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ATTORNEYS AT LAW

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Mining

MINING IN MEXICO

The mining industry in Mexico is emphasized by the fact that its fundamental tenets have constitutional status. Prior to the Mexican Revolution of 1910-1917, foreign interests controlled much of the mining done in Mexico on very favorable terms. They dug up the resources, but gave little back for what they received. Mexico was determined in the aftermath of the Revolution that this situation would not be repeated. Consequently, Article 27 of the Mexican Political Constitution provides in its relevant part that:

"ARTICLE 27. Ownership of lands and waters within the limits of [Mexican] territory pertains originally to the Nation, which has had and has the right to transfer dominion thereto to private interests, creating private property...

The Nation shall at all times have the right to impose on private ownership the measures dictated by the public interest, as well as [the right] to regulate for public benefit the use of natural elements susceptible of appropriation, in order to make an equitable distribution of the public wealth, to exercise care for its preservation, and to achieve balanced development of the country and improvements in the living conditions of the urban and rural population. Consequently, the measures needed to... establish proper provision, use, reserves, and ends for lands, waters and forests shall be decreed, in order to execute public works and to plan and regulate the foundation, preservation, improvement, and growth of population centers; to preserve and restore ecological equilibrium...and the other economic activities in the rural environment, and to avoid destruction of natural elements and the damage that property could suffer to the detriment of society...

Direct dominion over all natural resources of the continental shelf and the underwater shelves of islands pertains to the Nation; and of all minerals or substances which in veins, strata, masses and beds constitute deposits whose nature is distinct from the components of the land, such as minerals from which metals and metalloids used in industry are extracted; deposits of precious stones, of rock salt, and of salt beds formed directly by sea water; products derived from the decomposition of rocks when their exploitation requires subterranean works; mineral or organic deposits of materials susceptible to be used as fertilizers; solid mineral fuels....

In the cases referred to [in the preceding paragraphs], the dominion of the Nation is inalienable and not subject to statute of limitation and the exploitation, use, or benefit of the resources at issue by individuals or companies created pursuant to Mexican law may not be undertaken except through concessions granted by the Federal Executive pursuant to the rules and conditions established in the laws... The legal provisions relating to construction or exploitation works concerning the minerals and substances referred to shall govern the execution and evidencing of those done or which must be done from their effective period, independent of the date when the concession be granted, and failure to comply with same shall be reason for cancellation of said concessions. The federal government has the authority to establish national reserves and to revoke them. The corresponding decrees shall be made by the Executive in the cases and on the conditions that the laws provide..."

A great many words which boil down to one principle: Mexico, as a Nation, is the owner of the subsurface within its territory, and it may not transfer that ownership. The Federal Government, acting on behalf of the Nation, may grant rights of use and enjoyment, however. Use of this property is the purpose of the Mining Law and its Regulations.

The Mining Law of 1992 ended a somewhat tortuous process of adjusting the mining provisions to meet Mexico's two primary concerns: first, to develop the potential benefit of mining such that Mexico's economic well-being could be strengthened, and second, to attract investors who would put up the resources needed to modernize the industry by offering them sufficient reward to do so, accompanied by the legal security that they would be able to realize that reward.

The legislative history is immaterial here; what is important is that the 1992 Mining Law provides the basic framework for getting on with the business of mining. It defines specifically which "minerals and substances" it applies to, providing for inclusion of others if the Federal Executive so determines through a Decree published in the Official Gazette of the Federation. It also expressly excludes certain substances, such as oil and radioactive materials, from application of the law.

Article 6 prioritizes mining activities, providing that "exploration, exploitation and processing of the minerals or substances to which this law refers are of public use, shall be preferred over any other use of or benefit from the land...." Responsibility for application of the Law is assigned to the Ministry of Economy (hereinafter referred to as "SECON"), while a Mexican Geological Service is created as an independent agency (known in Mexico as an "organismo descentralizado," which is connected to but not of the Ministry, having its own property and legal existence) to support SECON with the nuts and bolts needed: preparing resource inventories, infrastructure development advice, resource development planning and the like. The Council's functions include by necessity exploration work and for exercising this function, mining assignments are granted to it. For our purposes, mining assignments are important primarily because the Council puts out to public bid the exploration work entrusted to it under the assignment. Assignments precede concessions, except where known mineral reserves exist. They can remain in effect for up to six years, after which they are generally cancelled and the area covered either becomes available for concession or is incorporated into a mining reserve.

The Law also provides for a Registry of Mines, which was already in existence under prior legislation; the Registry records all of the documents and registrations relating to mining activity (such as concessions, assignments, transfers of rights, nullification decrees, etc.), including corporate records relating to mining companies (such as by-law changes or purchase of shares by trusts). The Registry, in turn, is responsible for a Mine Mapping Office (in Spanish, Cartografía Minera) that keeps the mining lot maps.

The law defines who can undertake exploration and exploitation under its provisions, specifically, companies incorporated pursuant to Mexican laws whose corporate purpose includes exploration or exploitation of minerals or substances covered by the Mining Law, which have their legal domicile in Mexico. If foreign investment participates in such a company, it is still eligible assuming the foreign investment complies with the Foreign Investments Law (referred to as the Foreign Investment Law or "FIL") and the Regulations to said law. The Foreign Investment Law allows foreign entities and individuals to own up to 100% of the capital stock of a Mexican mining entity. Such entity may also be 100% foreign managed.

Mining concessions grant several rights to its beneficiaries. These include the right to explore, exploitation rights, use of mineral products found, and necessary collateral rights such as granting of easements on land required to carry out the work to be done under the concession. Concessions and rights pertaining to concessions may be transferred. An exploration concession is good for fifty years. During that time, the concessionaire can apply for an exploitation concession, good for up to fifty years and renewable for an equal period.

Rights do not come free of obligations. Grant of a concession imposes a number of duties on the concessionaire, among others... including proof of work done (whether exploration or exploitation); payment of the mining fees assessed; compliance with mine safety and environmental requirements; compliance with the several reporting requirements. If radioactive materials are discovered, immediate notice has to be given to SECON.

Processing is not addressed in depth in the Mining Law, but does fall within it. Processing no longer requires a mining concession as it did in the past. Specific provision is made regarding the obligations of "persons who process minerals or substances subject to the application of [the Mining Law]" which include compliance with environmental requirements and "processing the mineral from small and medium miners and from the social sector..." in defined circumstances, among other obligations.

Nullification and cancellation are provided for in the law, as are government oversight and penalties for violation of its terms.

The generally broad provisions of the Mining Law are nailed down by Regulations to the Mining Law, which set forth clear guidelines on how to apply for concessions, participate in bidding competitions, and adhere to other procedural issues under the Law.

Mexican Mining involves three other major statutes in addition to legislation specific to Mining. These are the Foreign Investment Law (with its Regulations), the Federal Labor Law, and the General Law of Environmental Protection and Ecological Equilibrium (Environmental Law, for short, with its implementing regulations and standards).

The Mining Law permits foreign investment participation in mining companies when such participation is in compliance with foreign investment provisions. The terms of the Foreign Investment Law do not contain any limitation and therefore, foreign investors can own a Mexican entity that is awarded a Mexican mining concession in its entirety, without limitation.

Federal Labor Law cannot be ignored by those engaging in Mexican mining. Notwithstanding publicized concerns by U.S. Congressmen about their perceived absence of organization and/or labor rights for Mexican workers, any employer who believes otherwise reflects an ignorance of Mexican history and law. Employers have specific obligations to workers in Mexico. This is especially witnessed in traditional mining states where workers not only have the right to organize under the law, but do organize strong unions. Mexican Unions gravitate towards fair employers and often provide assistance in locating skilled workers. Union contracts rarely address more than mandatory Federal Labor Law requirements, although they do specify how the law's mandates should be implemented. For example, the law requires that employer's design training programs and schedules. Thus union contracts may translate that requirement into specific details that apply to a particular company.

Additionally, implementing provisions of the Labor Law set certain health and safety standards for the work place. There are Official Mexican Standards published for equipment and chemicals used in industry that companies must comply with. These standards are somewhat akin to U.S. OSHA regulations, and impact, along with accident/illness records, on Social Security rates. Mexico's Social Security system, by the way, offers workers and their families' comprehensive health coverage and participation in the system is mandatory for all employers.

Finally, the Environmental Law, and its various implementing regulations (which address air, soil and water quality, as well as hazardous substances and waste) must be taken into consideration. Among the sanctions for failure to comply is the closing down of an operation. Fines can also be significant. The environmental provisions are not window dressing. Companies have been closed down, some permanently, for failure to comply with environmental requirements.

While there are other legal provisions relating to general corporation law, industrial property law, foreign trade and anti-trust law that all impact on mining in Mexico, the framework we have described offers, in operational terms, the ground rules.

Now let us turn to what one has to do to get into Mexico's mining industry on a procedural level; in other words, what has to be filed with whom and for what.

Unwinding the Red Tape

For simplicity's sake, we'll assume a mining company has been incorporated (duly including reference to exploration and/or exploitation of the substances covered by the law in the corporate purpose) and limit ourselves solely to the question of whether it has a clause permitting foreign investment.

If it has an exclusion of foreigners' clause, the company simply begins reviewing the maps in the Registry to find out where it might want to set up operations. But if the Mexican mining company allows foreign investment, the foreign investment rules come into play.

If the Mexican mining company includes foreign investment within the limitations for the minerals or substances it works with, it will need to attend to the necessary registrations with the National Foreign Investment Registry. This involves registration of foreign individual shareholders or corporate shareholders in the Mexican company, registration of the Mexican company itself, and, if applicable, any trust established through which foreign investors acquire beneficial rights relating to the Mexican company.

Any company, whether it has foreign investment or not, should register with the Registry of Mines to be characterized as a mining company under Mexican law. This is not a prerequisite to obtain a concession or any other benefit; however, once a concession is obtained, registration is mandatory. Registration is a relatively simple procedure: There is a form to fill out that asks for the basic corporate data (name, address, etc.) and corporate purpose; the capital structure of the company; information concerning the Articles of Incorporation and its notarization; registration with the Public Registry of Commerce. Copies of this must be filed with the Registry of Mines, along with proof of payment of any fees due.

The lack of formality for delivery of registration applications applies to all applications and reports to be filed, part of the simplification effort adopted by SECON.

The next step will depend on what a company wants to do. The three types of mining activity defined under the Mining Law are exploration, exploitation and processing. The first two require the granting of a concession and the third a simple notice of commencement of operations. Each of these involves different kinds of government grants or approvals to get going--and to keep going.

Exploration

Exploration can be done under a concession to a mining company or under a mining assignment to the Mexican Geological Service. In the case of a concession, the company will apply for a concession to one or more mining lots. In the case of the Mexican Geological Service, it will identify areas that need exploration and seek an assignment to carry out the work.

The procedures for obtaining a concession for exploration begin with the application. The application has to include the name of the applicant or applicants, the name of the mining lot, its area (in hectares), and the municipality and state where the lot is located. It should also list the primary minerals or substances that are to be sought. Very specific land survey information should be provided defining the lot precisely. With the application, two photos of the "point of departure of origin" should be submitted; the "point of departure of origin" is a carefully defined term.

Once filed with SECON, assuming all required data is provided, the agency issues a certificate good for sixty days, during which the applicant must carry out certain preliminary work on the lot (called trabajos periciales) which in this case translates roughly as specialist surveys since they involve primarily identification of metes, bounds and identifying points on the land. This work must be done by a mining specialist who is registered with SECON and has demonstrated recognized professional capacity in this field.

This survey work is exhaustive, involving different stages and resulting in a report prepared in accordance with the instructions provided by SECON. Upon acceptance by SECON of the specialist survey, assuming everything is in order, the agency issues the concession.

The rule on awarding concessions is first come, first served; where a conflict arises, procedures exist to apportion the lot or part thereof in dispute.

Exploration under mining assignment is not as clearly defined in the legislation. The Mexican Geological Service has as one of its purposes to "Enter into contracts through public bid to undertake the works within the lots under mining assignments issued to it, pursuant to the Regulations and the Law."

The Regulations refer to these contracts as being public works projects and thus subject to the Public Works Law and its Regulations, and place the provisions relating to the Service in the Chapter titled "Development of Small and Medium Mining and the Social Sector."

'Social Sector' in Mexico compares to what is commonly referred to in the U.S. as non-governmental public organizations such as union organizations, public interest groups and the like. The contracts under the assignments are intended for regional exploration or to provide preliminary information, and do not confer any rights to the mining lots being explored on the contractor.

We should note that there are special procedures involved in seeking rights to explore land in Mexican marine zones, or land released from mining assignments, or releases of mining reserve zones. These properties are put out to bid, the announcement of bidding competition published in the Official Gazette of the Federation.

Once the mining company receives the right to explore, it becomes subject to certain obligations. There is a minimum investment that must be made in exploration works, set according to a table based on area that is up-dated annually; the Law defines the types of investment sought. There are also reporting requirements.

The reports "proving" execution of exploration that must be submitted will include showing a detailed description of investments made, invoice value or sale of production obtained, and planned future investment. These reports must be filed annually in May on work done from January through December of the preceding year. If for some reason work has been suspended, the report must explain why.

In addition, those who hold concessions for exploration must provide SECON with a technical report on work done within 90 days of the concession's expiration if the concession covers one hundred hectares or more. These reports provide an overview of what was accomplished and what was found on the lot.

Exploitation

As we have noted, concessions for exploration can remain in effect for up to fifty years, and give the first option for a concession for exploitation to their holders, assuming that they have met all their obligations. To replace the exploration concession with an exploitation concession, application must be made before the expiration date of the first concession. This application is similar to the application made for rights to explore, except the information will be more specific once exploration is completed. If the perimeter of the lot on which concession is sought is wholly included in the exploration concession, the concession for exploitation will be issued. Otherwise, SECON will explain the discrepancy and allow the applicant sixty days to correct it.

Exploitation concessions compel more complex obligations than those of exploration concessions. To review, the requirements for exploration essentially are to spend money on the job, report what you've done and the ensuing results. Exploitation implies mines and miners, and consequently, additional requirements relating to them. The first detail noted in the Regulations is the appointment of an engineer responsible for mine safety standards--one must be appointed for each exploitation concession.

Any permanent fortification work and/or other installation needed for mine stability and safety become fixtures and cannot be removed from the site, and boundary markers must be carefully preserved.

Exploitation work, like exploration work, must be proven through a minimum financial investment based on the extent of the land involved for the kinds of work that the Law describes. Likewise, the reports on execution of exploitation contain the same kinds of information as those required for exploration.

Additionally, there will be reports on accounting, although these need provide only sufficient information to evidence the investment made, and mine safety and environmental compliance. These latter two are not clearly defined in the mining legislation; the Regulations refer only to "applicable standards" on these issues which will determine what reports should be filed with SECON.

Answering what the "applicable standards" are reminds us of the fact that labor and environmental reports, required under other laws, pertain and must be provided for by those running the facility.

Processing

No application is required to begin a processing project. However, notice of start-up of operations must be filed with SECON, within 15 days of the start-up, on the correct existing form. The Mining Law expressly requires such operations to comply with environmental provisions, which will mean attending to such matters as operational licenses, environmental impact statements where applicable, and to meeting air and water quality standards as well as observing requirements concerning hazardous substances.

No proof of execution is required for processing operations, but statistical and technical reports must be filed. Processing plants have to file monthly reports, like exploitation operations, containing similar production information. They are also responsible for filing safety and environmental reports with SECON pursuant to the standards applicable to the industry.

Processing plants are also charged with certain obligations in relation to small and mid-size mining concerns. This is done in the interest of encouraging their participation in the industry. Therefore Mining Law mandates that they "process mineral from small and mid-size mining companies, and from the social sector (as defined by law) under competitive conditions. In example, if a plant can process one hundred tons in twenty-four hours, a minimum of 15% of its installed processing capacity should be dedicated to processing minerals from the above." Exception is made to this requirement if the mineral to be processed "is not appropriate to the processing system" or if it "affects normal operation". If the processing plant shows it is accepting minerals from this type of mining company at a minimum of 15% of installed capacity or if the mineral delivered is less than ten tons, it is released from further obligation.

Under these circumstances, if a miner files a complaint explaining refusal of their mineral by the processing plant, the plant must file a written explanation of the reasoning behind this refusal. SECON will then decide the dispute.

"Competitive conditions" for buying or processing mineral from the small and mid-size mining companies or social sector companies are clarified in the Regulations. Essentially, the term means that the payment and deductions involved are in line with international prices and costs for the same mineral processed through the same system.

Accounting reports that processing operations must file relate to their obligations to the small and mid-size companies and the social sector. These reports must provide sufficient information to demonstrate that the mineral from these sources is being processed under competitive conditions.

Enforcing Compliance

Lest one assume that because the exploration or mining concession is safely in hand he is now free to go his way, careless of the obligations and reporting requirements we have described, we will now turn to the various sanctions available for non-compliance.

At the outset, even in the application process, an applicant can lose his "first come, first served" position if he doesn't pay attention to the deadlines set for providing additional information. If information on the application is lacking, SECON will allow the applicant to remedy the deficiency right then; otherwise, the application is refused and the applicant must resubmit it. If the specialist surveys are not submitted within the time allowed, SECON will assume the application has been abandoned and publish a declaration freeing up the lot or lots concerned.

It should be noted that Rights may also be nullified, although only in very specific cases. A concession will be null if an attempt is made to apply it to minerals or substances that do not fall within the Mining Law, for example, uranium, which as a radioactive mineral is not covered by this law. The same happens when someone not qualified under the Mining Law to receive rights, (such as a company that does not include mining exploration or exploitation as part of its corporate purpose) is discovered. Potentially difficult grounds for nullity

occur where the mining lot covered by the concession is not free when the application is submitted--even if thereafter the relevant declaration of release is published. This basis does not apply to rights conferred pursuant to bidding competition, and presumably guards against use of inside information to take unfair advantage.

Transfers of rights to concessions or the concessions themselves can also be found null if made to persons not legally able to hold them or done with restricted areas such as Mexican marine zones.

Rights to undertake exploration or exploitation works will be suspended if they endanger the life or physical safety of employees or members of the community, or if they cause or could cause harm to property, whether public or private, or to a public service.

Cancellation of concessions occurs at their expiration, on request of the holder of an exploration concession when replaced by an exploitation concession, due to violation of the Mining Law, and on judicial order. The violations of the Mining Law that give grounds for cancellation of concessions include: exploiting minerals or substances not covered by the Mining Law under a concession; non-compliance with execution and proof requirements for exploration or exploitation; failure to pay the mining fees assessed; disposing of radioactive minerals found during the work, whether the work be exploration, exploitation or processing; failure to pay discovery premiums when applicable; among others.

Most procedures to nullify a concession or to suspend its effect can be sought by the person affected by the irregularity in question. Significant among those with the right to seek suspension of works are the Joint Safety and Health Commissions in cases where the work poses a threat to workers or the community, and "any person" where a danger to property of public interest may be caused by the work. SECON may also declare nullity, or suspension, as well as cancellation, after affording a hearing to the affected party.

The hearing procedure for nullification or suspension requires the claimant to file a written petition that contains, in addition to who he is, domicile, and the lot with information identifying the operation, the reasons he seeks the action and the evidence he will submit. Documentary evidence must be attached to the petition. SECON has 10 days to admit the petition, after which notice of the complaint is given to the holder of the concession or the subcontractor of the holder, who then has sixty days to prepare the defense against the complaint. Meanwhile, SECON will inspect the premises, summoning all interested parties to attend. On the basis of the information submitted and the inspection, SECON will make a decision on the petition. It should be noted that cost for the inspection must be paid by the petitioner, for whom it constitutes evidence and if he fails to show payment of the fees, the petition will be deemed abandoned.

Cancellations are treated somewhat differently. In most cases, cancellation is a logical step in the course of things or it may follow from a judicial proceeding. When it occurs due to violation of the Mining Law, however, the law provides procedure to be followed. Once notice of cancellation is given by SECON, the party affected can raise defenses in certain instances. If the violation is based on failure to execute or prove works, a showing of production through invoices or payment for processing can be submitted. If the violation is based on failure to pay the mining fees, the concessionaire can pay them along with the surcharges that have accrued. If the problem is failure to pay the discovery fee, again payment (with interest and in accordance with current value) will take care of the problem.

Some violations, however, admit no recourse except constitutional relief proceedings (amparo) in the courts, assuming a violation of some constitutional right can be identified by SECON. The Mining Law also excepts the cancellation or nullification of concessions or rights related thereto, as well as suspensions, from administrative review.

Enforcing the law means not only taking action on the concessions or rights conferred. It also means keeping an eye on things, and penalizing lesser offenses with fines. Therefore, one of the obligations that those involved in the mining industry accept by their very participation is the right of SECON to inspect all operations.

While SECON is charged with verifying compliance with the Mining Law and its Regulations, the agency cannot just swoop down and inspect, absent severely extenuating circumstances. There is a procedure that it must follow. First the agency appoints its inspectors and advises them of the order for inspections, after which it will notify the party being inspected and disclose who the inspector is, the information that should be available for the inspector, and the date and time when the inspection will be done. The inspector should identify themselves upon arrival; if the person to be inspected refuses to cooperate, the inspector is to prepare a report to that effect and have it signed by two witnesses. Refusal, by the way, gives the presumption that there is non-compliance with the obligation to submit to inspection unless evidence is shown that this is not the case.

If the inspector is admitted and does his inspection, he must then prepare a detailed report of findings which he and the party inspected must sign. Copies are given to all signatories. The inspector must then prepare a report on the results of the inspection for SECON. If the report is incomplete, SECON can order another inspection. An outline of the exact content required in this report is provided in the

Regulations. Based on this report of results, SECON will enter a decision regarding any alleged violations found in the course of the inspection, including the legal basis and reasons for the decision.

Again, sanctions may be in the form of cancellations or fines. Fines range from the value of ten to two thousand days of the general Federal District minimum wage, depending on the seriousness of the offense, the offender's economic capacity, harm resulting from the offense and other relevant factors.

Some enumerated offenses subject to fine include: hindering SECON inspections, extracting minerals without a concession, failure to give notice of measures needed to prevent accidents that have not been adopted (if workers or the public is endangered), failure to give notice of processing plant start-up, refusal to process minerals for small and mid-size mining companies or social sector companies within competitive conditions. The most serious offense is extraction of mineral(s) without the right to do so, which can be penalized with up to double the maximum amount otherwise available and recovery of the illegally mined substances.

Imposition of fines is appealable within the administrative system. The decision on appeal can revoke the decision, modify it, or affirm it, and must include a statement of the action appealed, the legal grounds supporting the decision on appeal, and the points of decision.

Concluding Observations

We've glossed over the issue of money. A brief observation is warranted here. Aside from investments according to the requirements that we have discussed, use of concessions implies payment of mining fees. The importance of mining fees is considerable--in effect, it is the indirect benefit received by Mexico for allowing the private sector to have the minerals themselves. There are also the usual processing and application fees. Tax legislation for 2014 contains an increase of 50% in the fees per hectare, of concessions not being explored or exploited for 2 consecutive years during the first 11 years of having obtained the concession and of 100% starting on the twelfth year. There is a new Extraordinary Mining Fee of 0.5% on the sale of gold, platinum and silver.

Operation also implies taxes: income tax, social security and other labor related taxes. 2014 introduced a new Special Tax on Mining consisting of 7.5% of the profits obtained in a mining enterprise. Such profit is the result of subtracting certain allowed deductions to the income obtained from the sale of mining products. There is also a tax incentive consisting of a credit for the amount paid for the Special Mining Tax, if the mining venture has less than 50 million pesos of taxable income. The specifics of these matters, however, fall within other areas of the law and should be reviewed in the context of a particular operation rather than generally.

In summing up the legal framework for Mexican mining, the following comments are germane.

Careful review of the provisions of the Mining Law make two principles clear: the first is that SECON retains a good deal of discretion that may not be appealed in its implementation, and the second is that the law's thrust is to attain a viable, working mining industry.

Regarding SECON's authority, we cannot forget that although the name of the law is simply "The Mining Law," it is still the regulatory legislation for Constitutional Article 27 on Mining. Few areas are as sensitive in Mexico as control of the nation's mineral wealth, which offers the potential to alleviate many of the economic problems our country still faces.

Thus the problem in drafting this legislation was to seek out a balance between the government's control over mining and the need of mining interests to assure that their investment was secure--or at least as secure as such a risky undertaking can be. In other words, the miners needed to feel that if they expended large amounts of money in infrastructure, they could obtain the return promised by the resources on the lots they worked.

The 1992 Mining Law accomplishes this. As long as mining companies comply with the law, their investments are secure. Complying with the law means making the investments required, paying the fees assessed for the rights exercised, assuring the safety of workers to the degree possible, respecting environmental integrity, and extracting the elusive minerals from the earth for both the company's own benefit and that of Mexico--whether through supplying domestic needs or through generating export income.

But if a mining company tries to circumvent the law, the response is intended to be swift and harsh. Hence the finality of cancellations for the offenses described.

TGDM is pleased to provide further specifics for anyone interested in prospective mining projects and we welcome your questions about how to best position yourself and/or your company in this fertile field. Mexican mining is on the verge of another exciting "boom" period. Now that this legislation is in place, the door may be opened to an influx of technology, expertise and creativity. Let TGDM be the key to your success.

Esperamos que la información anterior sea de su interés y utilidad y en caso de tener cualquier pregunta o comentario al respecto, por favor no dude en contactarnos.

ATENTAMENTE,

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We hope the above information serves your interest and benefit. If you have any further questions or comments, please do not hesitate to contact us.

RESPECTFULLY,

ALEJANDRO TOULET

TOULET, GOTTFRIED, DÁVILA Y MARTÍNEZ, S.C.