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Colombia Minera



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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.

National Mining: Overview

"On account of coal deposits which, for almost thirty years, have been exploited in the La Guajira and Cesar Departments, Colombian mining production shows an unprecedented growth."

*Mining Promotional Guide, 2007
(Ministry of Mines and Energy www.simco.gov.co)*

In accordance with the National Mining Development Plan, 2007—2010, Colombia boasts a geology that facilitates mining production and development. It currently offers a wide variety of mineral products. These include both large—and—small scale production. Large scale production includes coal and nickel, while small scale production includes gold, platinum, emeralds, limestone, salt, rock phosphate, clay, silicon sand, copper, manganese, magnesite, baryta, gypsum and a variety of ornamental rocks.

Production can be found in almost thirty zones, spanning two hundred municipalities with major growth and the possibility for exploration and exploitation. In these areas, mining activity has proven to be a significant support for the economic and social development of the municipalities. This generates an effect on the growth of income as well as on company quality and performance in areas of the country previously considered to be marginal and vulnerable.

Although Colombia still does not possess certain variables that distinguish successful mining countries such as Canada and Australia, the industry has tended, both nationally and Departmentally, to have had a positive economic impact on indicators such as GDP, exports and royalties. The above is due to exploration and production projects involving foreign companies. Among the most outstanding of these are the following:

Production Projects

Company	Project	Department	Product	Production/Year 2007
BHP Billiton, Xrtata y Anglo American	Cerrejón	Guajira	Coal	30 million tons
Drummond	La Loma	Cesar	Coal	22.9 million tons
Glencore	CMU— Tesoro— Jagua	Cesar	Coal	4,4 million tons
Glencore	Calenturitas	Cesar	Coal	3,7 million tons
Coal Corp	La Francia	Cesar	Coal	1,5 million tons



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

Hernán Martínez Torres
Minister of Energy and Mines

BHP Billiton	Cerromatoso	Córdoba	Ferronickel	108.000 oz
Mineros S.A	El Bagre	Antioquia	Alluvium gold	80.000 oz
Mineros Nacionales en venta a Compañía Minera de Caldas	Marmato Parte baja	Caldas	Beta gold	30.000 oz
Votoratim	Paz del Rio	Boyacá	Coal/Iron	624.000 tons

Source: MME

Exploration Project

General

Company	Project	Department	Product	Inferred Resources
La Colosa	AngloGold Ashanti	Tolima Cajamarca	Porphyry gold	10 mil onz
Greystar	Angostura	Santander	Gold	6 mill oz
Geominas y Otros	Rio de Oro	Norte de Santander (Tibú)	Thermal coal	320 mil tons
Colombia Goldfields	Marmato Parte Alta	Caldas	Lode Gold	2,5 mil onz
B2Gold—AGA	Gramalote	Antioquia (San Roque)	Porphyry Lode Gold	2,5 mil onz
AGA—B2Gold	Quebradona	Antioquia(Jericó)	Disseminated Gold	1.5 a 2 mil onz

Ingeominas Bits

Company	Project	Department	Product
BHP Billiton	San Jorge	Córdoba	Thermal Coal
Anglo American Colombia Explorations	Acandí	Chocó	Sulphurous polymetallics
Carbones de la Loma	Pantanos Pegadorcitos	Antioquia (Frontino—Dabeiba)	Sulphurous polymetallics (cupriferous porphyry Rich in Cu y Mo)
Cosigo—Frontier Mining Corporation	Taraira	Vaupés	Gold and Gold concentrates

Source: MME

It is worth mentioning that despite slow growth in the 1990s, production value has increased from 45.5 thousand million pesos to 67.4 thousand million pesos flat in 2004. This increase in mining production has meant a significant contribution by the mining sector on today's GDP, which has maintained a level of 2.57 for 2007, with some exports valued at US\$6.669 million. (Among the most outstanding of these are exports of coal, coke, ferronickel, emeralds and gold.) Royalties reached US\$468.5 million in 2007. According to data collected by the Department of National Taxes (DIAN) for 2006 (with approximations for 2007), mining was responsible for 2.3% of the nation's current income.

On the other hand, mining has generated rather positive Departmental development, especially in the Departments of La Guajira, Cesar and Córdoba. The most outstanding case in this context is in the Department of La Guajira "where mining has represented between 30% and 50% of the Departmental GDP in the last decade. In the same way, in Cesar, mining rose from 7.3% of the GDP in 1990 to 36% in 2005. In Cordoba, mining is

the second most important economic activity after agriculture: while, at the start of the 1990s, mining contributed 18% to the Department's GDP, this had grown to 25% in 2005. Furthermore, royalties (especially those for coal and nickel) in these Departments has highlighted an improvement in the standard of communities in the production zone. Royalties in the sub-sector are distributed as follows: Cesar 37.56%; La Guajira 34.15%; Magdalena 4.95%; Cundinamarca 0.51%; Atlántico 0.26%. In 2007, 740,000,000,000 pesos worth of mining royalties were distributed, compared with only 350,000,000,000 pesos in 2006 . These resources are distributed between Ingeominas, the National Royalty Fund and other departments. " See Logbook Number 25, Fedesarrollo.

Finally, based on the above examples, it is possible to confirm that mining in Colombia generates clear benefits for both the national economy and local economies. It creates employment, increases the demand for goods and services, boosts the income of both national and regional governments by generating currency through exports and, in various cases, the production of raw materials for different branches of local industry.

The above demonstrates how mining development in these areas has meant a positive change. This growth has been thanks to active inter-institutional participation, to the integration of processes, and to participants involved, either directly or indirectly, in the advance and progress of tactics aimed at sustainable development in the mining sector.

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