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Repatriation of Export Proceeds for Mining and Hydrocarbon Companies

In an attempt to control the high demand for U.S. currency, on October 26, 2011 the Argentine Government issued Decree No. 1722/2011 (the "Decree"). Under the Decree export revenues generated by mining and hydrocarbon companies must be brought into the country and exchanged for Argentine currency in the local market.

Until this measure's enactment, mining companies covered by the stability regime granted by the Mining Investment Law No. 24,196 were not subject to this obligation. Similarly, hydrocarbon exporters were only required to repatriate 30% of their foreign currency proceeds. The Decree's recitals state that the change brings fairness and equal treatment to other productive activities, such as the agricultural export sector.

Although the new requirement would apply to export transactions validated since October 26, 2011, under the Argentine Central Bank's rules (Communication "A" 5235) the obligation also affects proceeds from prior exports whose collection has not occurred before that date.



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