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Ministerio de Minas y Energía
REPÚBLICA DE COLOMBIA

Pillars of Colombia's Mining Policy:

1. Mine Resources Management

The Ministry of Mine and Energy seeks to improve the mining institutional effectiveness, in order to be perceived as a stronger and more responsible institution.

2. Improvement in the productivity and competitiveness of the Mining Sector

—Small local scale Mining—. The Ministry of Mine and Energy, aims for a more profitable, organize and safe mining development. It is working for the harmony and balance of the mining development with nearby communities to the operation area, including ethnic groups. Also, working hand by hand with the environmental authorities inspires the mining development to prevent and minimize the environmental impact.

3. Advertisement of the Mining Country

The Ministry of Mine and Energy, searches to strengthen the bonds of trust with companies, investors and the international and national banks, to facilitate the dialogue with experts on international mining knowledge and create new opportunities for the development of the mining industry in Colombia.

Mining resource management administration

—The Ministry of Mines and Energy has considered as one of the fundamental pillars of the Mining Policy in the country, the optimization of the permitting and filing processes for the mining sector, with the understanding that these are those associated to the administration of the mining resource. Therefore, the resource management tends to be carried out under criteria of efficiency, efficacy and effectiveness, and the response times must meet international standards—.

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The Ministry of Mines and Energy —MME— is the principal institutional governing entity of the mining sector in Colombia and therefore, besides the basic function to formulate and to implement the mining politics of the country has at its charge:

- The administration of the mining resources of the country, which includes:
 - Titling and Contracting
 - Registration
 - Auditing and Surveillance of the obligations emanated of the titles and application for mining areas
- Promoting all aspects of the mining industry
- The administration of the collection and distribution of economic considerations
- technical Assistance

In order to fulfil these obligations, the MME has delegated some of the administration of the mining resources (contracting, auditing, royalties, land registry and registration) to the "Colombian Institute of Geology and Mining" —Ingeominas— (that controls approximately 60% of the mining titles of the country) and to six (6) Regional Delegated Governments: Antioquia, Bolívar, Boyacá, Caldas, Cesar and Norte de Santander. Moreover, due to the development and growth of the mining activity in recent years, the National Government verifies that the projects are carried out according to criteria of environmental, social, economic, and technical sustainability, to guarantee that they comply with the obligations that the law establishes, promoting simultaneously practices of corporate social responsibility. As part of the monitoring guidelines that the MME does to the functions delegated to Ingeominas and the Regional Delegated Governments, stands out that in the monitoring visits, all aspects related to the conditions of security and mining hygiene, possible environmental deterioration, and the affiliation of the workers to the General Health System of Social Security and Professional Risks, among others, must be revised, reiterating the necessity and obligation to inform the competent authorities, those irregular situations that deserve to be valued by them.

In order to facilitate the mining activity, —the MME has been focused in the formulation of public policies, regulation of the mining activity and monitoring the functions delegated to the Colombian Institute of Geology and mining (Ingeominas), to the Regional Delegated Governments and the institutions responsible for the administration of the mining resources. The separation of roles of the industry, eliminating the business activity of the National Government, among others, has favoured the increase of the private investments in the sector—. Mining Resources Management Policy, page 49.

Analyzing the statistics on auditing coverage, the number of visits in 2005, 2006, 2007 and first semester of 2008, is as follows:



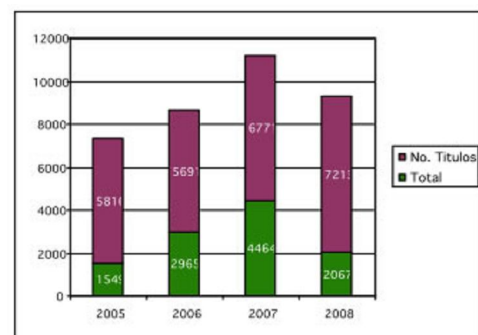
"One of the sectors in Colombia that attracts more foreign investment is the mining sector"

Hernán Martínez Torres
Minister of Energy and Mines

Delegated authorities	Número of auditing visits	Número of auditing visits	Número of auditing visits	Número of auditing visits
	2005	2006	2007	2008 (Goal)
Antioquia	269	319	446	751
Boyaca	220	247	567	535
Caldas	35	163	218	450
Cesar	26	94	162	242
Bolivar	50	98	234	361
Norte de Santander	51	144	191	285
INGEOMINAS	898	1900	2646	3000**
Total	1549	2965	4464	5624
No. Titulos	5816	5691	6771	7187
% de Visitas	27%	52%	66%	78%

** Including hygienic and safety monitoring visits

Chart 17. Auditing Activity 2005 — 2008*



*: Informatio to 30/06/2008.

Source: Ministry of Mines and Energy.
Delegated authorities consolidate monitoring information

As shown above, auditing coverage has been improving since 2005. Regarding the compliance of the goal established for 2008 (80%), the delegated authorities have been implementing concrete actions to accomplish the goals agreed with the Ministry, and it is expected that the awaited auditing level will be reached before the year ends.

Moreover, the MME established with the delegated authorities, specific goals regarding the evaluation of mining titles files on 2008. The progress reported on this matter until June 30 of 2008 was:

Delegated Authorities	No. Titles	Evaluated Files (Goal)	Evaluated Files First Semestre	% Goal Achievement
Antioquia	1261	1261	883	70%
Boyaca	535	535	174	32.5%
Caldas	281	562	206	36.7%
Cesar	126	378	260	50%
Bolivar	276	552	276	50%
Norte de Santander	217	434	192	44,2%
INGEOMINAS	4423	4423	4.744	107.2%
Totales:	7.097	8.145	6.735	82.7%

Source: Ministry of Mines and Energy

As shown above, the delegated authorities have made an average progress of 82,7% in the compliance of the goal of evaluation files to June 30 of 2008. Nevertheless, some delegates register a small delay, situation that was discussed with each of them in a joint meeting celebrated last September 24th and 25th.

On one hand, the Direction of Mines, with the support of Ingeominas and the Legal Advisory Office of the Ministry, is looking to standardize, from the legal and technical point of view, the services of contracting, mining registration and monitoring,. To do this, they are working in the adoption of protocols regarding the main proceedings carried out by the delegated authorities.

On the other hand, and as a key part to improve mining resource

administration in the country, other strategies in execution are:

- The implementation of the Strategic Plan of Information and Communication technologies
- Modifications of the Mining Code
- Joint and Coordinated work with environmental authorities.
- Restructuring: In order to count with enough human resource able to attend the increasing demand of services by the mining sector users, the Direction of Mines of the MME and Ingeominas are working in a restructuring study to adapt its workers to the current needs, in such a way that it will contribute to improve the response times to mining concessionaries and investors.

To conclude, a smooth operation and monitoring of the development of mentioned mining resource policies, guarantee the compliance of the obligations and an appropriate auditing process. This will be reflected in a more positive way of thinking of the global mining community, and in the increment of the benefits derive from the mining activity.

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