www.upme.gov.co

NATIONAL AUTHORITY OF ENVIRONMENTAL LICENSES (ANLA)

Institution responsible of evaluating and monitoring that all projects and activities subject to environmental licensing comply with the environmental policy, so it contributes to the environmental sustainable development of the country.

www.anla.gov.co

REGIONAL ENVIRONMENTAL CORPORATIONS (CARs)

Regional public agencies responsible for the implementation of policies, plans, programs, and projects concerning the environment and the renewable natural resources in accordance with the laws and policies of the Ministry of Environment.

www.asocars.org.co

PROCOLOMBIA

Institution responsible for promoting non-traditional exports, international tourism, and foreign investment in Colombia. Through a network of national and international offices, it provides essential support and consultation for companies.

www.procolombia.co



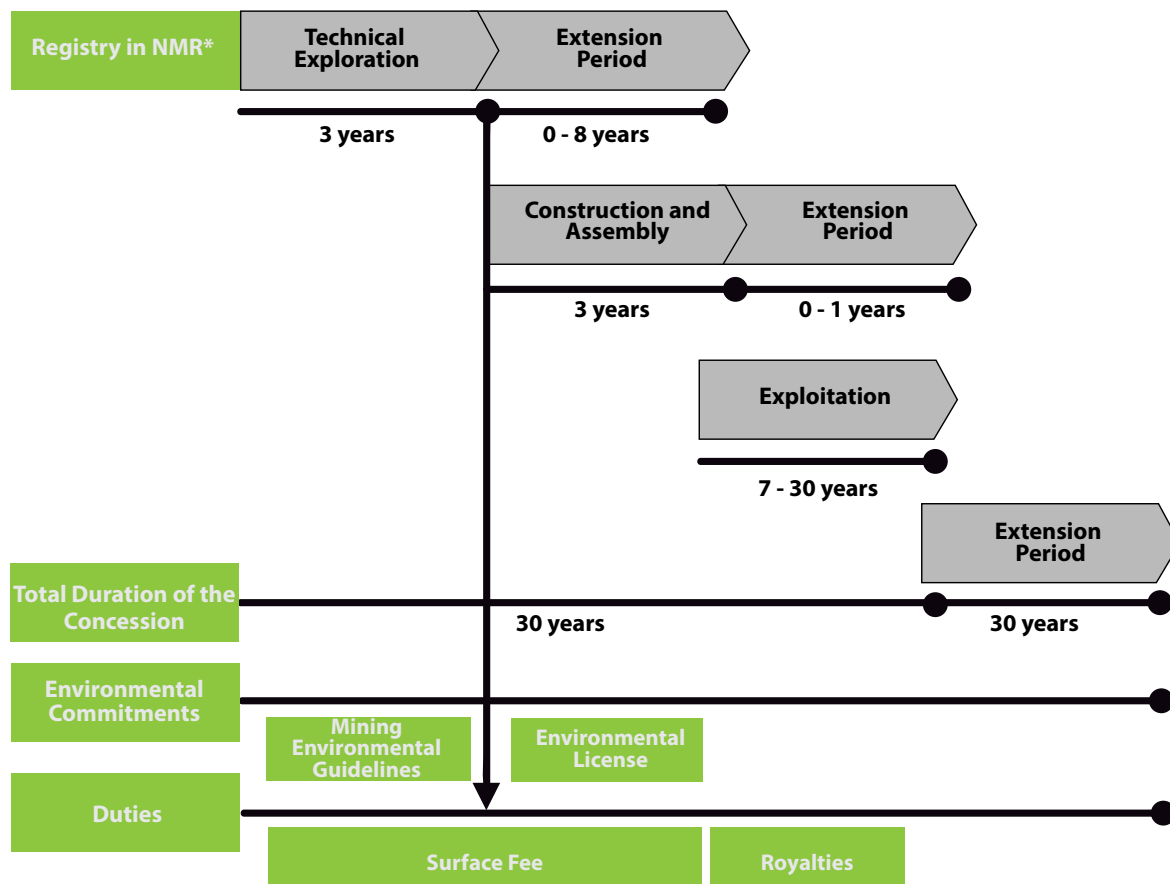
HOW CAN I APPLY FOR A MINING TITLE IN COLOMBIA?

Mining activities are regulated by the Colombian Constitution, the national laws passed by Congress and government regulations issued by the Ministry of Mines and Energy, and the National Mining Agency (ANM).

In Colombia, the right to explore and exploit mineral resources can only be granted through a concession contract awarded by the National Mining Agency (ANM) and registered in the National Mining Register.

The mining titles are negotiable between private parties and the concession rights may be transferred in whole or in part.

Duration of the Concession Contract



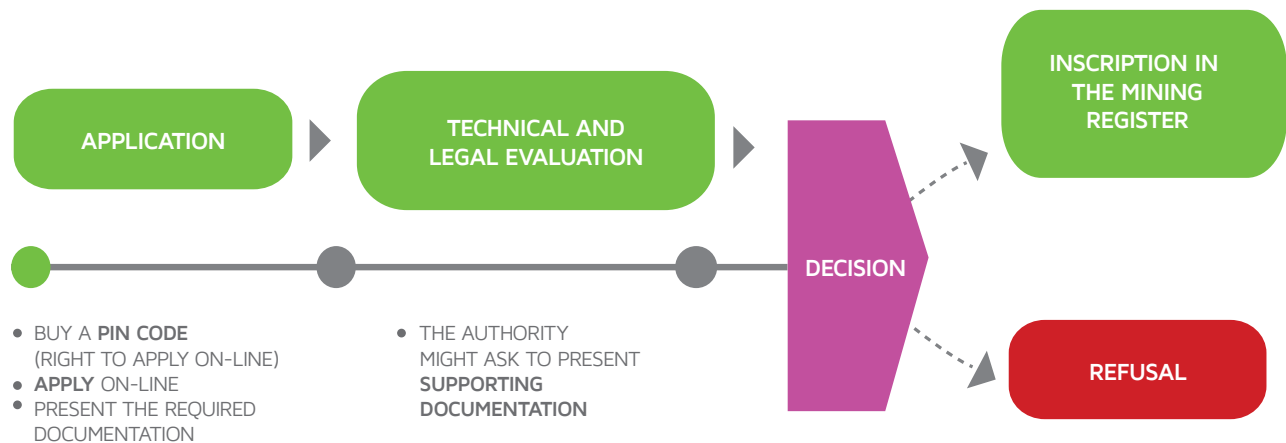
* National Mining Register

There are two mechanisms to invest in the mining sector:

1 The principle of first - come, first - served

The concession agreement grants the exclusive right to explore, exploit, process, transport, and ship specific minerals covered by the title in the terms and conditions set forth in the Mining Code.

Title holders can request an addition to the concession agreement if they find other minerals within the given area that are not included in the initial grant.



Application process for a concession contract

- i. Identify the potential investment areas that are free of previous proposals or titles (this information is available in the National Mining Register).
- ii. After identifying the desired area to invest, one must purchase a PIN code (right to apply online. Each purchased PIN code is only valid for one request).
- iii. With the PIN code and the identification number, one can access the National Mining Register and complete the grant application form.
- iv. The National Mining Agency (ANM) verifies that the requested area is free and evaluates the technical and legal feasibility of the proposal.
- v. The National Mining Agency (ANM) verifies whether the applicant complies with the financial capacity requirements established.

2 Transfer of concession rights

A title holder can voluntarily transfer the total rights of a mining title or part of it to a third party through a private negotiation.

Due to its private nature, no government institution is responsible for the transfer of mining rights. Therefore, we recommend investors to examine these key issues before purchasing an existing title:

- Verify the mining title is registered in the National Mining Register.
- Verify the title is up to date with its contractual obligations.
- Verify the investor is not disqualified from contracting with the State.
- Verify the title is not within the prohibited areas for mining, whether it is in an area with communities of ethnic minorities and / or in an environmental exclusion zone.

The transfer of concession rights must be approved by the mining authority, therefore before subscribing the transfer of rights, the parties must send a previous notice to the National Mining Agency (ANM), whom:

- Verifies the previous notice notification of the transfer of rights to the mining authority.
- Verifies the legal capacity of the parties.
- Verifies the economic capacity of the signee.


















WHAT PROCEDURES ARE REQUIRED TO DEVELOP A MINING PROJECT?

Colombia is committed to an efficient and timely review of projects through the implementation of defined procedures. The legislation governing mining activities in the country is the Mining Code, although other authorities generate complementary regulations that apply to the sector. The procedures apply to both national and international investors.

The following list has the general procedures that should be considered in mining projects.

GENERAL PROCEDURES FOR THE MINING INVESTORS

| RESPONSIBLE INSTITUTION NATIONAL MINING AGENCY (ANM) | RESPONSIBLE INSTITUTION NATIONAL AUTHORITY OF ENVIRONMENTAL LICENSES (ANLA) AND REGIONAL ENVIRONMENTAL CORPORATIONS (CARs) |
|--|---|
|  Obtain a MINING TITLE . |  Request of UNDERGROUND WATER PROSPECTING AND EXPLOITATION permit. |
|  Issue MINING CERTIFICATE in the National Mining Register. |  Request of UNDERGROUND WATERS CONCESSION . |
|  Request the transfer of MINING RIGHTS . |  Request of FORESTRY EXPLOITATION permit. |
|  Request the TRANSFER OF A MINING AREA . |  Request of WASTEWATER RELEASE permit. |
|  Request of FREE MINING AREAS CERTIFICATE . |  Request of ATMOSPHERIC EMISSIONS permit. |
|  Liquidation and COLLECTION OF ROYALTIES and other duties. |  Request of WATER COURSE OCCUPATION permit. |
| |  Request of ENVIRONMENTAL LICENSE . |
| RESPONSIBLE INSTITUTION MINISTRY OF MINES AND ENERGY (MINMINAS) | RESPONSIBLE INSTITUTION MINISTRY OF INTERIOR (MININTERIOR) |
|  Request of EASEMENT OF PROPERTY in favor of mining. |  PRIOR CONSULTATION with indigenous and afrocolombian communities for the exploitation of natural resources within their territory. |

GENERAL PROCEDURES FOR THE MINING INVESTORS

RESPONSIBLE INSTITUTION
MILITARY MANUFACTURER (INDUMIL)

 **PURCHASE OF EXPLOSIVES** and demolition accessories.

RESPONSIBLE INSTITUTION
NATIONAL INFRASTRUCTURE AGENCY (ANI)

 Request of a **PORT LICENSE**.


RESPONSIBLE INSTITUTION
MINISTRY OF COMMERCE, INDUSTRY AND TOURISM (MINCOMERCIO)


 Request of **IMPORTATION REGISTRY**.


RESPONSIBLE INSTITUTION
GENERAL SOCIAL HEALTH SECURITY SYSTEM (SGSSS)

 **REGISTRY OF WORKERS** to the general social security system.


RESPONSIBLE INSTITUTION
DIRECTORATE TAX AND CUSTOMS (DIAN)

 Request, update or cancellation of the **SINGLE TAX REGISTRATION NUMBER (RUT)**.

 Request to **DECLARE THE CAPITAL FLOWS IN CASH** greater than USD\$ 10,000 or it's equivalent in other currencies.

 Request to **DECLARE THE ENTRY OR EXIT OF SECURITIES** representing an amount greater than USD\$ 10,000 or it's equivalent in other currencies.

RESPONSIBLE INSTITUTION
MINISTRY OF LABOR (MINTRABAJO)

 Request of **AUTHORIZATION OF PROPORTIONALITY** or variation of the proportionality between national and foreign workers.

RESPONSIBLE INSTITUTION
PRESIDENTIAL COUNCIL FOR ENERGY AND INFRASTRUCTURE PROTECTION (CPPIE)

 Application for **PROTECTION BY SECURITY FORCES** in conflict zones.

RESPONSIBLE INSTITUTION
NATIONAL ROADS INSTITUTE (INVIAS)

 Request **ROAD USE** permit.

RESPONSIBLE INSTITUTION
COLOMBIAN INSTITUTE OF ANTHROPOLOGY AND HISTORY (ICHA)

 Authorization for **ARCHEOLOGICAL EXPLORATION AND CONSERVATION**.

WHAT TYPE OF DUTIES MUST BE PAID REGARDING MINING ACTIVITIES?

To operate in Colombia, the title holder must pay the following fees and duties according to the stage of the mining project:

- 1. Exploration:** The title holder must pay a surface fee. The title holder must pay the surface fee which is equivalent to the official daily minimum wage (OMDW) by hectares/year, according to the area and phase of the project according to the following scale:

| NUMBER OF HECTARES | 0 to 5 Years | More than 5 years and until 8 years | More than 8 years and until 11 years |
|--------------------|--------------|-------------------------------------|--------------------------------------|
| | OMDW/ha* | OMDW/ha* | OMDW/ha* |
| 0-100 | 0,5 | 0,75 | 1 |
| 151-5.000 | 0,75 | 1,25 | 2 |
| 5001-10.000 | 1,0 | 1,75 | 3 |

*The official minimum daily wage in Colombia applicable for 2015 is COP\$21.478.

- 2. Exploitation:** Title holders must pay a royalty as a financial compensation for the right to exploit mineral resources. These royalties are calculated as a percentage of the value of mineral production calculated on the mine head.

| TAX | DUTY | COMMENTS | | |
|-----------|--|------------------------------------|------|---|
| Royalties | 1-12% of the value of total production | Gold, Silver | 4% | |
| | | Alluvial Gold | 6% | |
| | | Platinum | 5% | |
| | | Emeralds | 1,5% | |
| | | Coal | 10% | For a production of more than 3 million tons per year |
| | | | 5% | For a production of less than 3 million tons per year |
| | | Nickel | 12% | The FOB price minus the 75% of the total costs |
| | | Limestone, Gypsum, Clay and Gravel | 1% | |
| | | Other metallic minerals | 5% | |
| | | Other non metallic mineral | 3% | |
| | | Salt | 12% | |
| | | Radioactives | 10% | |

For more information regarding surface fee and royalties, please contact the National Mining Agency (ANM) or visit the website: www.anm.gov.co

For more information about taxes, please contact the Directorate of National Taxes and Customs (DIAN) or visit the website: www.dian.gov.co

WHAT SHOULD I DO TO INVEST IN THE MINING SECTOR?

Colombia is ruled by the principle of equality; international investors have the same rights and obligations as local companies.

Investors have the opportunity to:

- Perform new explorations.
- Provide risk capital.
- Become a partner in the ownership or acquisition of concession rights of a mining contract.
- Invest in Colombian minerals through market purchases.

Foreign companies interested in mining exploration and exploitation, are required to have a legal representative established in Colombia in order to submit proposals for mining concessions.



1. The company must have a branch, affiliate or subsidiary in Colombia to sign contracts.

To incorporate a branch or subsidiary in Colombia, it is required:

- Certificate of good standing of the parent company, issued by the competent authority of the country of incorporation. In the case of an individual person, the applicants must submit a copy of the passport.
- A power of attorney authorizing the representative to act on behalf of the parent company.
- The articles of association that explicitly establish the purpose of developing mining exploration and exploitation activities.

2. The documents must be legally processed in accordance with the Colombian law.

3. As part of the integration process, companies must be registered in:

- Chamber of Commerce: Fulfill the merchants certificate.
- Directorate of National Taxes and Customs (DIAN): Request the Single Tax Registration Number (RUT), which is intended exclusively for the payment of taxes.

FINALLY...

- Mining regulation does not require a minimum contribution of capital to create a business partnership.
- Foreign investment information must be updated in the Central Bank before June 30th of the current year.
- Foreign transactions and capital transfers have to be declared and registered in the Form 05 of the Central Bank.

For more information please visit the website: <http://colombia.eregulations.org> and the website from Invest in Colombia: <http://www.investincolombia.com.co>

WHAT AGREEMENTS AND INCENTIVES DOES COLOMBIA OFFER?

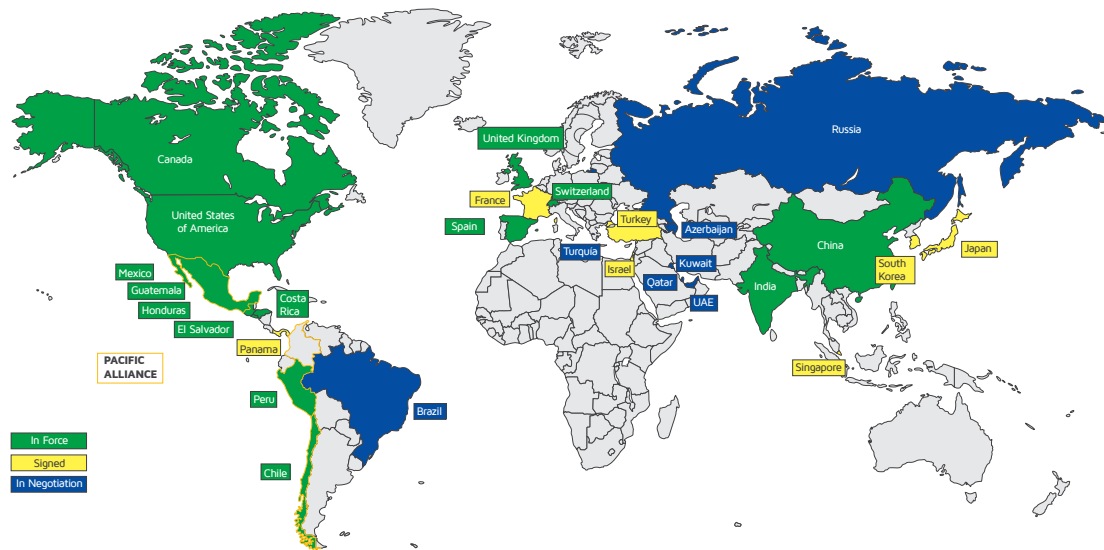
Colombia has shown a resilient economic performance and attractive advantages for foreign investors. There is a strong government's commitment in offering incentives for investment and business stability.

In order to attract and retain foreign direct investment, Colombia has developed national instruments for the protection of foreign investment. Here, you can find some of these initiatives:



TRADE AND INVESTMENT AGREEMENTS

INTERNATIONAL INVESTMENT AGREEMENTS (IIA)



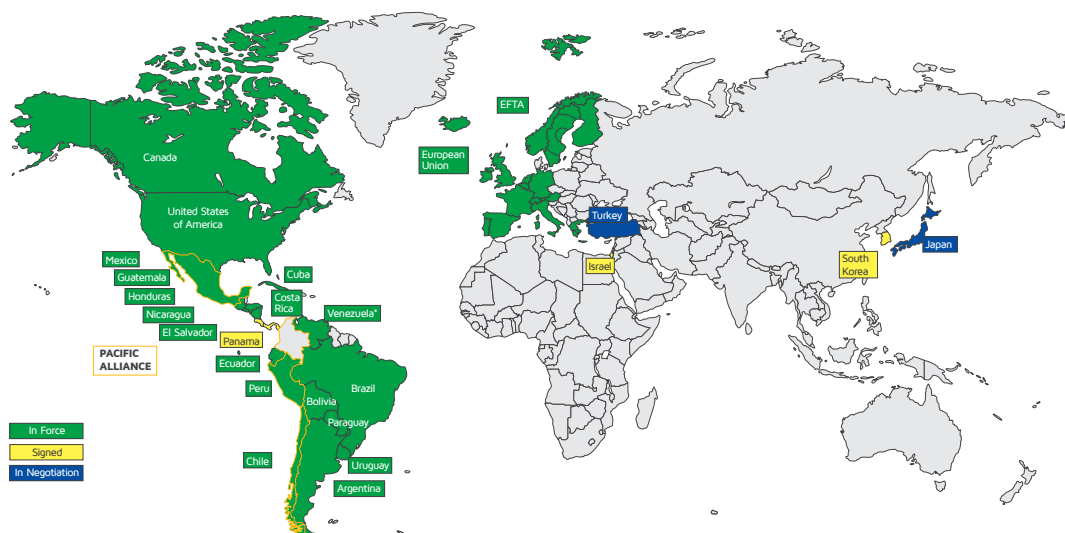
Note: The International Investment Agreements (IIA) include Agreement Investment Treaties BIT (agreement) Free Trade Agreements FTA with investment section (chapter)

Source: Colombian Ministry of Commerce, Industry and Tourism. 2015

Source: Colombian Ministry of Commerce, Industry and Tourism. 2015

Colombia has over 21 International Agreements for the Protection of Investments (AII) that provides political stability for foreign investment.

COLOMBIA HAS ACCESS TO MORE THAN 64 COUNTRIES AND 1.5 MILLION CONSUMERS THROUGH ITS FREE TRADE AGREEMENTS



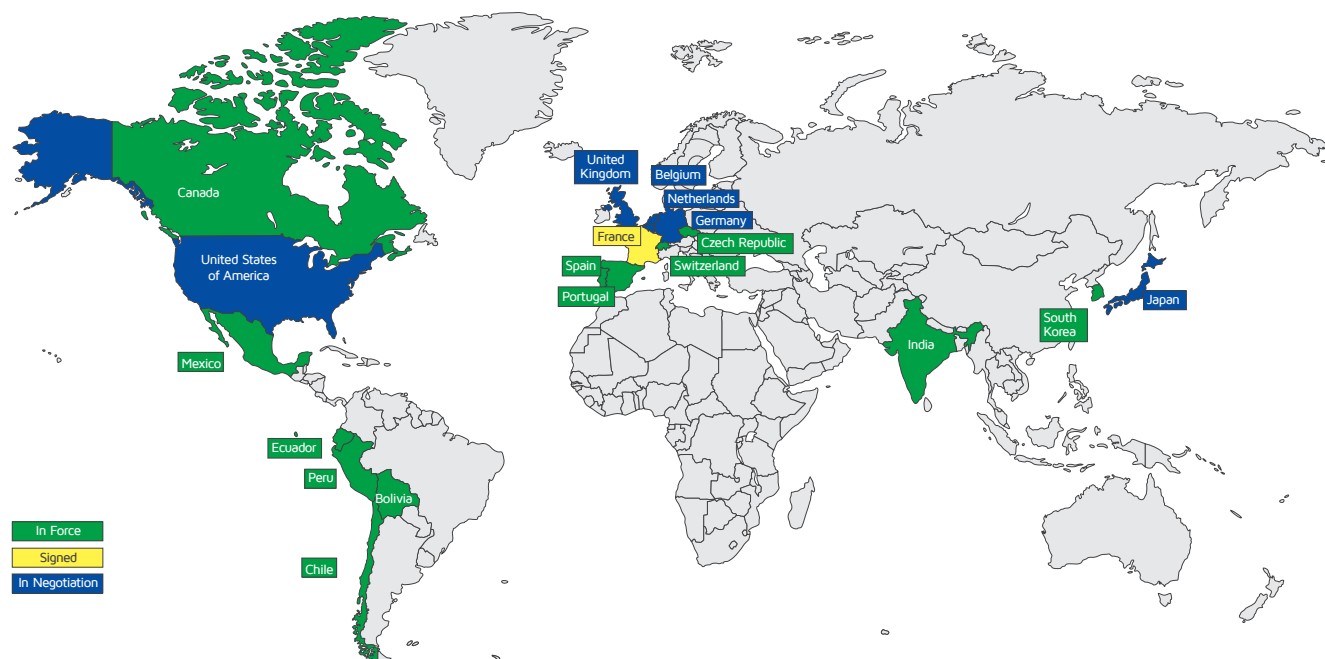
*Partial Scope Agreement (PSA)

Source: Colombian Ministry of Commerce, Industry and Tourism. 2015

Source: Colombian Ministry of Commerce, Industry and Tourism. 2015

Colombia's trade policy is open to the world. There are currently 18 FTAs, with a potential of reaching a population of over 1.5 million people. Some of the main agreements are with the United States, Canada, Europe, Brazil and all throughout Latin America.

DOUBLE TAXATION AGREEMENTS - DTA



Source: Colombian Ministry of Commerce, Industry and Tourism. 2015

There are 11 Double Taxation Agreements which are intended to eliminate or reduce international double taxation that affects or hinders the exchange of goods and services, and movements of capital, technologies, and people, benefiting only natural or legal residents or established in any of the Contracting States.

Colombia has DTAs with the United States, Canada, Chile, Switzerland and Spain, among others.

FREE TRADE ZONES

Geographical delimited areas within the national territory, where industrial activities of goods and services, or commercial activities take place under special regulations on tax, customs and foreign trade matters. There are over 100 free zones in Colombia and they have the following benefits:

- Income tax of 24% (15% of income tax plus 9% CREE tax).
- Exemption from taxes and duties on imports to Free Trade Zones.
- VAT exemption of productive assets to Free Trade Zones.
- Exports that are made from Free Trade Zones to foreign countries, benefit from international trade agreements negotiated by Colombia.
- Possibility of selling to the country, the services or goods without fees or restrictions; upon nationalization of goods and payment of the corresponding customs duties.
- Possibility of partial transformations (6 months) in the national territory.

TYPES OF FREE TRADE ZONES:

- **Permanent:** Enclosed area where several companies develop their industrial, commercial or service activities. It is treated as an industrial park.
- **Special or Single enterprise:** Only one company, regardless of its geographical location has the possibility to protect its activity with the Free Trade Zone benefits.
- **Transitory:** Areas authorized to carry out tradeshow, exhibitions, conferences, and international seminars for a specific amount of time.

For detailed information about Permanent Free Trade Zones please download the Permanent Free Trade Zone Directory in Colombia.

www.inviertaencolombia.com.co/images/Directorio_Zonas_Francas.pdf

TAX INCENTIVES

- Investments and grants in Science and Technology: Income taxpayers that make investments or donations, directly or indirectly to qualified research and development projects, shall be entitled to deduct from its net income 175% of the invested amount. This deduction may not exceed 40% of net income.
- The value of investments in environmental improvement can be deducted 100% from the annual income statement. It cannot exceed 20% of the net income, before subtracting the net value of the investment.

LABOR INCENTIVES

- A deduction will be made to income and payroll taxes and other contributions if companies hire (Does not include jobs created by mergers or replacements)
 - New employees under twenty (28) years old. Length of benefit by employee: 2 years.
 - New employees certified in displacement situation, reintegration or disability. Length of benefit by employee: 3 years.
 - New employees who earn less than 1.5 LMMW. Length of benefit by employee: 2 years.
 - New female employees over 40 years old which have been unemployed for over one year. Length of benefit by employee: 2 years.
 - Companies that are legally constituted in Colombia and are at least one year old and create quality job openings for young people with no work experience between the ages of 18 to 28 years.
- Incentives for the creation of 40,000 new jobs: It is granted to companies legally constituted in Colombia that have at least one year of existence and create quality job openings for young people with no work experience between the ages of 18 to 28 years.

| EDUCATIONAL LEVEL REACHED BY THE YOUNG EMPLOYEE HIRED | SUBSIDY GRANTED TO THE COMPANY |
|---|--|
| High school degree | One LMMW + transportation allowance + social benefits |
| Certificate degree | COP \$700.000 + transportation allowance + social benefits |
| Diploma degree | COP \$750.000 + transportation allowance + social benefits |
| Bachelor degree | COP \$900.000 + transportation allowance + social benefits |

The subsidy is granted up to one year if the company keeps at least 60% of the jobs offered.

WHICH ARE THE INTERNATIONAL STANDARDS THAT EXIST IN COLOMBIA?

Colombia is committed to a responsible, safe and inclusive mining; in accordance with the international best practices initiatives. Therefore, it is working in becoming part of:

ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

- The government has signed a commitment to the implementation and promotion strategy of the Due Diligence Guidance for Responsible Supply Chain of Gold for Conflict-Affected and High-Risk Areas.
- The implementation of this standard allows companies to guarantee that their production processes are free from any conflict.
- Colombia will become part of the OECD in 2016-17.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

The Transparency Initiative Extractive Industries (EITI) is a strategic alliance between governments, companies, civil society groups and international organizations to guarantee that payments made by extractive industries as well as income received by the State, are known and transparent to all citizens.

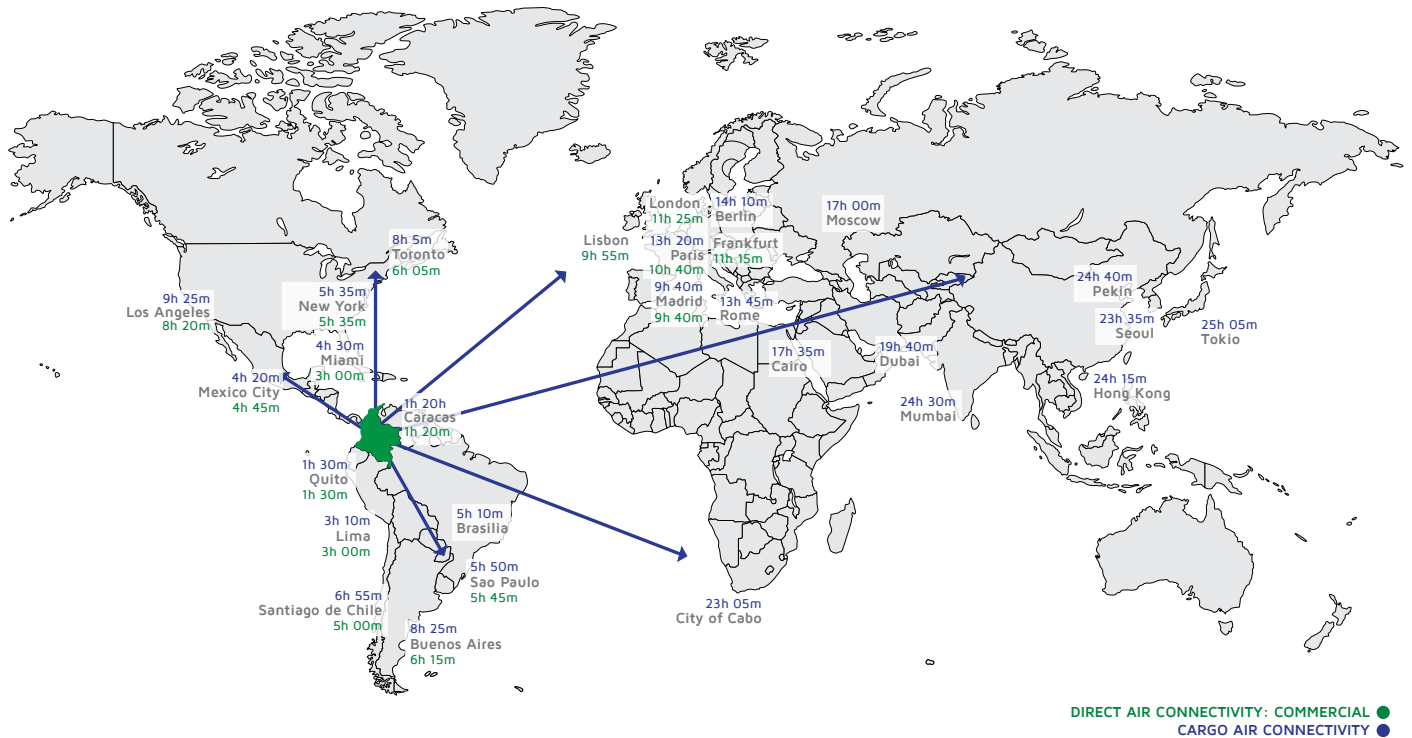


Colombia presented its candidacy in 2013, and was accepted in October 2014. As a candidate country, Colombia has three years to implement the EITI standard.

With the EITI standard, Colombia joins the nearly 50 countries that are committed to improving the transparency of public revenues from the extraction of natural resources (oil, gas and mining).

With this standard, we can ensure that citizens will receive real and verifiable information on the extraction sector through a centralized platform that provides timely and quality data, which will be very useful for social purposes.

WHAT INFRASTRUCTURE FACILITIES DOES COLOMBIA OFFER?



COLOMBIA: COMPETITIVE LOCATION WITH EASY ACCESS TO GLOBAL MARKETS

More than 1.000 international direct commercial flights per week.

More than 6.125 domestic flights per week.

More than 20 commercial airlines operate in Colombia.

Colombia has more than 2.200 export routes for cargo, and direct connections offered by 33 airlines with access to 503 cities.

Source: ProColombia

Colombia has a strategic geographical position. It is the linkage point between the north and south countries in the hemisphere. It has extensive coasts on the Atlantic and Pacific oceans. This location allows the country to be the logistics hub in Latin America and the connection between North and South America. Currently, Colombia has eight loading ports and 64 airports.



Colombia's government launched its 2012-2020 investment plan, which will invest COP\$55 billion in infrastructure, increasing its investment from 1% to 3% of the GDP.

MARITIME INFRASTRUCTURE

- 75% of the world's shipping drop anchor at the Colombian ports due to its proximity to the Panama Canal. As a result, Colombia is one of the most competitive countries in transportation costs and with the largest number of maritime frequencies in the region.
- Colombia has eight ports, two in the Pacific and six in the Atlantic Ocean. Currently, there are three new ports in construction as well as the expansion of two others. In 2014, Colombia exported 184 million tons by sea.
- Colombia's mining ports are mainly located in the Atlantic Ocean; mainly the ports located in Santa Marta, Barranquilla and Guajira.

AIRPORT INFRASTRUCTURE

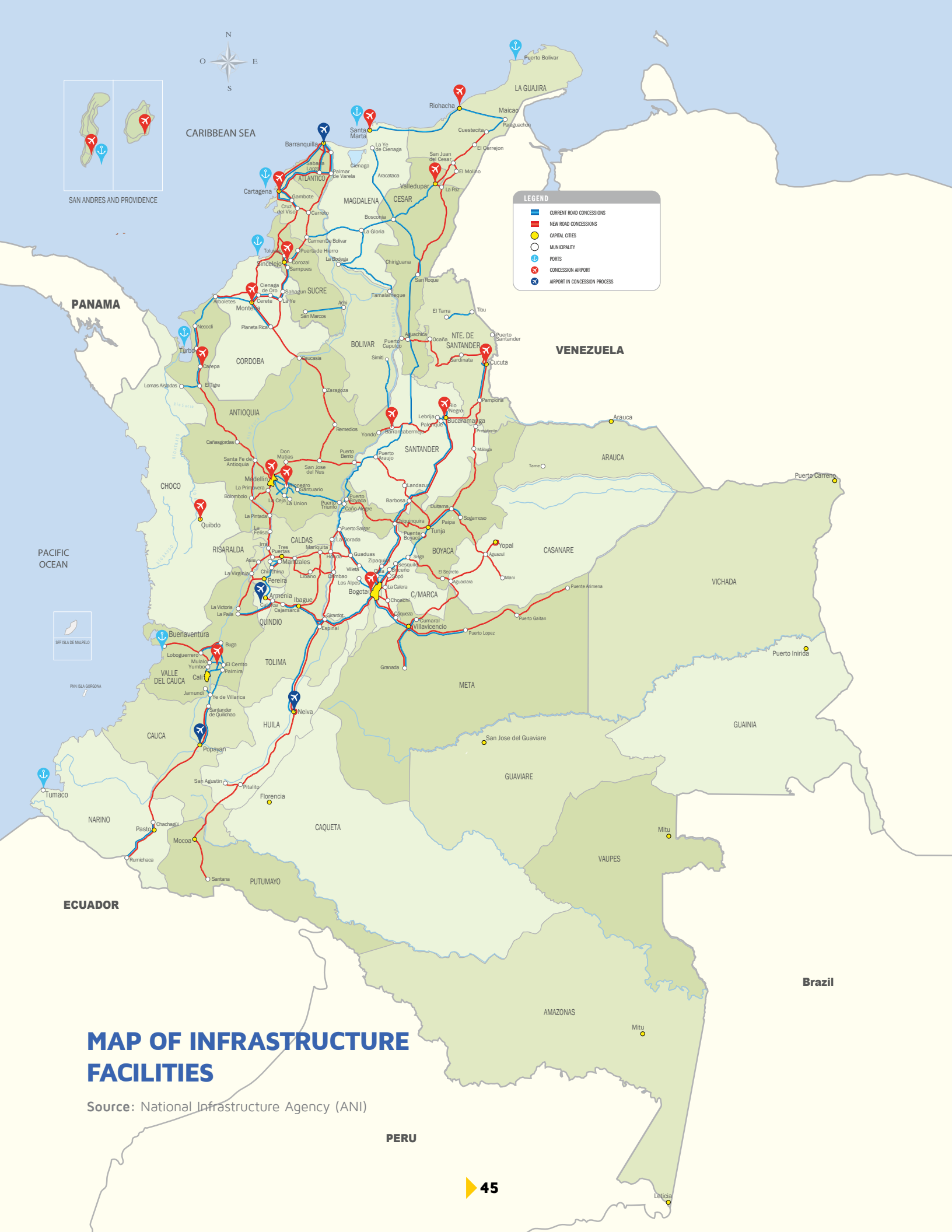
- Colombia has 64 airports (13 international).
- Bogota's airport has the largest cargo movement in Latin America and it is third in passenger flow after Mexico and Sao Paulo.
- There are 32 airlines that cover the flying connections for cargo from Colombia; with charge quotas that maintain more than 1,700 export routes and access to nearly 400 cities in the world.

ROAD INFRASTRUCTURE

- Colombia is increasing its investment in roads in order to take advantage of the free trade agreements. The new system of fourth generation concessions consists of more than 30 projects in which there is active participation of both national and international companies.
- The fourth generation road program includes 34 roads with investments of over COP\$55 billion in construction, expansion and maintenance of the road network in the period 2012-2020.

RAIL INFRASTRUCTURE

- Construction and repair projects are improving Colombia's rail network to transport cargo from the center of the country to the seaports. The investments for 2015 exceeded COP \$200,000 million, mainly in:
 - Central rail system (1,045 km): The project is being structured so that the public bidding process can take place.
 - Carare Train Concession (460 km): Construction of the second line of the rail network of the Atlantic (45 km, La Loma-Cienaga).
 - Rehabilitation of the corridors Dorada-Chiriguana and Bogota-Belencinto: It is expected to have 649 additional km in operating conditions.



WHAT SHOULD I KNOW REGARDING THE LABOR REGIME IN COLOMBIA?

Colombia is one of the countries in the region where the annual workforce growth rate is the highest and according to the Labor Force Growth Index conducted by the International Institute for Management Development (IMD) 2015 is the second country with more availability of skilled labor and has one of the most competitive education systems.

The labor law applies to all employment relationships in Colombia, regardless of the nationality of the parties (employer or employee) or the place where the contract was executed.

FOUR (4) THINGS AN INVESTOR SHOULD KNOW:

1. At the end of each year, the government determines the Minimum Monthly Legal Wage (LMMW), for 2015 COP\$644.350.
2. There are compulsory payments that must be considered as part of the salary regardless of personal considerations, such as commissions or annual performance-based bonus programs.
3. All of the domestic and foreign employees, residents in Colombia, and workers linked by an employment contract, are required to join the General Social Security System.
4. Investors may agree to pay extralegal benefits whose nature is not part of the salary, as long as you keep a maximum proportionality of forty percent (40%).



Colombia has one of the longest working hours in the region. The workday is eight (8) hours or less if you have so agreed among the parties and generally, these eight (8) hours must be during daytime (6 a.m. - 10 p.m.), if employees work more than eight (8) hours per day or are working at night or on a holiday or Sunday, you must pay extra hour(s).

DAYTIME EXTRA HOUR

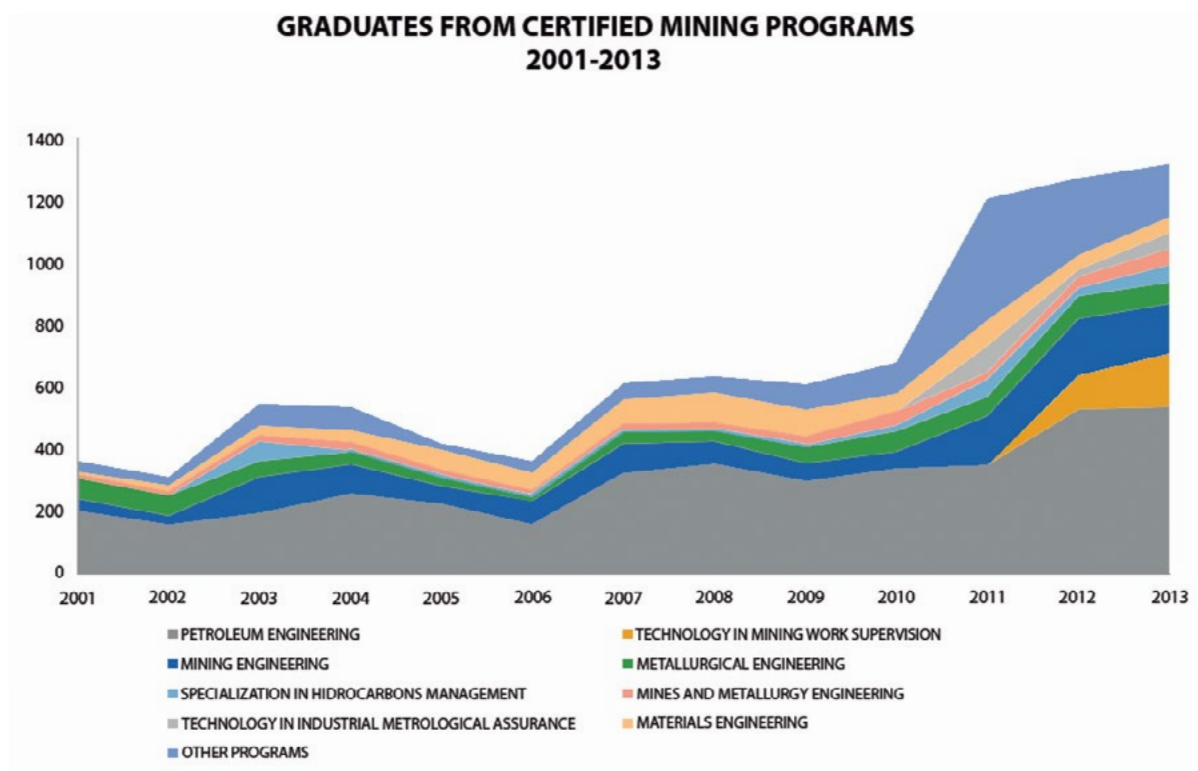
Is the extra hour worked between 6 a.m. and 10 p.m. and has a 25% surcharge on the regular value.

NIGHTTIME EXTRA HOUR

Is the hour worked between 10 p.m. and 6 a.m., the surcharge will be 75% above the normal hour rate.

IN EDUCATION ...

- More than 330 thousand people graduate annually from higher education.
- 46% are undergraduates and the remaining 20% graduate from masters and graduate degrees.
- There are about 40 careers between professional and technical focused on mining. In 2013, there were 1,319 graduates from mining and other related careers. This number has been rising due to an increase in demand for these professionals in the country.



Source: Ministry of Education, calculations by ANM

The National Training Service, SENA, is a public institution that offers free training to millions of Colombians who benefit from technical, technological and complementary programs.

Some of the mining programs are:

Mine ventilation, Coal Analysis, Mining Rescue, Environmental Control in Mining, Computers for Teaching, Soil Management and Air Quality, Modeling and Molding in Red Ceramics, Environmental Management, Planning Environmental Mining, Environmental Awareness, Environmental Management, Environmental Toxicology and Risk and Environmental Impact, Benefits from Minerals, Mineral Analysis, Management of Explosive Substances, Drilling, Sustainability, Heavy Equipment Operation, Underground Transportation, among others.



WHERE CAN I FIND MORE INFORMATION?



National Mining Agency

Calle 26 No. 59-51

4th Tower Floors (8, 9 and 10)

Bogotá D.C. - Colombia.

Phone: + 57 1 2 20 19 99

Email: promocion@anm.gov.co

Website: www.anm.gov.co

LINKS OF INTEREST

Government websites:

- **Ministry of Mines and Energy**
www.minminas.gov.co
- **Ministry of Environment and Sustainable Development**
www.minambiente.gov.co
- **Colombian Geological Service**
www.ingeminas.gov.co
- **Mining and Energy Planning Unit**
www.upme.gov.co
- **Colombian Mining Information System**
www.simco.gov.co

Unions and Private Associations Websites:

- **Colombian Mining Association (ACM)**
www.acmineria.com.co
- **National Federation of Coal Producers (Fenalcarbon)**
www.fenalcarbon.org.co/
- **Colombian Aggregates Producers Association of Colombia (Asogravas)**
www.asogravas.org/
- **Federation of Colombian Emeralds of Colombia (Fedesmeraldas)**
www.fedesmeraldas.com.co



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