



Ministry
of Mining

ECUADOR **MINING** COUNTRY

A thick brown horizontal bar followed by a row of seven small squares in brown, orange, yellow, and green.

THE NEW MINING PDAC FRONTIER 2016

In a tough year for the mining world, Ecuador's mining sector has continued to build momentum



Our mining projects are advancing well, and our relationships with our companies are strong



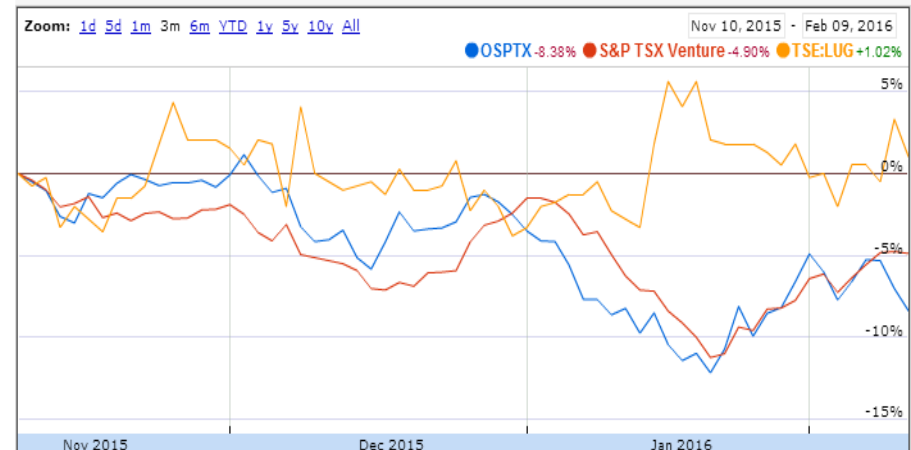
January 2016: Lundin Gold signed an agreement on financial terms for development of Fruta del Norte



LUNDIN GOLD

"We've signed this agreement and there's no turning back. We're committed to building a mining industry in the country"

Ron Hochstein, CEO Lundin Gold
Quoted in The Northern Miner

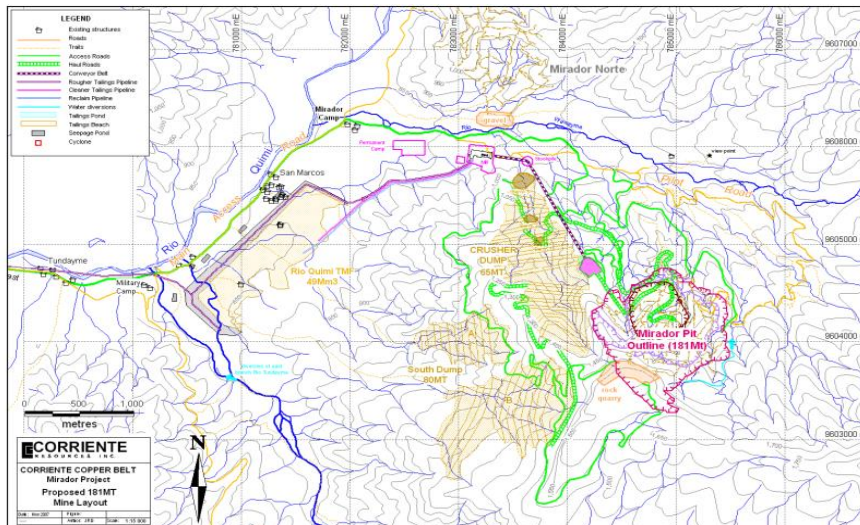


Sources: Office of the Vice President of Ecuador, Ecuavisa, The Northern Miner, Google Finance

Corriente has begun construction on Mirador, with production anticipated in 2018



- Expected production start date 2018
- Reserves:
 - Cu: 6.7 million lbs
 - Au: 3.2 million oz
 - Ag: 25 million oz



Source: Corriente

Rafael Correa, President of the Republic of Ecuador, visited Mirador and Fruta del Norte this past week

Ecuador's other gold and copper projects also continue to advance, highlights include:

Llurimagua



Partnership agreement 2015
15 km. of drilling last year

Rio Blanco



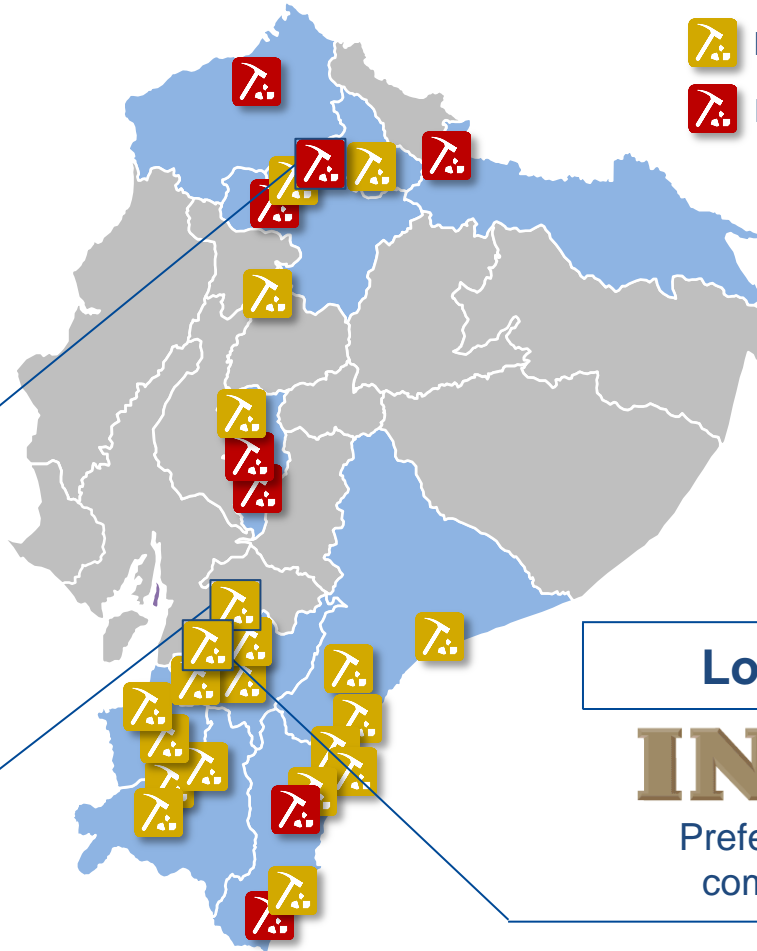
Mine construction
to begin in 2016



Privately Owned



ENAMI (national mining company)

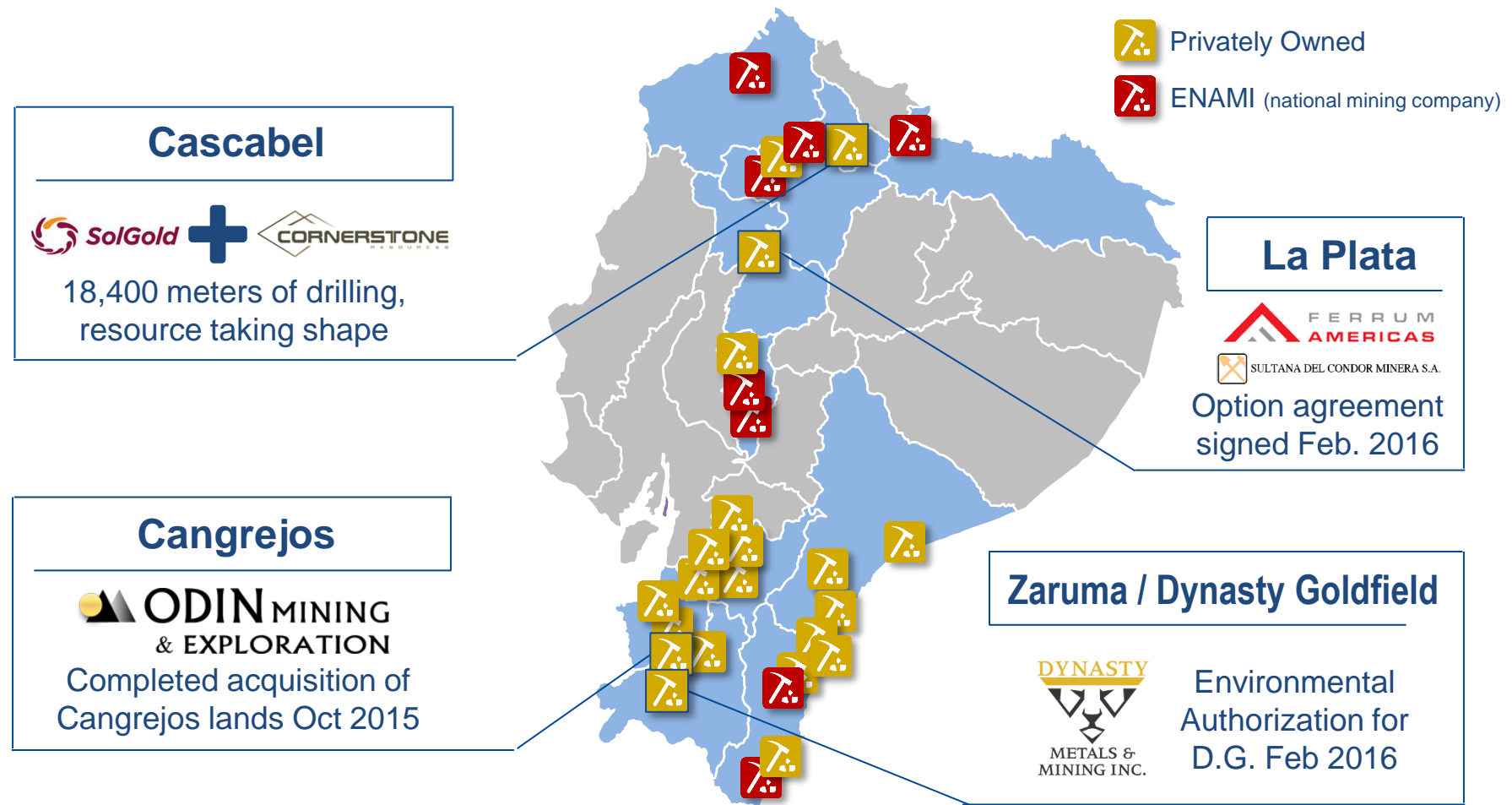


Loma Larga

INVTM METALS

Prefeasibility study
completed 2015

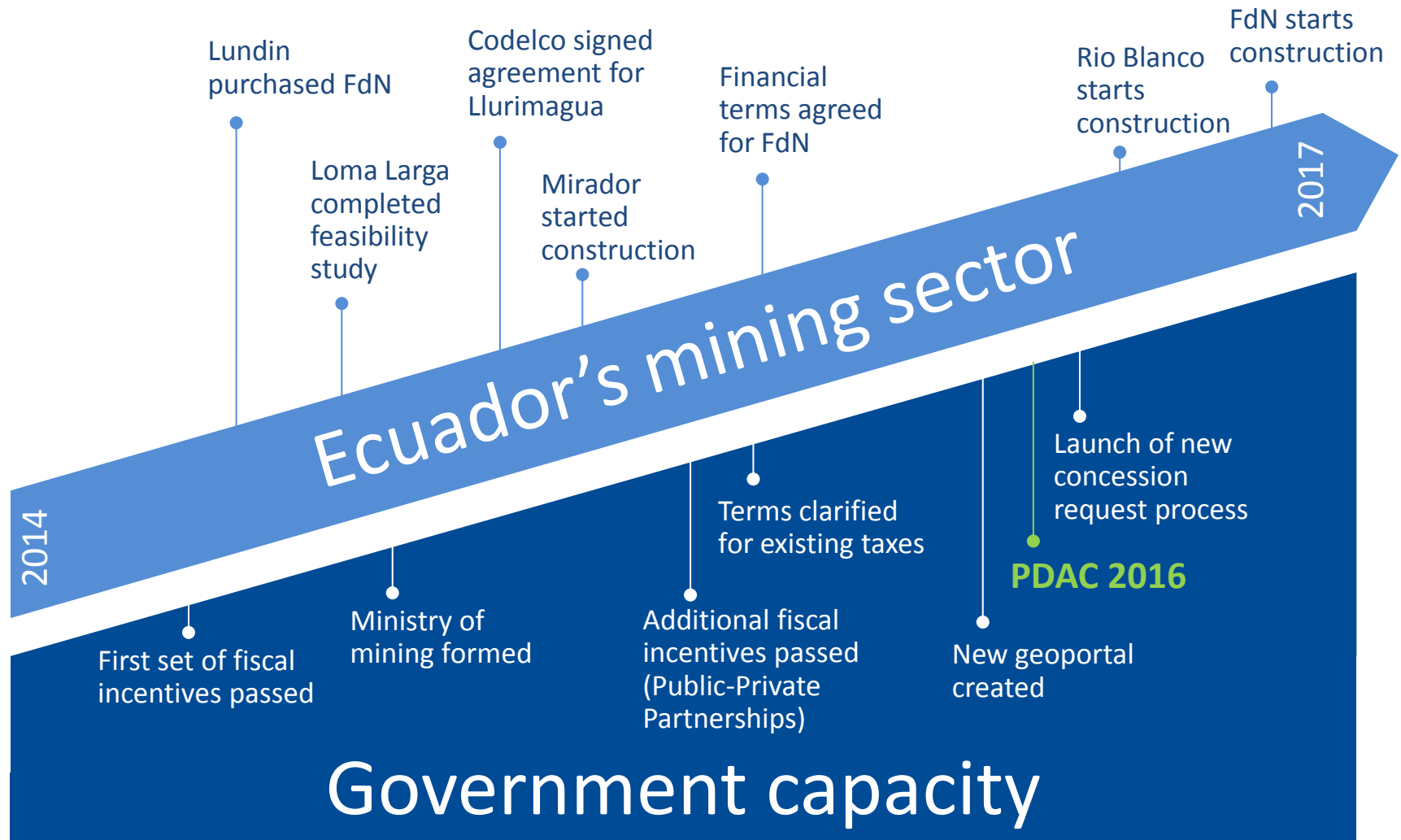
And the next generation of projects is accelerating its progress



Ecuador has made great strides in government capacity building



The government is increasing its capabilities to support the growing sector's needs



The Ministry of Mining is now firmly established to support the sector more intensively



Example: launch of a new online portal to provide free access to technical / geological information

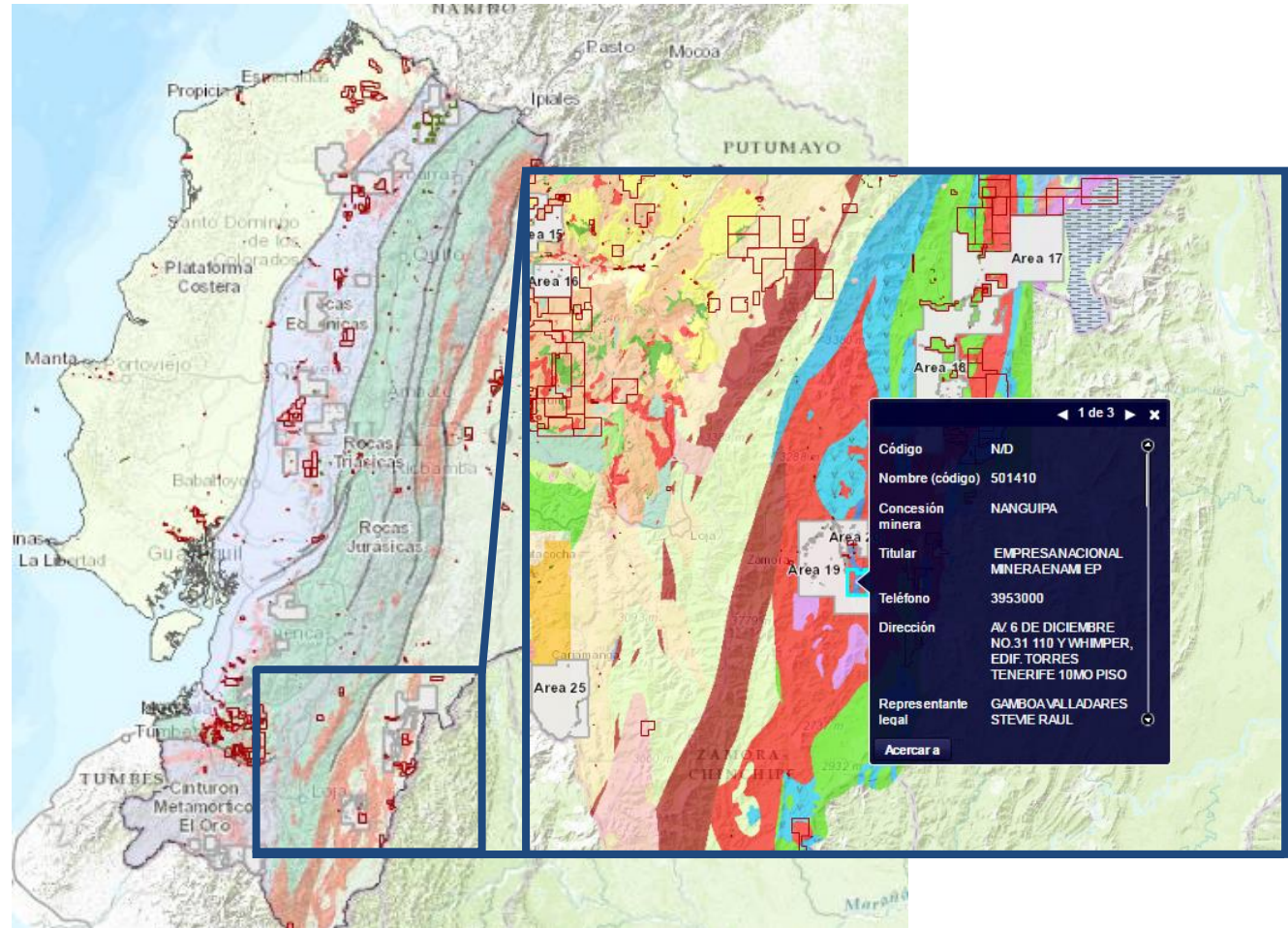
Available Information

General:

- Geology
- Geophysical map
- Geochemical info
- Infrastructure
- Protected areas

Areas & concessions:

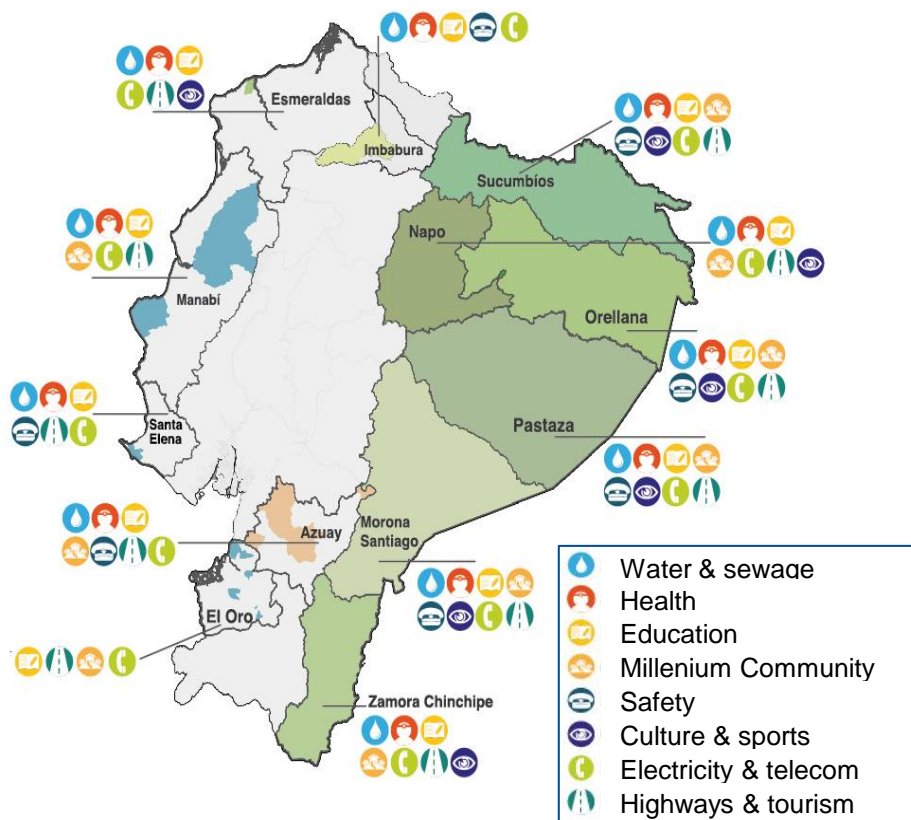
- Granted concessions
- Areas identified as high-potential



http://visor.geoinvestigacion.gob.ec/areas_mineras/

Our laws and government programs provide strong support in building community support for mining

Improving communities affected by strategic industries



60% of royalties required by law to go to social investment projects and regional development

50% of social investment projects aimed at indigenous groups or territorial constituencies, when appropriate

\$933 million invested to date, of which \$105 million in Zamora

We continue to make the fiscal and legal regimes more clear and competitive



Additional fiscal and legal reforms were approved in 2015 to further enhance investment conditions

2014 incentives

- 1** Fiscal stability contracts
- 2** Accelerated depreciation, investor choice of 5 - 10 years
- 3** Use of NPV for Sovereign Adjustment formula, to include companies' cost of capital
- 4** Currency exportation tax (ISD) exemption for mining sector
- 5** Standardized extraordinary gains tax

Incentives approved in Q4 2015

- 6** **VAT refunds starting in 2018**
 - VAT will be refundable for mineral exportations
 - Increases IRR of projects up to 1.5%
- 7** **Foreign investment in small mining**
 - New opportunities for investors interested in Ecuador
 - Some small miners have potential to operate at larger scale on currently owned and/or new concessions
- 8** **Limited applicability of capital gains tax**
 - Previously, all share transaction were taxed with no limit on share value
 - With the new change, only share transactions for more than 20% of the company value will be taxed

Ecuador's operational advantages for mining projects continue to be compelling



The advantages of mining in Ecuador remain strong



Infrastructure

- ~10,000 km of improved highways
- 5 main ports
- 15 airports (5 new, 10 remodeled)



Energy and Water

- 90% clean energy
 - 9 hydroelectric projects
 - Over 8,300 MW of installed capacity by end of year
- Abundant access to water



Work Force

- Regionally competitive work force
- MOUs signed for partnerships in human resource development with governments of Australia, Peru, and Chile



Mineral grades

- Several of the highest-grade projects in the region, both for gold and copper
- < 10% of territory explored

The foundation is laid for excellent mining investment opportunities in Ecuador

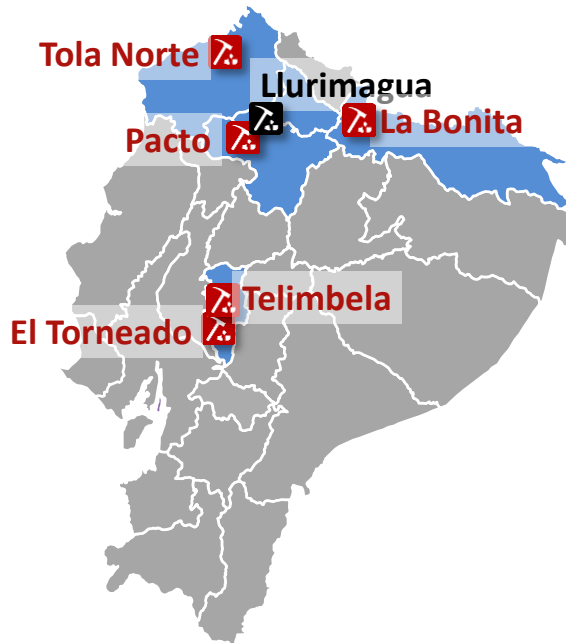


The National Mining Company (ENAMI) is seeking partners to develop and operate its projects



Partnering with ENAMI provides...

- a streamlined entry into the Ecuadorian market
- benefits and support normally reserved for state-owned entities



5 projects are currently available for partnership

- Partnership structures under consideration include:
 - Strategic Alliance: Flexible, ENAMI EP share usually 10-50%
 - Private/Public Company: ENAMI EP stake 51%
 - Joint Venture

Example: Llurimagua (Cu)

Codelco partnership with ENAMI for exploration, evaluation, development and operation



Ecuador's mining cadaster is now open



Today we announce the new process to obtain mining concessions in Ecuador

New process highlights

- Interested parties may now request new metal mining concessions of interest from the Ministry
- Any available area may be **requested**, up to 5000 hectares per concession
- The process will commence in the **first week of April 2016**
- We invite you to **reserve desired areas now**, to be granted after process launch next month

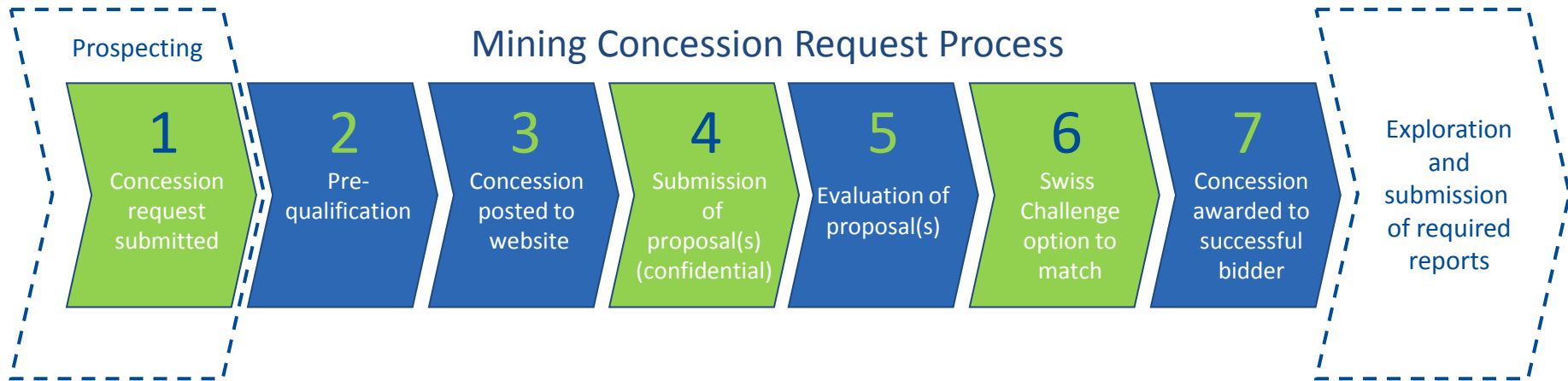
Link to Mining Management System to reserve areas:

<http://sgm.controlminero.gob.ec/web/arcom/tareas-sgm>

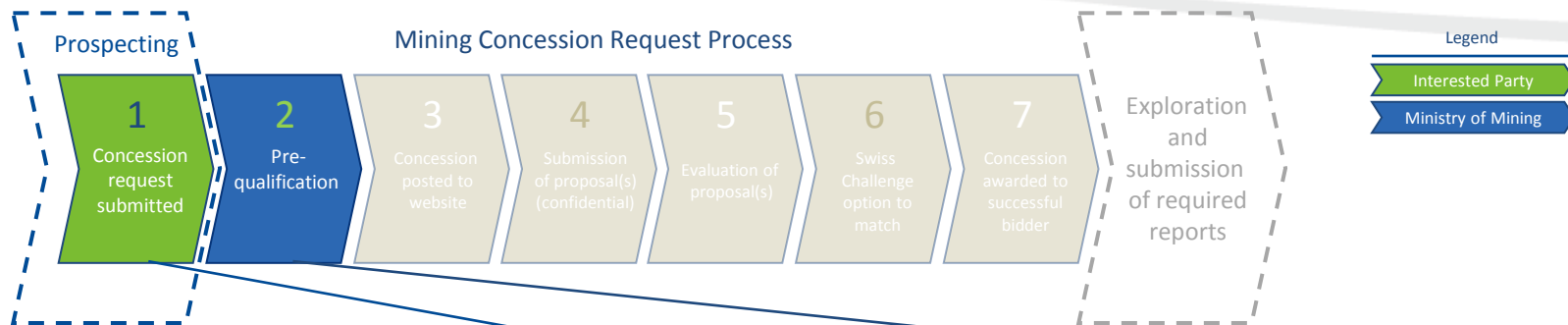
Current mining cadaster



The new process is fast and transparent



Initiating the process



Prospecting

- Prospecting is free, and available to all as established by Ecuadorian law
- Existing public information and real-time availability of potential mining concessions is viewable on the new geoportal:

http://visor.geoinvestigacion.gob.ec/areas_mineras

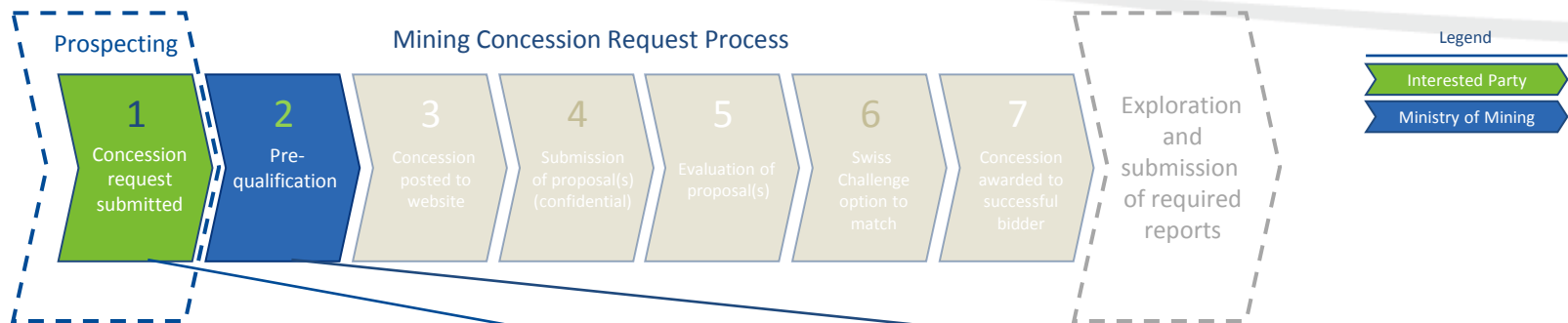
1 Concession request

- Interested parties may submit a formal request for mining concessions to the Ministry of Mining
- Such requests must include at least:
 - Concession reservation obtained online from ARCOM
 - Prequalification criteria documents:
 - Domicile and good standing in Ecuador
 - Minimum financial solvency requirements

2 Pre-qualification

- The Ministry and its institutions verify compliance with the pre-requisites
- The Ministry notifies the company of its successful initiation of the concession granting process

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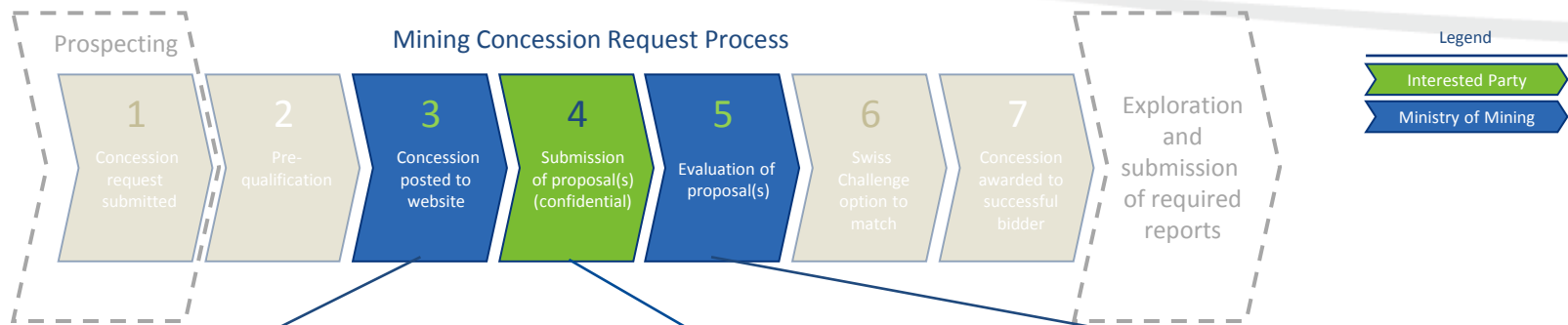
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Posting of concession and proposal(s)



3 Concession posted to website

- Ministry posts the concession request on its website for a period of three weeks
- This allows for competing proposals for the mining concession in accordance with Ecuadorian law
- All bids must also demonstrate compliance with the pre-qualification criteria

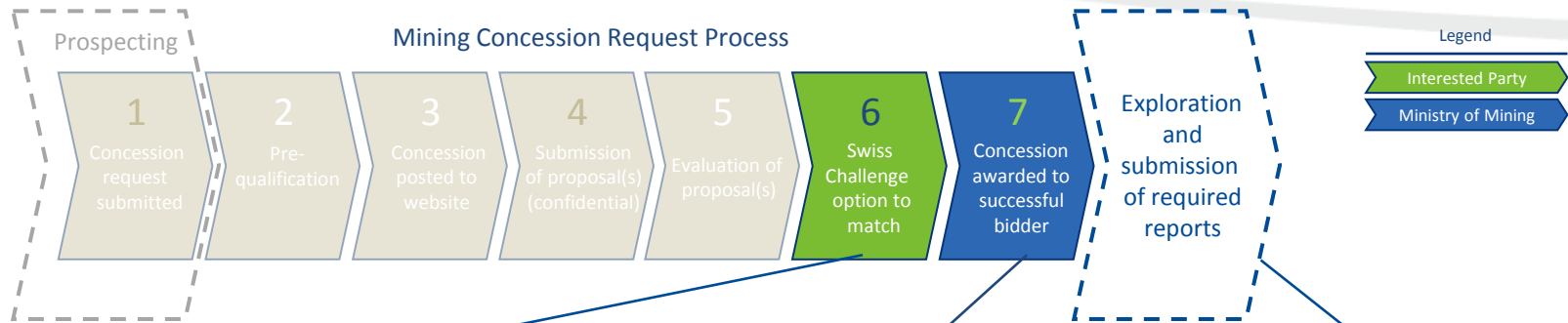
4 Submission of proposal

- The interested party submits its confidential proposal, which will not be opened until all proposals are evaluated. The proposal includes:
 - A work plan detailing exploration plans and expenditure commitments
 - Previous experience of the company and/or team

5 Evaluation of proposal(s)

- All proposals will be opened and evaluated according to the standard terms of reference posted on the Ministry's website
- Scoring is primarily based on the amount to be invested in exploration of the concession

Closing the process and award of concession



6 Swiss Challenge option to match

- The evaluation is run as a Swiss Challenge:
- The party who originated the process may enhance its proposal by increasing the investment commitment by up to 100% of its original value to match a competing bid
- Example:

— Original work plan:	\$2,000,000
— Limit of potential match:	\$4,000,000
— Competing bid:	\$3,500,000
— Match within limits?	YES

7 Concession awarded

- The concession is awarded to the party that submitted the winning proposal
- Competing bids are not required; in the event that no competing bids are received, the concession will be awarded to the initiating party

Exploration and reporting

- Concessionaires submit reports annually to show fulfillment of the work plan
- Technical results of the investment programs are submitted as evidence of work completed
- The interpretation of the technical results need not be submitted

Ecuador manifests its commitment to become the new mining frontier of Latin America by...



Advantages +
Opportunity





Ministerio
de Minería

Thank you!