OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

I. Industrial policy

(I) On macro guidance of industrial development

1. To adapt to rapid development of new-and-high technology and products, promote export of new-and-high technology and products, and improve Chinese export commodity structure, Ministry of Science and Technology of the People's Republic of China (hereinafter referred to as Ministry of Science and Technology), Ministry of Finance of the People's Republic of China (hereinafter referred to as Ministry of Finance), General Administration of State Taxation of the People's Republic of China (hereinafter referred to as General Administration of State Taxation), and General Administration of Customs jointly organized revision and adjustment of Chinese High-tech Products Export Catalog (《中國高新技術產品出口目錄》), and issued the 2006 version of it on January 9, 2006. The catalog includes lithium tantalate crystal, lithium niobate crystal, lithium-aluminum alloy plate, lithium bromide freezing medium, high energy lithium original battery, and lithium-ion battery, and the products listed in the catalog can enjoy preferential policy that the state grants to high-tech products according to related regulations; at the same time, in exportation the laws and regulations on goods categorization and export control must be complied with.

2. To adapt to the rapid development of technologies and products, encourage commercialization and industrialization of cutting-edge technologies and products, Ministry of Science and Technology, Ministry of Finance, and General Administration of State Taxation jointly revised Chinese High-tech Products Catalog （《中國高新技術產品目錄》）, and issued Chinese High-tech Products Catalog (2006) （《中國高新技術產品目錄（2006）》） on September 8, 2006. The catalog includes lithium-ion battery cathode material, LBO crystal, lithium niobate single crystal, lithium tantalate single crystal, CLBO, LiCaAIF, LiSrAIF, LiPF, lithium manganate, high-capacity lithium-ion battery, and high-energy primary lithium battery.

3. To guide orientation of social resources, NDRC released Guidance Catalog for Products and Services of Emerging Industries of Strategic Importance (2016 version) （《戰略性新興產業重點產品和服務指導目錄（2016版）》） on January 25, 2017. The catalog involves 8 industries in 5 fields of emerging industries of strategic importance. According to it, lithium-ion battery monomer, module and system, Ni-co lithium oxides, lithium nickel manganese oxide binary system, lIMn1-x-yNixCoyO2, LiNi_(07) Co_(0.3_x)Al_xO_2 ternary system, lithium extraction from carbonate-type lithium-rich brine, and production equipment for battery recycling are all key products and services of emerging industries of strategic importance.

4. The NDRC, on October 30, 2019, issued the Guidance Catalog on Industrial Structure Adjustment (2019 version) （《產業結構調整指導目錄（2019年本）》）, which was implemented on January 1, 2020. The NDRC, on December 30, 2021, issued and implemented the Decision of the National Development and Reform Commission on Amending the Guidance Catalog on Industrial Structure Adjustment (2019 version) (《國家發展改革委關於修改<產業結構調整指導目錄(2019年本)>的決定》). In accordance with Temporary Regulations for Promoting Industrial Structure Adjustment （《促進產業結構調整暫行規定》） issued and implemented by the State Council on December 2, 2005, Guidance Catalog of Industrial Structure Adjustment is composed of the three catalogs of

encouragement, limitation, and elimination. The industries that do not belong to the abovementioned three categories and complies with law, regulations, and policies are put into the permission category. The permission category is excluded from Guidance Catalog for Industrial Structure Adjustment. According to the catalog, lithium and other chemical and mineral resources that are in exploration and composite utilization but in shortage, such new-type primary lithium battery as lithium iron disulfide and lithium thionyl chloride, lithium-ion battery, lithium/carbon fluoride batteries, and other new batteries and super capacitors, for being beneficial to resource saving and composite utilization, and being beneficial to new energy and renewable energy sources development and utilization as well as raising energy efficiency, fall into state encouragement category.

5. Bulletin on Enterprise Income Tax Issues in Implementing Catalog of Encouragement-Type Industries of Western Region （《關於執行<西部地區鼓勵類產業目錄>有關企業所得稅問題的公告》 was released by General Administration for State Taxation on March 10, 2015 and implemented on October 1, 2014, which carries out the preferential policy of income tax exemption and cut for enterprises of western region. It also pushes for building of bases in western region for state energy and resource deep processing, equipment manufacturing, and strategic emerging industries, and the vigorous development of new industry and activities represented by big data, big health, big tourism, and big logistics. To continue implementing the strategy of Western Development, and strengthen coordination with strategies such as the Belt and Road Initiative and Yangtze River Economic Belt Development, stick to innovation-driven development and open guidance, and vigorously consolidate basic support, and push forward sustainable and healthy development of economy and society in the west, the State Council on January 5, 2017 released Reply of State Council on Western Development in the Thirteenth Five-Year Plan （《國務院關於西部大開發"十三五"規劃的批復》）, and the NDRC on January 11, 2017 issued and implemented the 13th Five-Year Plan for Western Development （《西部大開發"十三五"規劃》）. The plan emphasizes development of characteristic and advantageous industries, continues increasing the support of characteristic and advantageous industries of western region. Catalog of Encouragement-Type Industries of Western Region (2020 version) （《西部地區鼓勵類產業目錄（2020年本）》） was released by NDRC on January 18, 2021 and implemented on March 1, 2021. The catalog includes development and production of such new carbon materials in Sichuan province as grapheme and carbon nanomaterial, minor structure graphite, charcoal, and lithium battery cathode.

(II) Specific guiding opinions for related industries

1. On February 17, 2016, in order to implement the green development concept, promote green consumption, accelerate the construction of ecological civilization, and promote green development of the economy and society, the NDRC and nine other departments formulated and issued the Guiding Opinions on Promoting Green Consumption （《關於促進綠色消費的指導意見》） to promote enterprises to increase the supply of green products and services, and stipulate that the projects or products of energy-saving, water-saving, environmental protection and resource comprehensive utilization can enjoy relevant tax incentives. Incentive policies of green consumer credit supporting energy saving, new energy vehicles, green construction, new energy and renewable energy products and facilities.

2. On February 20, 2017, in order to speed up the development of China's automotive power battery industry and promote the healthy and sustainable development of the new energy vehicle industry, the MIIT, the NDRC, the Ministry of Science and Technology and the Ministry of Finance issued the Action Plan for Promoting the Development of Automotive Power Battery Industry （《促進汽車動力電池產業發展行動方案》）. The proposed development direction in the plan will continue improving the performance and safety of existing products, further reduce costs and guarantee high-quality power battery supply by 2018; vigorously promoting the development and industrialization of new lithium-ion power batteries, and achieving large-scale application in 2020; focus on strengthening the basic research of the new system of power batteries, and realize technological change and development and testing by 2025. Greatly improve the performance of new lithium-ion power battery products; focus on improving the industrialization of new lithium-ion battery products for power batteries; vigorously promote the research and engineering development of new system batteries such as lithium-sulfur batteries, metal-air batteries, and solid-state batteries.

3. On September 22, 2017, in order to implement the tasks of the Outline of the 13th Five-Year Plan for the National Economic and Social Development （《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》） and the Energy Production and Consumption Revolution Strategy (2016-2030) （《能源生產和消費革命戰略（2016-2030）》）, and promote the development of energy storage technology and industry, the NDRC, the Ministry of Finance, the Ministry of Science and Technology, and the MIIT, and the National Energy Administration of the People's Republic of China (hereinafter referred to as Energy Bureau) issued the Guiding Opinions on Promoting the Development of Energy Storage Technology and Industry （《關於促進儲能技術與產業發展的指導意見》）. The guiding opinions clearly states that a number of energy storage technologies and materials with key core significance should be focused on and tackled. A series of energy storage technologies and equipment with industrial potential will be tested and demonstrated. Apply and promote a number of energy storage technologies and products with independent intellectual property rights, and improve energy storage product standards and testing and certification systems.

4. On January 26, 2018, in order to strengthen the recycling management of new energy vehicle power batteries, standardize the development of the industry, promote the comprehensive utilization of resources, protect the environment and human health, ensure safety, and promote the sustainable and healthy development of the new energy automobile industry, the MIIT, the Ministry of Science and Technology, the Ministry of Environmental Protection of the People's Republic of China (hereinafter referred to as Ministry of Environmental Protection), the Ministry of Transport of the People's Republic of China, the Ministry of Commerce, the General Administration of Quality Supervision, Inspection and Quarantine (now the General Administration of Market Supervision and Administration), and the Energy Bureau jointly formulated the Interim Measures for the Administration of Recycling and Utilizing Power Batteries of New Energy Vehicles （《新能源汽車動力蓄電池回收利用管理暫行辦法》）, and it was implemented on August 1, 2018. China will support the scientific and technological research on the recycling of power batteries, guides industry-university-research collaboration, encourages echelon use and recycling use, promotes the innovation of power battery recycling models, and defines power batteries as storage batteries that provide energy for new energy vehicle

power systems. It consists of storage battery pack (group) and storage battery management system, including lithium-ion power battery, and metal hydride/nickel power battery and does not contain lead-acid battery.

5. On January 31, 2018, the NDRC issued and implemented the National Key Energy-Saving and Low-Carbon Technology Promotion Catalog (2017 version, Energy Saving Part) （《國家重點節能低碳技術推廣目錄（2017年本，節能部分）》）, covering 13 industries including coal, electricity, steel, nonferrous metals, petroleum and petrochemicals, chemicals, and building materials, and 260 key energy-saving technologies, including high-efficiency discharge-feedback battery formation technology (charge and discharge and replenishment charge of battery counter electrode formation and finished battery formation in the production process of light industry lithium-ion battery, nickel-hydrogen battery, lead-acid battery), lithium bromide absorption condensation heat recovery technology.

6. On January 16, 2019, in order to strengthen the management of lithium-ion battery industry, guide industrial transformation and upgrading, vigorously cultivate strategic emerging industries, and promote the healthy development of lithium-ion battery industry, the MIIT issued the Lithium-Ion Battery Industry Standard Conditions (2018 version) （《鋰離子電池行業規範條件（2018年本）》） and the Lithium-ion Battery Industry Specification Announcement (2018 version) （《鋰離子電池行業規範公告管理暫行辦法(2018年本)》）. On December 10, 2021 in order to further strengthen the management of lithium-ion battery industry, guide industrial transformation and upgrading and technology improvement, the MIIT issued the Lithium-Ion Battery Industry Standard Conditions (2021 version) （《鋰離子電池行業規範條件(2021年本)》） and the Interim Measures for the Administration of the Lithium-ion Battery Industry Specification Announcement (2021 version) （《鋰離子電池行業規範公告管理暫行辦法(2021年本)》）. The 2021 version was implemented on December 20, 2021 and the 2018 version was repealed at the same time. The standard is proposed to guide enterprises to reduce manufacturing projects that simply expand production capacity, strengthen technological innovation, improve product quality, and reduce production costs. It also requires enterprises to adopt technology-advanced, energy-saving, environmentally friendly, safe, stable and highly intelligent production processes and equipment.

7. On March 11, 2021, the National People's Congress (hereinafter referred to as NPC) issued the Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 （《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》）, and proposed to implement changes. Inclusive policies such as large-scale deductions for R&D expenses and tax incentives for high-tech enterprises. Expand and optimize the insurance compensation and incentive policies for the first (set) of major technical equipment, give play to the demonstration role of major projects, and use government procurement policies to support innovative products and services.

II. Industry regulations

(I) Legal regulations for the production of industrial products

1. Administrative Regulations of the People's Republic of China on Production Licenses for Industrial Products

Administrative Regulations of the People's Republic of China on Production Licenses for Industrial Products （《中華人民共和國工業產品生產許可證管理條例》） was promulgated by the State Council on July 9, 2005 and implemented on September 1, 2005. China implements a production license system for the production of hazardous chemicals and their packaging materials, containers and other products that affect production safety, public safety, and other enterprises that produce important industrial products required by laws and administrative regulations. The catalog of industrial products subject to the production license system will be formulated by the competent department of industrial product production license of the State Council together with the relevant departments of the State Council. The Catalog of Industrial Products that forms part of the production licensing system implemented by the state shall be formulated by the State Council department responsible for production licenses for industrial products together with the other relevant State Council departments. Any enterprise without the production license must not produce products listed in the catalog. Any organizations or individuals cannot sell or use the products that they do not have a production license to sell or use. Any enterprise that has not obtained a production license for a product listed in the Catalog shall be prohibited from producing the relevant product. No entity or individual may sell or use in the course of business activities any product listed in the Catalog for which it has not obtained a production license.

2. Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation

Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation （《國務院關於調整工業產品生產許可證管理目錄和試行簡化審批程序的決定》）was promulgated and implemented by the State Council on June 24, 2017. The management of production licenses for some products is canceled and replaced by compulsory product certification management; the industrial product production license management authority of some products is delegated. Products that remain subject to the industrial product production license management after adjustment include hazardous chemicals, hazardous chemical packaging, and containers.

3. Decision of the State Council on Adjusting the Catalog of Industrial Products Subject to Production License Administration and Strengthening Interim and Ex Post Regulation

Decision of the State Council on Adjusting the Catalog of Industrial Products Subject to Production License Administration and Strengthening Interim and Ex Post Regulation （《國務院關於調整工業產品生產許可證管理目錄加強事中事後監管的決定》） was promulgated and implemented by the State Council on September 8, 2019. The decision reduced the categories in the catalog of industrial products subject to production license administration, 13 categories of industrial products subject to production license administration including internal combustion engines and vehicles' brake fluids were canceled, two categories of industrial products including satellite ground receiving equipment for radio and television and wireless transmission equipment for radio and television were reduced and combined into one category, and those categories involving security, health and

environmental protection were subject to compulsory product certification administration instead of production license administration, with certification fees afforded by the state. After the adjustment, a total of ten categories of products will continue to be subject to production license administration for industrial products, of which five categories are subject to administration by the State Administration for Market Regulation and five categories are subject to administration by the provincial market regulatory authorities.

(II) Legal regulations for safe production

The main business of the Company involves the production of flammable, explosive, corrosive and toxic hazardous chemicals and lithium mining. We must strictly abide by the Chinese laws and regulations concerning safe production.

1. Work Safety Law of the People's Republic of China

The Work Safety Law of the People's Republic of China （《中華人民共和國安全生產法》） was promulgated by the Standing Committee of the NPC on June 29, 2002, which was implemented on November 1, 2002 and latest revised on June 10, 2021. Production and business entities shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The law stipulates provisions on guarantee of safety by production and business operation entities, rights and obligations of employees relating to work safety, supervision and administration of work safety, emergency rescue, investigation, and handling of work safety accidents and legal responsibilities.

2. Regulations on Work Safety Licenses

Regulations on Work Safety Licenses （《安全生產許可證條例》） was promulgated and implemented by the State Council on January 13, 2004 and was latest revised on July 29, 2014. The State applies the work safety licensing system to enterprises engaged in mining, construction, and the production of dangerous chemicals, fireworks and crackers, and civil use explosive material. No enterprise may engage in production activities without a work safety license.

(III) Legal regulations for hazardous chemicals

1. Administrative Regulations on the Safety of Hazardous Chemicals

The Administrative Regulations on the Safety of Hazardous Chemicals （《危險化學品安全管理條例》） was promulgated by the State Council on January 26, 2002, which was implemented on March 15, 2002 and latest revised on December 7, 2013. The regulations regulate the production, storage, use, operation and transportation of hazardous chemicals. Hazardous chemicals are herein include hyper-toxic chemicals and other chemicals with the nature of toxic hazard, corrosiveness, explosiveness, flammability and combustion-supporting, which are dangerous to human body, facilities and environment highly toxic chemicals and other chemicals that are toxic, corrosive, explosive, flammable, and combustion-supporting, and harmful to humans, facilities, and the environment. The

production safe supervision and administration department of the State Council in conjunction with the relevant departments of the State Council determine, promulgate and timely adjust the catalog of hazardous chemicals according to the identification and classification criteria of chemical hazard characteristics.

(1) The production safety supervision and administration departments shall be in charge of the overall work of supervision and administration of safety of hazardous chemicals, shall organize to determine, publicly announce and adjust the catalog of hazardous chemicals, inspect the safety conditions of those construction projects such as newly establishing, reconstructing or enlarging the manufacture and storage facilities of hazardous chemicals (including using long pipelines to transport hazardous chemicals, hereinafter inclusive), issue upon examination hazardous chemicals safe production licenses, hazardous chemicals safe use permits and licenses for dealing in hazardous chemicals, and also take charge of the registration of hazardous chemicals.

(2) The public security organs shall be responsible for the administration on public security of hazardous chemicals and the issuance of hyper-toxic chemicals purchase licenses and road transportation passes for hyper-toxic chemicals, and be responsible for supervision over the safety of the road transportation vehicles of hazardous chemicals.

(3) The administrative departments of quality supervision, inspection and quarantine shall be responsible for issuing production licenses for industrial products to enterprises manufacturing hazardous chemicals and their packing materials and containers (excluding the fixed large containers storing hazardous chemicals), shall conduct supervision over the quality of the products of the above manufacturers pursuant to laws, and make inspections on imported and exported hazardous chemicals and their packaging.

(4) The departments of environmental protection shall be responsible for supervising and administering the disposal of wasted hazardous chemicals, organize the appraisal on the hazards of hazardous chemicals on environments and the environment pollution risk evaluation, determine the list of hazardous chemicals concerning which environment administration should be greatly emphasized, and shall be responsible for the registration of the environment administration of hazardous chemicals and new chemicals. Such departments shall also investigate the relevant dangerous chemical pollution accidents and the ecological damage incidents according to their duties, and shall be responsible for the emergency environment monitoring of the sites of hazardous chemicals accidents.

(5) The administrative departments of transportation shall take charge of the safety administration on hazardous chemicals road transportation or waterway transportation permits and transportation vehicles, conduct supervisions on the safety of waterway transportation of hazardous chemicals, and shall be responsible for the qualifications of the drivers, crew members, loading and unloading personnel, transport escorts, declarers, and the staff conducting on-site inspection on the containers packing of the hazardous chemicals of the road transportation enterprises and waterway transportation enterprises. The railway regulation department shall be responsible for the safety administration of railway transportation of hazardous chemicals and the transportation vehicles thereof. The administrative departments of civil aviation shall be responsible for the air transportation of hazardous chemicals and safety administration of air transportation enterprises and their transportation vehicles.

(6) The health administration departments shall be responsible for the administration on the authentication of toxicity of hazardous chemicals, and be responsible for organizing and coordinating the medical rescue of the injured caused by the accidents of hazardous chemicals.

(7) The administrations for industry and commerce (AICs) shall, in accordance with the approvals or licenses issued by relevant departments, issue the business licenses for units that manufacture, store, deal in, or transport hazardous chemicals, and investigate the activities of illegally purchasing hazardous chemicals by enterprises dealing in hazardous chemicals and impose relevant punishments on such enterprises.

(8) The post administration departments shall be responsible for investigating the acts of sending hazardous chemicals by post and imposing relevant punishments pursuant to laws.

2. Implementing Measures for Implementation of Work Safety Licenses of Hazardous Chemical Production Enterprises

Implementing Measures for Implementation of Work Safety Licenses of Hazardous Chemical Production Enterprises （《危險化學品生產企業安全生產許可證實施辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on August 5, 2011, which was implemented on December 1, 2011 and latest revised on March 6, 2017. Hazardous chemical production enterprise refers to an enterprise that is established according to the law and has obtained industrial and commercial business licenses or industrial and commercial approval documents for the production of final products or intermediate products listed in the Catalog of Hazardous Chemicals. A hazardous chemical production enterprise shall obtain the work safety license. Anyone that fails to obtain the work safety license shall not engage in any relevant production activity.

3. Measures for the Supervision and Administration of Hazardous Chemical Construction Projects

Measures for the Supervision and Administration of Hazardous Chemical Construction Projects （《危險化學品建設項目安全監督管理辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on January 30, 2012, which was implemented on April 1, 2012 and latest revised on May 27, 2015. Projects for new construction, reconstruction and expansion projects of production and storage of dangerous chemicals and the chemical construction projects with the production of dangerous chemicals (including the construction projects of long-distance pipelines of dangerous chemicals) are subject to safety review, i.e. safety condition review and safety facility design review. For any construction project not receiving with the safety review and completion acceptance of safety facilities must not be constructed or put into production (use).

4. Administration Measures for the Registration of Hazardous Chemicals

The Administration Measures for the Registration of Hazardous Chemicals （《危險化學品登記管理辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on July 1, 2012 and implemented on August 1, 2012. China implements the registration system for hazardous chemicals. The Emergency Management Department is responsible for the supervision and management of hazardous chemicals registration. Newly

established producer of hazardous chemicals shall file the hazardous chemical registration before the completion and final acceptance of the producer. An importer of hazardous chemicals shall file the hazardous chemical registration before it imports any hazardous chemical for the first time. The original and duplicate of the Hazardous Chemical Registration Certificate shall indicate such contents as the serial number of the certificate, the name, registered domicile, nature and registered type(s) of hazardous chemicals of the enterprise, the term of validity, issuing authority and date of issuance of the certificate. Under the item of nature of the registering enterprise shall be indicated whether the registering enterprise is a producer or importer of hazardous chemicals or both.

(IV) Legal regulations for mining industry

The Company is required to abide by mining laws and regulations of China in conducting lithium mining operations in the PRC.

1. Mineral Resources Law of the People's Republic of China

Mineral Resources Law of the People's Republic of China（《中華人民共和國礦產資源法》）was passed by the Standing Committee of the NPC on March 19, 1986, which was implemented on October 1, 1986 and latest revised on August 27, 2009. Mineral resources belong to the State. The rights of State ownership in mineral resources are exercised by the State Council. State ownership of mineral resources, either near the earth's surface or underground, shall not change with the alteration of ownership or right to the use of the land which the mineral resources are attached to. The State safeguards the rational development and utilization of mineral resources.

Anyone who wishes to explore or mine mineral resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. In mining mineral resources, a mining enterprise or individual must abide by State regulations regarding labor, safety and health and have the necessary conditions to ensure safety in production; and must observe the legal provisions on environmental protection to prevent pollution of the environment.

2. Administrative Measures for the Block Registration of Mineral Resource Prospecting

Administrative Measures for the Block Registration of Mineral Resource Prospecting （《礦產資源勘查區塊登記管理辦法》） was promulgated and implemented by the State Council on February 12, 1998 and latest revised on July 29, 2014. The state implements a unified registration management system for mineral resources exploration. Exploration of mineral resources listed in the Measures can only be launched with approval and registration by the competent department of geology and mineral resources with the exploration licenses issued. When the prospecting right owner conducts an exploration during the validity period of the exploration permit and finds a complex type of deposit that meets the state's requirements about the mineral that can be mined while being explored, it may apply for mining and go through the mining registration formalities after approval by the registration management authority.

3. Administrative Measures for the Registration of Mineral Resources Exploitation

Administrative Measures for the Registration of Mineral Resources Exploitation （《礦產資源開採登記管理辦法》） was promulgated and implemented by the State Council on February 12, 1998 and latest

revised on July 29, 2014. Mining mineral resources must be examined and registered by the competent department of geology and mineral resources, and a mining right license must be issued. The valid period of the exploitation licenses shall be determined according to the construction scale of the mines.

4. Law of the People's Republic of China on Mine Safety

Law of the People's Republic of China on Mine Safety （《中華人民共和國礦山安全法》） was passed by the Standing Committee of the NPC on November 7, 1992, which was implemented on May 1, 1993 and latest revised on August 27, 2009. Mining enterprises must possess facilities that ensure safety in production, establish and perfect the system of safety management, take effective measures to improve the working conditions for workers and staff and strengthen the work of safety control in mines in order to ensure safe production. Safety facilities in mine construction projects must be designed, constructed and put into operation and use at the same time with the principal parts of the projects. The design papers for mine construction projects must comply with the safety rules and technological standards for mining industry and shall, according to regulations of the State, be subject to the approval of the authorities in charge of mining enterprises. For exploitation of mines, requirements that ensure safe production must be met, and the safety rules and technological standards for mining industry corresponding to the exploitation of different types of minerals must be observed. Mining enterprises must establish and improve the safe production responsibility system.

5. Regulations for the Implementation of the Law of the People's Republic of China on Safety in Mines

The Regulations for the Implementation of the Law of the People's Republic of China on Safety in Mines （《中華人民共和國礦山安全法實施條例》） was promulgated by the former Ministry of Labor of the People's Republic of China (now the Ministry of Human Resources and Social Security) on October 30, 1996 and implemented on the same day. The exploitation of mineral resources refers to the related activities of mineral resources exploration and the construction of mine, production, and closure of pit within the scope of mining areas approved according to law. The regulation specifically stipulates details about the safety guarantees in the construction of mines, the safety guarantees for mining, the safety management of mining enterprises, the supervision and management of mining safety, the handling of accidents in mines and legal liability.

6. Measures for Implementation of Safety Production License for Non-coal Mine Enterprises

Measures for Implementation of Safety Production License for Non-coal Mine Enterprises （《非煤礦礦山企業安全生產許可證實施辦法》） was promulgated and implemented by the former State Administration of Production Safety (now the Emergency Management Department) on June 8, 2009 and latest revised on May 26, 2015. Non-coal mining enterprises must obtain safety production licenses in accordance with the provisions of the Measures. If the safety production license is not obtained, the enterprises must not engage in production activities.

(V) Legal regulations concerning environmental protection

The Company may generate pollutants during the process of production and, therefore, must strictly comply with Chinese laws and regulations concerning environmental protection.

1. Environmental Protection Law of the People's Republic of China

Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) was passed by the Standing Committee of the NPC on December 26, 1989 and latest revised on April 24, 2014. For preparation of the relevant development and utilization plans and construction of environment-affected projects, the environmental impact assessment shall be conducted according to law. Any development and utilization plan without the environmental impact assessment conducted according to law may not be organized for implementation; and any construction project without the environmental impact assessment conducted according to law may not start construction. The pollution prevention and control facilities in construction projects shall be designed, built and commissioned along with the principal part of the project at the same time. The pollution prevention and control facilities shall meet the requirements specified in the approved documents regarding the environmental impact assessment and shall not be dismantled or left idle without authorization. Chemicals and materials containing radioactive substances must be produced, stored, transported, sold, used and disposed of in accordance with the relevant state provisions so as to prevent environmental pollution.

The State implements the pollution discharge license management system in accordance with the law. Enterprises, public institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants according to the requirements of the pollution discharge license; those that fail to obtain the pollution discharge license shall not discharge pollutants.

Natural resources shall be developed and utilized properly to protect biodiversity and ecological safety, and the relevant treatment plan for ecological protection and restoration shall be formulated and implemented according to law.

2. Law of the People's Republic of China on Environmental Impact Assessment

Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) was passed by the Standing Committee of the NPC on October 28, 2002, which was implemented on September 1, 2003 and latest revised on December 29, 2018.

The State implements a classification-based management on environmental impact assessment (hereinafter referred to as EIA) of construction projects according to the impact of the construction projects on the environment. Construction entity shall prepare the Environmental Impact report (hereinafter referred to as EIR) or Environmental Impact Statement (hereinafter referred to as EIS) or fill out the Environmental Impact Registration Form (hereinafter referred to as EIRF, together with EIR and EIS referred to as the EIA documents) according to the following rules: (1) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (2) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of their environmental impacts; (3) for projects with very small environmental impacts so that an EIA is not required, an EIRF shall be filled out. The catalogs for the classification-based management of the environment impact assessment of the construction projects shall be determined and published by the administrative department of the State Council in charge of environmental protection.

The EIR or EIS of a construction project shall be submitted by the construction entity to the administrative department of ecology and environment with the approval authority for approval in accordance with the provisions of the State Council. The State shall implement a record-filing-based management on Environmental Impact Registration Forms.

3. Regulations on the Administration of Construction Project Environmental Protection

The Regulations on the Administration of Construction Project Environmental Protection （《建設項目環境保護管理條例》） was promulgated and implemented by the State Council on November 29, 1998 and latest revised on July 16, 2017. State standards and local standards for the discharge of pollutants must be complied with in building construction projects that generate pollution; requirements for aggregate control of discharge of major pollutants must be met in areas under aggregate control of discharge of major pollutants. Industrial construction projects shall adopt clean production techniques with low energy consumption, low material consumption and low pollutant generation, and rationally exploit natural resources to prevent environmental pollution and ecological damage. Measures must be taken in reconstruction, expansion projects and technological transformation projects to treat original environmental pollution and ecological damage related to the said projects.

The state implements the construction project environmental impact evaluation system. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit, before starting construction, the environmental impact report or environmental impact statement to the competent administrative department of environmental protection with the authority of examination and approval for approval; if the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction unit may not start construction. For a construction project for which an environmental impact registration form shall be filled in in accordance with the law, the construction unit shall submit the environmental impact registration form to the competent administrative department of environmental protection at the county level of the locality of the construction project for record-filing, according to the provisions of the competent administrative department of environmental protection under the State Council.

Environmental protection facilities required to be constructed must be designed, constructed and put into operation parallel to the progress of the principal part of the project. Construction projects for which the environment impact reports and environmental impact statements are prepared must only be put into production or put into use after the environmental protection facilities are accepted; where such facilities are not accepted or deemed as disqualified in the acceptance, such projects are not allowed to be put into production or use.

4. The Interim Method for Completion Acceptance of Environmental Protection for Construction Projects

The Interim Method for Completion Acceptance of Environmental Protection for Construction Projects （《建設項目竣工環境保護驗收暫行辦法》） was promulgated and implemented by the former Ministry of Environmental Protection (current Ministry of Ecology and Environment) on November 20, 2017. This method specifies the procedures and standards for construction units to carry out environmental protection acceptance after the construction of such projects is completed.

5. Law of the People's Republic of China on the Prevention and Control of Water Pollution

Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) was passed by the Standing Committee of the NPC on May 11, 1984, which was implemented on November 1, 1984 and latest revised on June 27, 2017. EIA must be carried out according to law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. The water pollution prevention and control facilities of construction projects shall be simultaneously designed, constructed and put into use together with main buildings. The water pollution prevention and control facilities shall meet the requirements of environmental impact assessment documents approved or filed for the record.

Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to waters and enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. The pollutant discharging permit specifies requirements on the types, concentration, total amount and discharging direction of the water pollutants to be discharged. Enterprises, public institutions and other manufacturers and operators subject to pollutant discharge license administration shall carry out self-monitoring of water pollutants discharged and retain original monitoring records in accordance with the relevant provisions and monitoring standards of the state and be responsible for the authenticity and accuracy of the monitoring data.

Chemical manufacturers and the operators and entities operating and managing industrial agglomeration areas, mining areas, tailing ponds, hazardous waste disposal sites, landfills, etc. shall take anti-seepage and other measures, and construct ground water quality monitoring wells to carry out monitoring so as to prevent ground water pollution. When constructing underground facilities or conducting underground exploitation or mining activities, preventive measures must be taken to prevent groundwater pollution.

6. Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution

Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) was passed by the Standing Committee of the NPC on September 5, 1987, which was implemented on June 1, 1988 and latest revised on October 26, 2018. Enterprises, public institutions and other producers and operators that build projects having impacts on the atmospheric environment shall conduct environmental impact assessment and disclose the environmental impact assessment documents to the public in accordance with the law; where pollutants are discharged to the atmosphere, the discharging units must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

Enterprises, public institution, producers and operators for the coal heating sources of central heating facilities discharging industrial waste gasses or discharging toxic and hazardous air pollutants listed in the catalog provided in this Law, as well as other entities subject to pollution discharge permit management in accordance with the law, shall obtain the pollution discharge permit.

If iron and steel, building materials, non-ferrous metals, petroleum, chemical and other related enterprises discharge smoke and dust, sulfide and nitride oxides in the production process, they shall

adopt clean production techniques, install the supporting facilities for dust removal, desulfurization and denitrification, or take other measures such as technical transformation to control the discharge of air pollutants. Petroleum and chemical enterprises as well as other enterprises producing and using organic solvents shall take measures to carry out daily maintenance and repair of the pipelines and equipment, reduce leakage of materials, and collect or dispose of the materials leaked in a timely manner.

7. Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste （《中華人民共和國固體廢物污染環境防治法》） was passed by the Standing Committee of the NPC on October 30, 1995, which was implemented on April 1, 1996 and latest revised on April 29, 2020.

The construction of projects that produce, store, use, and treat solid wastes shall be performed with environmental impact assessment conducted as legally required and in compliance with the relevant provisions issued by the state concerning the management of environmental protection in respect of construction projects. The facilities for the prevention and control of environmental pollution by solid wastes required to be built as ancillaries determined in the environmental impact assessment document of a construction project shall be designed, built and put into operation at the same time as the main part of the project. The preliminary design of the construction project shall, as required by the environmental protection design standards, incorporate the prevention and control of environmental pollution by solid wastes into the environmental impact assessment document and implement the measures for the prevention and control of environmental pollution and ecological damage by solid wastes and the investment estimates for facilities for the prevention and control of environmental pollution by solid wastes. The construction employer shall, as required by the relevant laws and regulations, conduct acceptance inspection of the facilities for the prevention and control of environmental pollution by solid wastes built as ancillaries, prepare an acceptance inspection report, and disclose it to the public.

A mining enterprise shall adopt scientific mining methods and techniques for mineral separation so as to reduce the production and storage of tailings, coal gangue, waste rock and other mining solid wastes. The state shall encourage the use of advanced techniques to comprehensively utilize solid mining wastes such as tailings, coal gangue, and waste rock. After the facilities for storing tailings, coal gangue, waste rock, and other mining solid wastes are not used any more, a mining enterprise shall, according to state provisions on environmental protection, close the fields to prevent environmental pollution and ecological destroy.

The ecology and environment department of the State Council shall, in conjunction with other relevant departments of the State Council, formulate a national list of hazardous wastes and lay down unified criteria and methods for identifying hazardous waste, distinguishing marks, and requirements for the administration of identification entities. The national list of hazardous wastes shall be adjusted dynamically. The ecology and environment department of the State Council shall, based on the harm characteristics and production of hazardous wastes, scientifically assess their environmental risks, exercise grade and classification-based administration, establish an informatized regulatory system, and manage and share data and information on the transfer of hazardous wastes by informatized means. A distinguishing mark of hazardous wastes shall be put on the containers and packages of hazardous wastes as well as on the facilities and sites for collection, storage, transportation and

treatment of hazardous wastes. An entity that produces hazardous wastes shall work out a plan for managing hazardous wastes in accordance with the relevant provisions issued by the state; and keep a hazardous waste management journal, faithfully recording relevant information, and report the types, production, destination, storage, treatment and other relevant information to the local ecology and environment department through the National Hazardous Waste Information Management System.

8. Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution

Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution （《中華人民共和國環境噪聲污染防治法》） was passed on October 29, 1996 by the Standing Committee of the NPC, which was implemented on March 1, 1997 and revised on December 29, 2018. Every project under construction, renovation or expansion must conform to the regulations of the State governing environmental protection. Where a construction project might cause environmental noise pollution, the unit undertaking the project must prepare an environmental impact statement which includes the measures it takes to prevent and control such pollution, and submit it, following the procedures prescribed by the State, to the administrative department of ecology and environment for approval. The environmental impact statement shall include the comments and suggestions of the units and residents in the place where the construction project is located. Facilities for prevention and control of environmental noise pollution must be designed, built and put into use simultaneously with the main part of a construction project. Before a construction project is put into production or use, its facilities for prevention and control of environmental noise pollution must conduct final inspection according to the standards and procedures prescribed by the state; if such facilities fail to meet the requirements of the State, the construction project may not be put into production or use.

WESTERN AUSTRALIAN MINING LAWS AND REGULATIONS

GENERAL MINING LAW IN WESTERN AUSTRALIA

Ownership of minerals

Each of the States and Territories in Australia have its own legislation which regulates the exploration for and production of minerals. In Western Australia, the Mining Act 1978 (WA) (the "**Mining Act**") and Mining Regulations 1981 (WA) (the "**Mining Regulations**") regulate the assessment, development and utilization of mineral resources in Western Australia.

The Mining Act and the Mining Regulations are administered by the Minister for Mines and Petroleum ("**Minister**") with the assistance of the Department of Mines, Industry Regulation and Safety ("**Department**").

Western Australia (along with other States and Territories) has adopted a legislative policy of public ownership of minerals. Pursuant to the Mining Act, the Crown owns all minerals on or below the surface of the land, except in certain limited circumstances (relating to limited categories of land and minerals). As the owner of the minerals, the Crown is entitled to grant mining tenements which confer rights on a tenement holder to explore for and mine minerals (not private land owners).

Generally, the only privately held minerals remaining in Australia are those in grants made prior to the introduction of mineral reservation statutes. Deeds of grant for any land which does not include any mineral reservation is rare.

Usually, ownership of minerals does not pass from the Crown to the miner until the minerals have been extracted from the land.

Types and duration of mining titles

This section provides a description of the rights and term of the mining tenements as set out in the Mining Act. For details on the conditions typically imposed on mining tenements see section entitled "Main obligations and conditions under mining titles."

Prospecting licenses

Prospecting licenses entitle the holder to prospect for minerals (except iron ore unless expressly authorized by the Minister) within the area of the prospecting license and to undertake various ancillary activities that may be necessary or expedient in connection with prospecting for minerals.

Prospecting licenses granted or applied for before February 10, 2006 remain in force for a period of 4 years from the date of grant and cannot be renewed. Prospecting licenses applied for and granted on or after February 10, 2006 remain in force for a period of 4 years from the date of grant and may be renewed for 4 years (and further 4 year periods if the license has "retention status"—obtainable where an identified mineral resource exists that is impracticable to mine at the time—see "Retention licenses" below).

Exploration licenses

An exploration license is the principal title issued for exploration in Western Australia and permits exploration over a much larger area of land for a longer period than a prospecting license. An exploration license authorizes the tenement holder, subject to the Mining Act, the Mining Regulations and the conditions of the exploration license to enter land and undertake the operations and works necessary for the purpose of digging pits, trenches and holes and sinking bores and tunneling in the course of mineral exploration. A tenement holder may excavate, extract or remove up to 1,000 tons of earth, soil, rock, stone fluid or mineral bearing substance without Ministerial consent.

An exploration license is granted for an initial term of 5 years however, a tenement holder may apply to extend the term by making an application to the Minister prior to the expiry of the initial term.

If the Minister is satisfied that a prescribed ground for extension of the exploration license exists, the Minister may grant a renewal of the exploration license for a term of 5 years and any subsequent renewal terms of 2 years.

Retention licenses

Retention licenses allow a tenement holder to continue exploration by entry onto the land and by carrying out works including digging pits, trenches and holes, excavating, extracting and removing up to 1,000 tons of mineral bearing substances and taking water.

Under the Mining Act a retention license is granted for an initial term of up to 5 years with options to renew for additional terms of up to 5 years. A retention license may be granted when, for economic or other reasons (for example future reserves for an existing operation), it is not possible or would not be commercial to commence mining immediately. The Minister may at any time by notice require the holder of a retention license to show cause why a mining lease should not now be applied for.

Mining leases

Subject to the provisions of the Mining Act, the holder of a mining lease is entitled to work and mine the land, take and remove any minerals (except iron ore) and do all things necessary to effectively carry out mining operations in, on or under the land. This is the appropriate tenement for the commercial extraction of minerals. However, a grant of a mining lease does not in itself confer authority to produce minerals. Further approvals are generally required before production may commence, including approvals in respect of the mining proposal, potential environmental impact and Aboriginal heritage.

The holder of a mining lease owns all minerals lawfully mined from the land in accordance with the mining lease.

Mining leases are granted for a period of 21 years and the tenement holder has an option to renew the term for a further 21 years. Subsequently, the Minister has a discretion to extend the term for further periods subject to the tenement holder's compliance with the terms and conditions of the mining lease.

Miscellaneous licenses

A miscellaneous license may be granted pursuant to the Mining Act over any land where the use of that land is directly connected with mining and is for a prescribed purpose under the Mining Regulations (for example a road, railway, pipeline, power line or bridge). A miscellaneous license may be applied for over land that is the subject of an existing tenement, irrespective of whether that existing tenement is held by the applicant for the miscellaneous license. The holder of a miscellaneous license does therefore not have exclusive title to the land over which the miscellaneous license is granted.

A miscellaneous license has a term of 21 years, which may be renewed by the Minister upon application by the holder.

General purpose leases

The holder of a general purpose lease is entitled to exclusive occupancy of the land the subject of the lease for the purposes specified in the lease, which may include erecting and operating machinery in connection with mining operations, depositing or treating tailings and/or use for any other specified purpose directly connected with mining operations.

A general purpose lease will remain in force for either the term of the mining lease in respect of which it was granted, or 21 years from the date of grant, and may be renewed by the Minister in certain circumstances for one or more periods of 21 years each.

Applications and Priority principles

Applications for tenements

Whether a tenement application for a mining lease, exploration license or general lease is successful is dependent upon a recommendation made by the mining registrar or warden to the Minister and the Minister's decision whether to grant or refuse the application.

Whether a tenement application for a prospecting license or a miscellaneous license is successful is dependent upon the mining registrar or warden's decision whether to grant or refuse the application.

If a tenement is granted under the Mining Act then it will be issued on terms and conditions reasonable to the Minister or warden as applicable.

An application for a tenement cannot generally be transferred because, while it is still pending, the application does not amount to any property or title in the mining tenement.

Priority of applications

If more than one application is received for a tenement (except a miscellaneous license—see section below entitled "Overlapping titles") in respect of the same land or any part of it, the applicant who first "complied with the initial requirement" in relation to its application has the right in priority over every other applicant to have the mining tenement for which it has applied granted in respect of that land.

Priority of dealings

Dealings in a mining tenement such as applications, grants, transfers and mortgages may be registered and endorsed on the Mining Register maintained by the Department and any person may search the Mining Register.

Priority between dealings is according to the time of their registration.

However, the category of instruments that may be registered is limited. As to priority between a registered and an unregistered interest, it is necessary to refer to general legal principles which can be summarized as:

(a) the registered legal interest, in the absence of postponing conduct on the part of the registered holder, has priority over any subsequent unregistered interest; and

(b) as against a prior equitable interest, the Mining Act operates to protect the holder of a registered interest from the effect of notice of the prior equitable interest.

In relation to the priority between unregistered interests, the caveat system may affect which interest has priority and it is prudent to caveat an unregistered interest in order to ensure the preservation of the "first in time" principle.

A person claiming an interest in a tenement which is not yet registered (e.g. a transfer of an interest in a tenement that has not yet been lodged for registration) or is not registrable may lodge a caveat which gives notice of the caveator's interest in the tenement and forbids the registration of certain dealings which are inconsistent with the interest claimed.

Caveats

The caveat system under the Mining Act provides protection for the holder of an interest in a mining tenement which is unregistered (e.g. a transfer or mortgage that is not yet lodged) or unregistrable (e.g. a purchase or a farm-in agreement or equitable interest). This is because a dealing (transfer or mortgage) or certain surrender instruments, cannot be registered while a caveat remains in force, without the consent of a warden.

Therefore, a caveat provides the caveator the ability to delay the registration of a dealing or surrender and the opportunity to show cause to the warden why that dealing or surrender should not be registered.

There are three types of caveats provided for under the Mining Act as follows:

Subject to claim caveats

A subject to claim caveat can only be lodged in respect of an interest in a mining tenement and forbids the registration of a dealing (transfer or mortgage), unless the dealing expressly states that it is subject to the caveat interest.

A subject to claim caveat forbids the registration of a surrender.

Absolute caveats

An absolute caveat can only be lodged in respect of an interest in a mining tenement and forbids the registration of a dealing (transfer or mortgage) or a surrender.

Consent caveats

A consent caveat can be lodged where the holder of a mining tenement has entered into an agreement with a person relating to the sale of the holder's interest in the mining tenement or "any other matter connected with the holder's interest in the mining tenement."

A consent caveat forbids the registration of a dealing (transfer or mortgage) or surrender.

Main obligations and conditions under mining titles

Conditions are imposed on the grant of most tenements pursuant to the Mining Act. These include conditions relating to the environment, payment of annual rent, required minimum expenditure and a standard schedule of general exclusions and conditions established pursuant to the Mining Act. In addition, more particular conditions are imposed on the various types of tenements. If the tenement conditions are not complied with, the tenement may be liable to forfeiture or the tenement holder may be penalized.

The holder of a prospecting license, an exploration license or a mining license must comply with the prescribed minimum expenditure requirements under the Mining Act unless the holder has been granted certificate of exemption by the Minister. A tenement holder must expend, or cause to be expended, certain prescribed minimum expenditure in mining on, or in connection with mining on, the tenement during each year of the term of the tenement.

Upon granting a mining tenement, the Minister may impose conditions for the prevention of injury to land or for rehabilitation of the area the subject of the tenement.

Pursuant to the Mining Act, the Minister may also require an applicant, or a tenement holder to lodge a security (by bond or other method approved by the Minister) in the prescribed amount and form that will cover any liability likely to be incurred in the course of carrying out exploration and any obligations in relation to rehabilitation of land disturbed by exploration.

Transfer or assignment of mining titles

Tenements in Western Australia are all assignable or transferable subject to:

(a) lodgement of the prescribed forms for the assignment of the tenements (including any required accompaniments);

(b) payment of the prescribed fee; and

(c) in the case of all tenements other than exploration licenses (unless the transfer is being lodged during the first year of its term) and prospecting licenses, Ministerial consent.

The Department will not register a transfer of a tenement unless transfer duty has been paid in accordance with Duties Act 2008 (WA). Generally speaking, a transfer of a Western Australian mining tenement will attract transfer duty on a sliding rate (that typically ends up being approximately 5% of the greater of the market value of the mining tenement or the consideration paid for it).

Types of minerals that a mining title grants

Minerals

A tenement allows a holder to prospect for any minerals (except iron ore unless specifically authorized by the Minister). The Mining Act defines the term "minerals" generally as naturally occurring substances obtained or obtainable from any land by mining operations carried out on or under the surface of the land. However, certain substances are expressly excluded from this definition, including soil, limestone, rock, gravel, shale, sand (other than mineral sand, silica and garnet sand) and clay.

Causes by which you can lose your mining title

Forfeiture of tenements

Where a tenement holder contravenes or fails to comply with the prescribed provisions of the Mining Act or any conditions imposed under the license or lease (including expenditure requirements), the tenement may liable to forfeiture in which case the holder may lose the tenement or be subject to a fine.

Voluntary surrender of tenements

The Mining Act provides that the holder of a mining tenement may surrender the whole or a part of a tenement by lodging the prescribed form. Any surrender may be conditional upon an application for a new mining tenement in respect the whole or part of the area of the surrendered tenement being granted to the original holder, however it is not possible for an applicant to surrender a tenement conditional upon the grant of a new tenement to a new applicant.

Royalties and other taxes

Statutory royalties

The Mining Act provides the Governor of Western Australia with the power to prescribe the rate, the manner of payment and by whom the royalty is payable in respect of royalties. Royalties are payable in relation to minerals (including material containing the mineral) subject to a mining tenement or application for a mining tenement granted under the Mining Act.

Penalty provisions including forfeiture of tenements and penalty rates may be imposed on a tenement holder who fails to pay a royalty.

The ad valorem or value-based rates of royalty which applies under the Mining Regulations vary between different classes of minerals and are based on the following principles:

(a) Bulk material (subject to limited treatment) – 7.5 per cent of the royalty value.

(b) Concentrate material – (subject to substantial enrichment through a concentration plant) 5.0 per cent of the royalty value.

(c) Metal – 2.5 per cent of the royalty value.

The royalty value takes into account processing costs incurred after the mine-head point, price fluctuations, the grade of material and the change in the value as mined ore is processed and value is added. Under the Mining Regulations the Minister may determine the value of the mineral for the purpose of calculating royalties if the Minister believes the royalty value does not reflect market value, the allowable deductions are excessive or the sale was not a genuine commercial transaction.

Contractual royalties

Mineral royalties may also be payable to third parties or Aboriginal communities pursuant to contractual agreements between the project proponent and the relevant party. It is not uncommon for a tenement holder to sell a tenement in exchange for a cash purchase price and a promise to pay a royalty. The royalty rates in this instance are agreed by the parties on a case by case basis.

Rent

All tenements will require the payment of rent to the Department (on an annual basis).

Mining Rehabilitation Fund

Under the Mining Rehabilitation Fund Act 2012 (WA) ("Rehabilitation Fund Act"), all tenement holders in Western Australia (with the exception of tenements covered by certain State Agreements), are required to report disturbance data and contribute annually to the Mining Rehabilitation Fund.

The Mining Rehabilitation Fund has been in effect from July 1, 2013 and has been compulsory since July 1, 2014.

Based on the data provided by the tenement holder, an estimate of the potential rehabilitation costs in respect of each tenement is calculated by the Department (referred to as the Rehabilitation Liability Estimate). Tenement holders must pay an annual levy to the Mining Rehabilitation Fund. The levy is calculated on a per tenement basis and is assessed as 1% of the Rehabilitation Liability Estimate for each tenement.

All funds in the Mining Rehabilitation Fund are available to the Western Australian Government as a source of funding for the rehabilitation of abandoned mine sites and other land affected by mining operations.

Relationship between mining title holder and other surface owners

Private land

A mining tenement may be applied for in respect of any private land and in that respect private land is open for mining. However, this is substantially curtailed by the Mining Act in that the written consent of the owner and occupier of private land must be given before a mining tenement can be granted in respect of certain private land interests, including land under cultivation, land the subject of

a cemetery or burial ground, land the subject of a dam or bore and land on which a substantial improvement has been erected. Usually any consent given will be included in a compensation agreement entered into with the landholder.

A person may not enter or remain upon the surface of any private land (which includes freehold or Crown leases) for any mining purpose or for the purpose of marking out that land unless the person is the owner or is authorized by a permit to do so. A person may apply for a permit to enter land for a period of 30 days. Failure to obtain a permit to enter is sufficient grounds to reject an application for a mining lease.

The Mining Act provides that the owner and occupier of any land where mining takes place are entitled according to their respective interests to compensation for loss and damage suffered or likely to be suffered by them resulting or arising from the mining. The compensation may be negotiated directly between the owner or occupier of the land and the applicant, and where the owner cannot be located or is dead, the Minister will act in a capacity of trustee for that person or the person's heirs.

Crown land and pastoral leases

The Mining Act definition of "Crown land" includes pastoral leaseholds. Generally, pursuant to the Mining Act, Crown land which is not already subject to a mining tenement is considered open for mining (subject to certain exemptions and limitations), and a mining tenement may be issued in relation to such land, entitling the holder to the rights granted thereby.

The exercise of such rights is, however, limited by the Mining Act, which provides that the holding of a mining tenement does not entitle the holder to prospect or fossick on, explore or mine on or otherwise interfere with on any Crown land that is:

(a) for the time being under crop (or within 100 meters of that crop);

(b) used as or situated within 100 meters of a yard, stockyard, garden, cultivated field, orchard, vineyard, plantation, airstrip or airfield;

(c) situated within 100 meters of any land that is in actual occupation and on which a house or other substantial building is erected;

(d) the site of or situated within 100 meters of any cemetery or burial ground; or

(e) land the subject of a pastoral lease which is the site of, or is situated within 400 meters of any water works, race, dam, well or bore not being an excavation previously made and used for mining purposes by a person other than the pastoral lessee,

without the written consent of the occupier (unless the warden by order otherwise directs). The "occupier" includes the pastoral lessee.

The mining tenement holder may (subject to giving notice to the occupier and abiding by the restrictions on activities imposed by the Mining Act) pass over Crown land of the type set out in (a) to (e) above in order to gain access to other land for the purpose of prospecting, exploring mining, marking out or fossicking. Such limitations include a requirement to pay compensation for the same, which may be agreed between the parties or by the Warden's Court.

As with private land, the Mining Act provides that the owner and occupier of any land where mining takes place are entitled according to their respective interests to compensation for loss and

damage suffered or likely to be suffered by them resulting or arising from the mining. However, except to the extent agreed upon by the parties concerned or authorized by the Warden's Court, under the Mining Act compensation is not payable to a lessee for deprivation of the possession of the surface or any part of the surface of the land; for damage to the surface of the land; where the lessee is deprived of the possession of the surface of any land; for severance of the land from any other land of the lessee; or for surface rights of way and easements. Where consent cannot be agreed, the warden may determine the amount for compensation (either with or without formal proceedings, based on the parties' wishes).

Commonwealth land

The Mining Act also includes a definition of "Commonwealth land" being land over which the Commonwealth holds a freehold or leasehold interest or land that is otherwise vested in the Commonwealth. Accordingly, Commonwealth land within Western Australia is subject to the Mining Act.

Commonwealth land is treated in a similar way to Crown land. As a result, mining on Commonwealth land will be allowed with the consent of the State Minister for Mines and Petroleum, and the agreement of the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities.

Overlapping titles

In Western Australia, land already the subject of a tenement may not be the subject of an application for another tenement. That is, overlapping tenements may not exist under the Mining Act.

However, this principle does not apply to miscellaneous licenses. A miscellaneous license may be applied for over land that is the subject of an existing tenement, irrespective of whether that existing tenement is held by the applicant for the miscellaneous license.

Similarly, another tenement may be granted over land that is the subject of an existing miscellaneous license.

An underlying tenement holder may object to the granting of an application for a miscellaneous license by lodging a notice of objection within the prescribed time and prescribed manner. Where a notice of objection is lodged, it is not uncommon for the relevant parties to enter into a private access agreement following which the notice of objection will be withdrawn and the miscellaneous license granted.

However, where a notice of objection is not withdrawn, the warden shall hear and determine the application for the miscellaneous license. This may cause delay in the grant of a miscellaneous license.

ENVIRONMENTAL LAW IN AUSTRALIA

Federal environmental law

The Environment Protection and Biodiversity Conservation Act 1999 (the "**EPBC Act**") is the Commonwealth Government's central piece of environmental legislation. It provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places—defined in the EPBC Act as matters of 'national environmental significance.' Should an 'action,' defined as a project, development, undertaking, activity or series of

activities, have the potential to have a significant impact on a matter of national environmental significance, the proponent of the action must refer the action to the Commonwealth Minister for the Environment for a determination of whether the action can be taken, and if so, what conditions may be applied.

Taking an action without referring it to the Minister may lead to a fine of up to $11 million.

Once referred to the Minister, the Department of Agriculture, Water and the Environment will assess the action, and provide a report to the Minister. Alternatively, if, as is the case with Western Australia, a bilateral assessment agreement is in place between the Commonwealth and the State, the initial assessment may be conducted by the appropriate state agency, in the case of Western Australia, the Environmental Protection Authority. In August 2020, the Minister published a notice of intention to develop a bilateral approval agreement with Western Australia. If and when a bilateral approval agreement comes into effect between the Commonwealth and the State, certain classes of action which are approved by the State will not require approval under the EPBC Act.

In addition, the Act provides power for the Commonwealth to institute recovery plans for threatened flora and fauna, and ecological communities.

Western Australia environmental law

The environmental impact of mining in Western Australia is principally managed at the State level through the Environmental Protection Act 1986 (WA) ("EP Act") (which is supported by the Environmental Protection Regulations 1987 (WA) (EP Regulations)) and the Contaminated Sites Act 2003 (WA).

Western Australia State environmental assessment

The EP Act regulates the environmental impact assessment procedure applying to the evaluation of proposals, including mining proposals. Under Part IV of the EP Act, any person or government agency may refer a proposal to the Environmental Protection Authority ("EPA") for a decision as to whether a proposal should be subject to environmental impact assessment. In doing so, the EPA considers whether a proposal or a future proposal is one that is likely to have a significant effect on the environment.

Once the EPA decides that a proposal should be assessed, it determines whether the proposal will be assessed on proponent information, or whether public consultation will be required. At the conclusion of the environmental impact assessment process, the EPA will publish a report to the Minister recommending whether the proposal should be implemented and, if so, on what conditions. Recommendations made in EPA reports are subject to broad third party appeal rights. Following the EPA report and any appeals, the Minster, in consultation with other relevant authorities, either refuses the proposal or issues a ministerial statement of approval with conditions. The EPA may also provide advice about the implementation of proposals which are not significant enough for formal evaluation, but warrant some degree of review.

Proposals need not be referred to the EPA, however, if the EPA considers that a proposal is likely to have a significant effect on the environment, it can require a proponent to refer the proposal for environmental impact assessment. In addition, the Minister may refer a proposal to the EPA where there is public concern.

Once referred to the EPA, the proposal cannot commence until the Minister makes a decision on whether the action can be taken.

Even if a mining proposal is of insufficient scale to have a significant effect on the environment, it may still require licensing under the EP Act. Licenses and works approvals are issued by the CEO following negotiation between the proponent and the Department of Water and Environmental Regulation, and may involve public advertising / consultation. The conditions of licences and works approvals issued by the CEO are subject to broad third party appeal rights, however, the decision to grant the licence or works approval is not.

Environmental conditions in the mining tenement

Mining tenements issued under the Act are subject to a standard condition that a company must submit and have approved management plans for environmental protection before it is allowed to actually mine. In addition to identifying potential environmental impacts, the management plans must outline the proponent's commitments to manage, monitor and mitigate potential environmental impacts associated with the mining and rehabilitation plans following mining. Management plans are approved by the Department.

Clearing and vegetation

Generally speaking, the clearing of native vegetation in WA requires a permit under the Environmental Protection (Clearing of Native Vegetation) Regulations 2004 (WA) ("**Clearing Regulations**"). An exception to this is where there is a Ministerial Statement in force.

If mining activities will require land clearing, proponents may be required to apply for either an area permit or a purpose permit. Area permits authorize the clearing of vegetation in a particular area and may only be applied for by the owner of the land. Purpose permits authorize clearing of different areas of land from time to time for a specific purpose, and must be applied for by the person undertaking the clearing. Note that under delegated authority, clearing permits for mining activities may be issued by the Department rather than by the Department of Water and Environmental Regulation ("**DWER**").

Clearing that is the result of exploration activities carried out under an authority granted pursuant to the Mining Act, and designated as 'low impact' under the Clearing Regulations, may be exempt from obtaining a clearing permit. For example, activities involving no ground disturbance and little or no environmental damage, and driving vehicles or other mechanized equipment through vegetation.

Contaminated Sites

In addition to preparing and providing a rehabilitation plan, and of course as noted above, providing appropriate funds to the Mining Rehabilitation Fund, a proponent is subject to the contaminated sites regime in the Contaminated Sites Act 2003. The regime places responsibility for contamination generally first upon the person causing the contamination, then upon the landowner, and finally with the State government.

Other requirements

In addition to the above, a mine site is also subject to regulations dealing with such issues as noise, taking threatened or endangered flora or fauna, unauthorized discharges, controlled waste, and

depending on the location of the mine, specific environmental protection policies. Various mine facilities, such as accommodation villages, may also be subject to State planning legislation and require development approval.

NATIVE TITLE AND ABORIGINAL HERITAGE IN AUSTRALIA

Native title issues

Native title refers to the traditional rights and interests of indigenous people to their land and waters, as recognized at common law. Native title rights and interests will only be recognized at law where it can be demonstrated that they have continued to be observed, and that a continuing connection exists between indigenous groups and their traditional lands.

Extinguishment of native title and compensation

Native title can be extinguished in a number of ways. These include the valid grant of certain titles by the Crown prior to December 23, 1996 (careful analysis needs to be undertaken in relation to certain acts that occur in the period between January 1, 1994 and December 23, 1996) including freehold and certain exclusive possession leases listed in Schedule 1 to the Native Title Act 1993 (Cth) ("**NTA**"). Native title can also be extinguished by the construction or establishment of public works by or on behalf of the Crown such as roads, railways and buildings. However, the grant of a mining tenement that is valid as to native title over land does not have the effect of extinguishing native title, as the non-extinguishment principle applies. This means that any native title rights and interests that may exist over or in relation to the land to which the mining tenement relates will effectively be suspended during the term of the mining tenement, to the extent to which such rights and interests are inconsistent with the rights granted under the relevant mining tenement.

Compensation can be payable for the extinguishment of native title right and interests. However, despite recent Federal Court decisions, there is still a lack of clarity in relation to the amount of compensation that may be payable for full or partial extinguishment of native title rights and interests. In Western Australia, the mining legislation provides that should any compensation be payable to native title holders, the applicant for or the holder of the mining tenements giving rise to the compensation must pay the compensation.

The Native Title Act

The NTA confers onto indigenous persons who hold native title rights and interests, or who have made a native title claim that has passed a registration test, the right to be consulted on, and in some cases to participate in, the decisions about activities proposed to be undertaken on the land over or in relation to which they either hold, or claim to hold, native title rights and interests. Consequently, indigenous Australians have been able to negotiate benefits for their communities, including in relation to employment opportunities, heritage protection and/or monetary compensation.

If native title still exists in relation to the land underlying exploration sites, and conversion of those site to mining tenements affects native title, then obtaining a mining lease over or in relation to those sites will require compliance with the future act procedures under the NTA (discussed further below). However, the future act procedures in the NTA are not relevant to a large part of south-western Western Australia because the Federal Court of Australia determined in December 2021 that native title had been extinguished across that area. This means that no proposed act within that area can *affect* native title because native title has already been extinguished.

Future Acts

As discussed above, where native title has already been extinguished, the future act provisions of the NTA do not apply because native title rights and interests cannot be *affected* by a proposed act (such as the grant of a mining lease).

The procedures outlined below apply where native title rights and interests have not been extinguished, and a proposed act would affect native title. A future act is a proposed act, such as the grant of an exploration license or a mining lease or the conversion of an exploration license into a mining lease, on land that may affect native title rights, by extinguishing it or by creating interests that are inconsistent with the continued existence or observance of native title rights. Where an act, such as the grant of exploration or mining tenements, would affect native title, the NTA requires certain requirements to be complied with for the act to be considered valid as to native title. If the relevant future act requirements of the NTA are not observed, then the grant of the relevant tenement may be invalid to the extent that native title is affected.

In relation to the grant of mining tenements, future act requirements that often need to be observed under the NTA are:

(a) the "right to negotiate" process, which involves the giving of notice of the application for the tenement, publication of a notice in relation to the application and a minimum period of negotiation with relevant registered native title parties (whether registered native title claimants or holders of native title rights and interests) with the aim of securing their consent to the grant of the tenement. If agreement can be reached then this may take the form of an agreement under section 31(1)(b) of the NTA, or an Indigenous Land Use Agreement (discussed below). If agreement cannot be reached, then the National Native Title Tribunal can make a determination as to whether the relevant tenement should be granted, and if so whether any conditions should be imposed; or

(b) entering into an Indigenous Land Use Agreement with relevant native title parties.

Commercial matters (including compensation payments and other benefits) are generally dealt with in an agreement between the tenement holder and the native title parties.

There are also a number of other circumstances set out in the NTA in which the grant of an exploration or mining tenement may be made valid as to native title. These include (amongst others) where the grant of the relevant tenements is done in accordance with an offer, commitment, arrangement or undertaking that was in place before July 1, 1993, or in accordance with a right created under statute before a specified time.

Aboriginal Heritage in Western Australia

The Aboriginal Heritage Act 1972 (WA) ("Aboriginal Heritage Act") protects sites and areas of significance to Aboriginal persons.

Compliance with the Aboriginal Heritage Act is a standard condition imposed generally on mining tenements in Western Australia. It is an offense under the Aboriginal Heritage Act for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site (which, amongst other things, includes any sacred, ritual or ceremonial site of importance and special significance to people of Aboriginal descent).

A register of Aboriginal sites is kept under the Aboriginal Heritage Act and administered by the Department of Indigenous Affairs. However, sites and objects of significance to Aboriginal persons are protected by the Aboriginal Heritage Act whether or not those sites are registered under the Aboriginal Heritage Act, and there is no requirement for sites to be registered.

In December 2021, the WA State Government passed the Aboriginal Cultural Heritage Act 2021 (WA) ("Aboriginal Cultural Heritage Act"). The substantive parts of the Aboriginal Cultural Heritage Act will commence operation on a date to be proclaimed.

Once proclaimed, the Aboriginal Cultural Heritage Act will replace the Aboriginal Heritage Act, which will be phased out over a transitional period.

The Aboriginal Cultural Heritage Act will introduce a broader definition of Aboriginal cultural heritage incorporating tangible and intangible elements. It creates tiered offenses for harming Aboriginal cultural heritage without authority, with a maximum penalty of $10 million for body corporates.

The authorization regime under the Aboriginal Cultural Heritage Act creates a focus on agreement making between proponents and interested Aboriginal parties, although the Minister retains final discretion in the event an agreement cannot be reached.

WATER LAW IN AUSTRALIA

The Rights in Water and Irrigation Act 1914 (WA) (RIWI Act) provides a licensing regime for the taking of certain underground and surface water sources which is administered by DWER to ensure that the water resources of Western Australia are utilized in a sustainable manner. A license grants the licensee the right to take water from a watercourse, wetland or underground water resource to a certain volume for a specified purpose. The license is subject to conditions imposed by the Department. An appropriate type of license is required for the particular water resource to be utilized: either a surface water license or a groundwater license.

CHILEAN LAW AND REGULATIONS

ENVIRONMENTAL REGULATIONS

Background Information

The Chilean Law No. 19,300 ("Environmental Act") provides the basis and main principles of the Chilean legal environmental system and establishes a legal framework and regulates issues such as the environmental impact assessment system for the evaluation and approval of certain projects and activities ("SEIA"); environmental liability; air and water quality and emission standards; prevention and decontamination plans, among others.

As a general consideration, the Environmental Act does not contemplate absolute bans or prohibitions to develop certain kind of projects or to operate in certain areas and the requirements of the law and the Environmental Authorities, as this term is defined below) for such purposes may vary depending on the features and environmental impacts of the projects to be carried out.

The Chilean environmental authorities are the following ("Environmental Authorities"):

(i) the Ministry of Environment, responsible for designing regulations and policies;

(ii) the Environmental Assessment Service ("SEA"), responsible for managing the SEIA; and

(iii) the Superintendence of the Environment ("SMA"), in charge of overseeing and enforcing environmental laws and regulations.

Finally, there are Environmental Courts, with jurisdiction to settle claims against the SMA and to solve cases of environmental damage.

Environmental Impact Assessment System

The SEIA is an administrative procedure coordinated by the SEA, which aims to assess the environmental impacts of projects or activities and approve or reject them from an environmental standpoint.

Article 10 of the Environmental Act and Article 3 of Supreme Decree N° 40/2012, SEIA Regulations, provide those projects or activities listed therein may only be carried out or modified after a prior assessment of their environmental impacts. These projects are of various kinds (energy, mining, industrial, infrastructure, forestry, etc.) and may entail relevant environmental impacts, whether by reason of their magnitude, location or the hazards involved. The list of projects subject to prior environmental assessment includes mining activities such as: (i) mining projects with a mineral extraction capacity above 5,000 tons per month; (ii) mining prospections; and (iii) mining waste dumps, among others. In addition, the list includes other facilities and activities that may be part of mining projects which may trigger the need for the project to be assessed under the SEIA (e.g., electric transmission lines, provision of water for a certain amount of people, aqueducts or maritime pipelines, storage, and transportation of hazardous substances, among others).

The project owner, either in case of a new project or the modification of an existing one, must submit an environmental impact study or environmental impact declaration depending on the magnitude of the environmental impacts generated thereof[1]. Projects subject to mandatory environmental assessment must be submitted to the SEIA by means of an environmental impact declaration unless certain circumstances or effects are listed in concur (article 12 of Environmental Act). Such circumstances or effects include, among others, risks for people´s health; significant adverse effects to renewable natural resources; location near protected resources, population or areas; and affectation of landscape or cultural heritage. Therefore, the need to file an environmental impact study for a mining project or activity must be analyzed on a case-by-case basis. While the environmental impact declaration consists basically in a description of the project and the way applicable regulations and permits will be fulfilled, an environmental impact study consists in a detailed characterization of the project, including and environmental baseline, an analysis of potential environmental impacts and the corresponding mitigation, restoration, or compensation measures, if applicable, among other aspects.

After a preliminary review performed by the SEA, environmental impact studies and or declarations are delivered to the relevant public agencies (those with regulatory authorities over one or more components of the projects) which, in turn, pose their observations and comments with regards to the corresponding project.

The assessment of environmental impact studies also considers a public participation stage. With regards to environmental impact declarations, public participation may take place only if the

[1] It is usual for project owners not obliged to assess their projects or modifications under the SEIA to request an official pronouncement from the relevant regional office of the SEA in order to confirm and demonstrate to third parties that the project or its modifications comply with laws and regulations and has not eluded the SEIA. This request is known as a "Pertinence Consultation" (*"Consulta de Pertinencia"*), which provides the project owner with an official response issued by the SEA regarding the obligation, or lack thereof, of carrying out an environmental impact assessment of the project or its amendment prior its execution.

relevant projects entail environmental burdens on nearby communities and the public participation stage is opened by the SEA after request by at least ten individuals or two citizen's organizations. Within the participation stage, citizens are allowed to submit their observations to the project that is under environmental impact assessment, and though not binding for the project owner nor for the governmental authority evaluating the project, they must be duly addressed by the relevant governmental authority, provided some specific formalities are met. In the event a project involves an affectation to indigenous peoples, an indigenous consultation according to the ILO Convention 169 must also take place.

Once the relevant applicant project owners satisfactorily responds the observations posed by public agencies, the environmental assessment procedure finishes with the issuance of an environmental approval resolution ("RCA") by the corresponding Regional Environmental Assessment Commission or the SEA's Executive Director[2], which operates as a global environmental permit, certifying that such project complies with all applicable environmental laws and regulations, thus allowing the project owner to carry it out in accordance with the description contained in the relevant environmental impact study or declaration and additional requirements and conditions set forth in the corresponding RCA.

According to the Environmental Act, RCAs expire after five years as of the relevant service of notice to the project holder, should the execution of the authorized project or activity have not been initiated.

Environmental Sectorial Permits

The RCA certifies that a certain project complies with the prevailing environmental laws and regulations, including the corresponding so-called environmental sectorial permits ("PAS"), which are sector-specific permits with environmental content[3]. Once the RCA is granted, the project owner must separately request and obtain applicable PAS from the specific agencies in charge of the technical aspects thereof, before starting construction of the relevant facilities.

Required PAS will depend on the type and characteristics of each project. Among the PAS that are usually required for mining projects are, for instance, the permit for the construction and operation of a tailing deposit, the permit for the installation of a mining waste dump and the approval of mining closure plans, all granted by the Mining and Geology National Service ("SERNAGEOMIN"). In addition, other permits that are usually required by mining operations are the permit for the storage of solid wastes and the disposal of liquid wastes, granted by the Sanitary Authority, permit for the construction and operation of a hazardous waste storage site granted by the Sanitary Authority, permits for archeological excavations granted by the National Monuments Council, and permits for the modification of watercourses granted by the General Water Bureau.

Other Sectorial Permits

Additionally, the construction and operation of most projects require the issuance of a large number of non-environmental sector-specific authorizations granted by the competent administrative authorities.

[2] RCAs for projects that are located within two or more of Chile's administrative regions are issued by the SEA's Executive Director. If the project is located within one region, the RCA is granted by the corresponding Regional Environmental Assessment Commission.

[3] The environmental content thereof is assessed under the SEIA. This means that once a PAS is approved under the SEIA, no authority may deny it based on the grounds on environmental reasons, although relevant agencies may deny them based on non-environmental aspects such as technical ones.

Among the permits that are usually required by mining projects are the following: municipal license granted by the corresponding Municipality, construction permits and final reception of works for buildings, granted by the corresponding Municipal Works Department, authorization for the storage of hazardous substances granted by the Sanitary Authority, roads access permits granted by the Roads Directorate, and electric and fuels authorizations granted by the Fuels and Electricity Superintendence, among others.

Challenge of Environmental Approval Resolutions

RCAs may be challenged by interested third parties by means of the following administrative and judicial claims:

(i). Administrative claim ("*recurso de reclamación"*): Project owners and persons that posed observations during the public participation stage may challenge an RCA within 30 business days as of the date they are served upon the claimants. The resolution of this type of claims may be appealed before Environmental Courts.

(ii). Exceptional review: According to Environmental Act, RCAs of projects assessed under the SEIA by means of environmental impact studies may be exceptionally reviewed, either *ex officio* or at the request of project owners or persons directly affected, if upon execution, the variables assessed and foreseen in follow-up plans that were the basis of the conditions or measures approved, have materially changed or have not been verified at all, to adopt the measures required to remedy such situations. There is not a specific term for this review, and thus, it may be carried out during the whole lifespan of any project.

(iii). Invalidation: The Environmental Authority may invalidate an RCA, at the request of any interested party or by its own decision, on the grounds of illegality. Terms for interested third parties to request the invalidation are not specifically set forth in environmental regulations. Nonetheless, Courts have determined that, in accordance with administrative and environmental regulations, such term would be 30 days, although in certain specific cases, the Courts have admitted invalidation requests filed within a 2-year term after the issuance of the RCA.

(iv). Constitutional protection action: It is established to guarantee the exercise of constitutional rights such as the right to live in a "pollution free" environment. This remedy must be filed within 30 days as of the date on which the affected person becomes aware of the privation, disturbance or threat to the constitutional right that claims to be affected.

Enforcement of Environmental Approval Resolutions

Compliance with the conditions, measures and obligations set forth in RCAs and the environmental laws and regulations is supervised by the SMA, which is entitled to impose the following sanctions in the event of non-compliance: (i) written warnings, (ii) fines up to 10,000 UTA (currently approximately US$ 8,000,000), (iii) provisional or definitive closure of facilities, or (iv) revocation of the relevant RCA. The aforementioned sanctions may only be imposed after an administrative process in which the alleged offender is entitled to file discharges and all the information to disprove the alleged infringements. In any case, the specific sanction to be imposed depends on the seriousness of the infringement and on several circumstances that must be considered by the SMA, such as the environmental adverse effects generated thereof, economic capacity of the offender, intentionality and corrective measures implemented, among other factors. Sanctions imposed by the SMA may be challenged before the Environmental Courts.

CHILEAN MINING REGULATIONS

Mining Safety Regulation

Supreme Decree No. 132 of 2004 of the Mining Ministry establishes many specific obligations for mining companies to comply with, regarding, among other matters, the protection of:

(i) the life and health of their workers within the mining industry; and

(ii) the civil construction developments, mining jobs, machinery, equipment, tools, buildings, and facilities.

Breaches or non-compliances with such obligations are sanctioned with fines. In the event that a mining company repeatedly incurs in infractions, the authority may declare the suspension or termination of such mining activities.

Mine Closure

Law No. 20,551 (the "**Mine Closure Law**") requires mining companies, as defined in the Mine Closure Law, to design a series of technical measures and actions to be implemented at closure, to prevent, minimize and control risks to the life and integrity of people, and mitigate the operational effects on the comprised environmental components, assuring their physical and chemical stability (the "**Closure Plan**").

Mining companies subject to the general proceeding, those with an extractive capacity of over 10,000 gross tons/month per site, are required to determine the Closure Plan´s implementation costs (valuation) and place a financial guarantee before SERNAGEOMIN to secure its prompt and total execution.

The Mine Closure Law sets forth a list of eligible financial instruments for the guarantee, classified according to their liquidity (for instance, A.1 category includes certificates of demand deposit, bank warranty bill, standby letters of credit, and first demand insurance policies).

Mining Concessions – Legal/Regulatory Framework

Under the Chilean Constitution, the State is the absolute and exclusive owner of all mines and mineral substances.

Notwithstanding, all individuals and legal entities, national or foreign (with certain exceptions), are entitled to obtain mining concessions to explore and exploit metallic and non-metallic mineral substances, except for liquid or gaseous hydrocarbons and lithium, which can be mined directly by the State or by private entities under administrative concessions or special operation contracts.

Mining concessions are immovable property, different from the property of the surface landowner (even if one same person or entity owns both properties). Such ownership right can be enforced against the State or any other third party, freely assigned, mortgaged, and, in general, subject to any legal contract as in the case of any other immovable property under the Chilean Civil Code.

Mining concessions are granted by a judicial award in a non-contentious proceeding set forth in the Mining Code.

Exploration mining concessions are granted for two years unless before their expiration date the holder requests an extension for up to two more years, for which they must waive at least half of the surface originally covered by the concession. Exploitation mining concessions have an indefinite duration and entitle their holder to explore and exploit all claimable mineral substances within their boundaries.

Holders of mining concession must pay an annual license equivalent to approximately US$ 1.4 per hectare in the case of exploration mining concessions and the equivalent to approximately US$ 7.2 per hectare in the case of exploitation mining concessions.

Payment is due in March of each year, and lack of payment of any annual license entitles the Chilean General Treasury to initiate a judicial proceeding to collect payment by selling the mining concessions with outstanding payments in a public auction.

Except for the annual mining license payment, no other investment commitment applies to the holder of a mining concession to maintain the concession in good standing.

WATER RIGHTS REGULATION IN CHILE

Water rights granting, ownership and exercise

Under Chilean law, water is a national asset for public use. To obtain the right to use it, private entities can submit a water right application before the General Water Bureau ("DGA"). These are special rights that authorize the extraction of a certain amount of water from natural sources such as rivers, streams, or aquifers. They are subject to a registered ownership system – separate from real estate – and entitle the holders to perpetually extract and use a certain flow of water as established in the granting resolution, which must contain, among other elements, the flow granted (expressed in metric units and time), the watercourse of extraction, the intake point, and the essential characteristics of the water right.

Once granted, water rights are not associated to specific uses and their holders may use the water extracted, according to the water right characteristics, in any activity. For example, consumptive rights may be used in agriculture or mining and non-consumptive rights may be used in electricity generation or aquaculture.

Water rights are classified by the Chilean Water Code according to their exercise characteristics as consumptive or non-consumptive, permanently or eventually exercisable, and continuously, discontinuously, or alternately exercisable.

Water rights in Chile do not operate under a 'permits' logic since their holders own them perpetually. Moreover, water rights are real property protected by the Chilean Constitution, and their holders can use them and dispose of them according to the law with similar formalities to those apply to real estates.

Ownership of the land where the water rights' intake points are located is not mandatory for the exercise of water rights. Under provisions of the Water Code, water rights' owners are entitled to impose all easements necessary for the water rights' exercise, through payment of the corresponding compensations, which are to be agreed between the affected parties, and subsidiarily, by the relevant civil court.

Fees for non-use of water

There is, however, under the Water Code, a penalty fee if water rights are not used. This fee will be proportionate to the unused flow if the water right is only partially used. Non-payment of the fee could result in a public auction of water rights by the corresponding authority and, if nobody is interested, in their cancelation.

However, the Water Code provides a fee exemption, applicable to water utility companies.

Essential features of water rights

According to the Water Code[4], lack of essential features of water rights in their relevant ownership registrations, entails the practical risk of an inability to obtain the registration of the water rights in the water rights public cadastre kept by the DGA ("CPA"), and, consequently, the impossibility to submit any application before the DGA involving such water rights, such as authorizations for constructions, amendments, changes or unification of water intakes or changes of intake points or source of supply.

Also, lack of CPA's registration implies a legal unfeasibility for any potential application concerning such water rights before several other public offices, such as the Environmental Assessment Service, the Agricultural and Stock Service, or the National Irrigation Commission.

In order to correct this issue, judicial procedures might be initiated, in order to obtain a ruling that declares the essential characteristics of the water rights and order their registration in the CPA kept by the DGA. Such procedure generally takes from 6 to 12 months, although there is no mandatory term in the law for this regard.

[4] The essential features of a water right are: (i) name of owner; (ii) waterway or basin where it is located; (iii) province where its intake point is located; (iv) flow, expressed in a volume per time unit; (v) exercise characteristics (consumptive/non consumptive; permanently or eventually exercisable; continuously, discontinuously, or alternatively exercisable).