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# Hallgarten & Company

## Portfolio Investment Strategy

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## Argentine Miners Digging their way to China

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We could start off with one of our usual homilies on the virtues of investing mining in LatAm. But we shall restrain ourselves. Instead it is more useful to head to the state of play. The major mining activities in Argentina at the moment are:

- The **Cerro Vanguardia** epithermal gold and silver deposit situated in Santa Cruz was developed by Anglo American (92.75%) in league with Perez Companc (PC sold out their 50% stake several years ago and missed the bonanza). The balance is owned by Santa Cruz government entity Fomicruz (7.5%). Full production began in 1999, with the mine producing 294 000 oz gold and 2.1 Moz silver in 2001. In 2006, the mine produced 215,000 attributable ounces of gold at a total cash cost of \$225 per ounce. The mine has proven reserves estimated at 0.9 Mt grading at 7.09 grams per ton (g/t) for contained gold of 6.1 tons gold. The probable reserves are 6.9 Mt grading at 6.2 g/t giving contained gold of 42.7 tons.
- **Bajo de la Alumbraera** This copper/gold mining operation is located approximately 1100 km north of Buenos Aires in Catamarca province and is Argentina's largest gold and copper mine. It is also ranked as one of the world's largest porphyry ore bodies. Production began in 1998 and contains remaining proven and probable reserves of some 385 Mt of ore grading at an average of 0.54% copper and 0.65 g/t gold (June 2001). The operation is operated by Minera Alumbraera Ltd that is a consortium consisting of Xstrata PLC (50%), Goldcorp (35%) and Northern Orion (15%). At current production rates, Alumbraera has a life of at least 17 years. Alumbraera is anticipated to produce 590 000 oz gold in concentrate and 180 000t copper in concentrate per year, making it one of the largest gold producers in South America.
- **Huevos Verdes/San Jose:** This mine is located in northwestern Santa Cruz province. It recently began production and is owned 49% by Minera Andes (the rest being held by the London quoted Hochschild Group). The current resource is 700,000 ounces of gold equivalent. Using a cutoff grade of 100 g/t the Huevos Verdes vein has an indicated resource of 1,058,000 tonnes with a silver grade of 266.8 g/t and gold grade of 3.1 g/t, for a total of 9,075,300 ounces of silver and 106,000 ounces of gold. The inferred resource is 1,541,000 tonnes with a silver grade of 318.7 g/t and a gold grade of 3.5 g/t for a total of 15,789,700 ounces of silver and 173,000 ounces of gold.
- **Veladero:** This mine is owned by Barrick and is located in San Juan Province, Argentina, immediately to the south of the Pascua-Lama Property, approximately 320 kilometers northwest of the city of San Juan in the highly prospective Frontera District. The property is located at elevations of between 4,000 and 4,850 meters above sea level. In 2006, its first full year of production, Veladero produced 511,000 ounces of gold at total cash costs of \$168 per ounce. For 2007, the mine is forecast to produce 550,000-575,000 ounces at total cash costs of \$350-\$365 per ounce. Proven and probable mineral reserves as of December 31, 2006 were estimated at 11.4 million ounces of gold.
- **Mina Martha:** Coeur d'Alene (CDM) are the owners and operators of this mine located in Santa Cruz Province, 48 kms northeast of the town of Gobernador Gregores. CDM acquired the property in 2002 through the purchase of a subsidiary of Yamana Resources Inc. for \$2.5 million. Immediately after the purchase CDM commenced shipping of high-grade Martha Mine ore to the Cerro Bayo mill. Exploration discovered both extensions of the Martha Mine vein and the R4 Zone within the vein, which is located 300 feet southwest of the main Martha Mine mining area. During 2006, we spent \$2.8 million to discover new mineralization and define new mineral resources and mineral reserves and in 2007 we expect to spend \$2.1 million for similar work.
- The massive **Pascua-Lama** gold deposit straddles the Chile-Argentina border, and is being developed by Barrick. The deposit has proven and probable reserves of 17 million ounces of

gold, and contains 689 million ounces of silver, and 565 million pounds of copper, within the gold reserves. It has an estimated mine life of 23 years. Production is anticipated to be around one million oz gold and over 50 million oz silver per year with a cash cost of \$40—50 per oz of gold. The expected investment is a massive US\$2.4bn. Construction has dragged on beyond the original 2004 expected launch date and the target date keeps getting pushed into the future with a major sticking point being a glacier that overlays part of the mine site. According to Barrick, Pascua is set to become South America's largest gold and silver mine.

In addition to these projects in production, or on the cusp, there are flocks of smaller players exploring or with prospects that they have discovered (and thus in varying degrees of the feasibility process at the current time). A frisson has passed over the sector during the last 18 months with local political shenanigans prompting explorers to have second thoughts if their prospects lie in provinces that have been saber-rattling on environmental issues. The most dramatic event was the voting down of the El Desquite prospect of Meridian near Esquel in Chubut in a welter of unfounded accusations over potential harm to the local water sources.

### **The Political Dimension**

One area of the economy for which the forthcoming Cristina Fernandez de Kirchner administration has grand plans, it seems, is the fledgling mining industry. With sector activity up 400% in the last 30 months, the hope is that Cristina's term in office will see this fledgling sprout some decent plumage and take flight. This will only happen though if some of the local caudillos are brought to heel.

Eschewing metaphors for a moment, the official government mining board plans mining to quadruple through 2015. More importantly most of that activity will be based around producing mines and not just exploration as is currently the majority case, therefore those that plan these things are looking to hike mining exports to a healthy U\$16.3Bn (which would represent around 6.7% of total current Argentine GDP).

Recently however, some of the provinces that will be home to the large extraction projects for gold, silver, copper, lead, zinc and all the other metals one can imagine have been making a right old Gore-like nuisance of themselves. Renegades such as Chubut, Rio Negro, Tucuman, La Rioja and Mendoza have played the pesky environmental card since Nestor Kirchner came to office and banned the use of cyanide, effectively shutting down all plans for metals extraction on a commercial basis. To make matters worse, when Meridian Gold (MDG) lost an appeal case in front of the Argentine Supreme Court this year, the judges also ratified the precedent of provincial government decisions over dicta handed down from the Federal government in Buenos Aires. The fact that Argentine provincial governments have wide ranging autonomy is sometimes lost on foreign observers (it was certainly lost on Meridian), but it is in fact a basic building block of the Argentine republic and helps to explain why governors like Adolfo Rodriguez Saa of San Luis (yes, he of the seven-day presidency) can run a balanced budget for decades while all around are losing theirs.

Going forward, we sadly see little hope for Mendoza mining projects; the province's wine lobby is far too powerful and will play the environment card successfully from now until Greenpeace rules the world. It is strongly suspected that the real reason they don't want mining in the region is that mining companies will vacuum away the cheap labour they exploit for the vendange every year is beside the point and isn't often said out loud.

### **Chubut: a case in point**

Chubut has two legal issues on mining running at the moment. Firstly the 2003 ban on the use of cyanide. Secondly the three-year ban on mine production of any type that has two more years to run (but exploration and resource definition etc is allowed). We would also note that the ban only covered the far west of the province, but has made explorers nervous enough to regard it de facto as a total province

ban. There is also the 60-day land survey currently in progress. Many believe that this mission will report positively on mining in certain projects.

The Esquel project run by “Minera El Desquite” (subsidiary of Meridian (MDG), itself about to fuse into Yamana) is offline indefinitely. The local town (big on skiing industry and trying to promote ecotourism) is very much against the project. The locals voted 81% against the mine in a 2003 referendum, and the sentiment hasn’t changed at all. That referendum weighs heavily on the local governor and out-trumps any plans MDG, the government of Chubut or the Federal government might have of moving the project forward. Bottom line; it’s not going to happen.

Aquiline’s Ag/Pb/Hg “Navidad” project is much more likely to get the go-ahead, especially now the ownership case versus IMA has been cleared up to all intent and purposes. The recently re-elected (a big 77% voted for him) governor of Chubut, Mario Das Neves, is a Kirchnerite who will toe the line with national government. The national government, via the mining ministry and chamber of mining, is trying its utmost to promote mining in Argentina as a whole. Mining development is up 400% in the just 2 ½ years.

The Patagonia Gold project is also likely to get a green light to develop further, but will still have to overcome the ban on cyanide use at some time in the future. All the same, it’s in a far better position than MDG at Esquel. Other projects will be in the same position.

As previously mentioned a recent Argentine Supreme Court ruling (5th July 2007) on a case brought by MDG upheld the ban on mining the project and also, importantly, reaffirmed that regional laws/decisions etc take precedence over Federal laws). This makes it absolutely clear that Buenos Aires has second voice on what mining development goes on in the provinces.

As Cristina Kirchner is a shoo-in for President next month, it looks like definitive pro-mining decisions will happen after the main election (Das Neves is a staunch FOKker). Chubut has been clearly earmarked by National government as part of the next stage of mining development program in Argentina. The country as a whole plans to quadruple mining exports by 2015.

The local Chubut political view is the following; the governor and company wants mining. They realize now the mistake they made by allowing locals around a projected site to vote in referendum style (ie Esquel) and that’s not going to happen again. National and local government will be hot (or even very hot) on the green issues of any project, but they’ll keep any decisions to go ahead “in house”, and the local peoples around the Aquiline, Patagonia Gold, etc projects are not going to get a veto *per se*.

Local government will be hot on environmental issues for two reasons. Firstly, they really do care themselves about not screwing up the environment (it’s not just lip-service). Secondly, the environmental groups in western Chubut are well organized and know how to kick up a fuss on a national and even international level. Das Neves will want to keep his nose very clean (as a sidebar, he has aspirations of a run for Argentina President in 2011). On the other hand, most residents in the larger cities in the East of Chubut (Trelew, Puerto Madryn etc) are pretty much indifferent to the cause of the environmental groups; militancy only extends to the small towns and villages in the west of Chubut where the projects are situated. This will give a considerable advantage to Das Neves when he starts pushing the green lights through the local parliament.

Das Neves has made recent noises saying that although the Esquel project is a “no”, he wants to develop other mining projects in the region. Das Neves has also been separating Esquel from other mining proposed mining projects in speeches and smallish governmental decisions (such as where to place limit boundaries in the study zone for the current land survey). Thus he is widely expected to OK at least two of the major projects slated for development in Chubut as soon as Cristina gets to wear the sash. Protest groups in far-flung western Argentine villages may well kick and scream, but national eyes will oversee

environmental compliance from now and on there will be no more local referendums in this brave new world of mining.

So the bottom line to all this is:

- Mining will happen in the province. Aquiline is first in line on the big projects. Chubut is most definitely part of national mine expansion plans, and with Das Neves they have the guy to push the projects through on a local scale.
- MDG's Esquel is highly unlikely to happen.
- Expect things to move forward once the national elections (Oct 28th) are over.
- Environmental issues on the projects will remain important. Any mining company wishing to operate in Chubut (or in any other Argentine province for that matter) will have to demonstrate highest international standards.

### **The “Argentine” Miners**

By conventional definitions of the emerging markets crowd there are no investable Argentine miners. There hasn't been one quoted on the Bolsa for 50 or 60 years. That didn't stop us in the mid-1990s from starting to cultivate some of the intrepid handful of Canadian miners that roamed into the hitherto hostile territory of Argentina. Thus we courted Minera Andes and fraternized with Northern Orion. The industry started to mature and valuations took off. Wheaton River (now swallowed by Goldcorp) made its claim to fame upon a minority position in Bajo de la Alumbrera that had been very cannily acquired. Northern Orion also continued to tout the attractions of Agua Rica but in reality rested on the laurels (and cashflow) of Bajo's abundance.

These aforementioned are the veterans, and then there are the more recent arrivals. A flurry of listings in the 2003-2005 period as the base metals resurgence started to gain legs brought new names that professed a commitment to the hot place of the moment and then moved on. As recently as last May we met up with Condor Resources (CN.v) that had its main prospects in Argentina. Less than six months later, it is now Peru-oriented and its Argentine prospects are sidelined. This is repeated over and over again. For the moment we are focusing on miners that still call Argentina their prime field of activity. There are others but their markets caps are too small or prospects too flimsy (Ballad being an example). So here we list those that merit attention, if not addition, to a portfolio attempting to capture Argentine mining exposure.

### Northern Orion (Amex: NTO): **Neutral**

As per our recent note on the disastrous (for NTO) merger with Yamana and Meridian, we closed our Long position and switched to a short stance. However we did reserve the right to cover this position at any moment, and used that right when NTO crossed \$6.30 to the upside. The AUY/NTO/MDG amalgam is now wholly dependent on the rising price of gold. There is no point in standing in front of a steamroller. We are currently neutral on the stock, but we continue to trade its position using local experience to its best advantage.



### Alexander Mining (London: AXM.L): **Long**

The London AIM-listed company is a copper, gold and silver mining company, currently focused on South America. The company was founded by Dr Matthew Sutcliffe, a qualified mining engineer, and former director of corporate finance at Evolution Securities. Alexander's strategy is to grow through the acquisition and development of quality copper, gold and silver assets in emerging markets where management have considerable experience.



In April 2005, £20million (£18.5million net of expenses) was raised through a placing at 30p per share. On admission the market capitalisation of Alexander Mining at the placing price was £40.36m. The proceeds of the placing will be used to pursue the development of the Juramento Copper deposit and to drill the additional assets in Argentina and Peru. The Leon prospect in Salta province is a reported JORC compliant resource

with 6.43 Mt at 0.64% copper and 17.86 g/t of silver. The current mining plan calls for two open pits and production schedules for an optimised mineable reserve of 4.73 Mt of ore grading 0.66% copper and 17.9g/t silver. The company hopes to use a novel metallurgical process (AmmLeach) for the life of mine recovery of approximately 25,000t contained copper and 1.9Moz silver (with recovery rates of 75% for copper and 70% for silver). This is an interesting twist if it can move miners in Argentina away from extraction techniques that are aggravating the supposed "green" lobby.

The company also has the right to acquire 100% of a Peruvian company, Compañía Minera Molinetes S.A.C. with a prospect in Northern Peru.

Alexander is interesting but not compelling at this point. It definitely takes a backseat to some of the other miners with chunkier assets and more advanced plans.

### Mansfield Minerals (Toronto: MDR.v): **Long**

This is a development stage miner operating in Salta, Northwest Argentina. Of its various prospects, the Lindero gold property is the most promising.



Although a low grade resource of a little over 1g/t gold, Lindero is nonetheless interesting. Its large size means the resource is already at over 1m oz gold, and this will likely grow in the near future to at least 2m oz, thanks to the ongoing drill program. Recovery techniques point to a low cash-cost mine.

With only 52.8m fully diluted shares (42m shares out and 10m warrants/options), Mansfield is a junior that flies under most radars, however recent news on Lindero as well its Rio Grande JV project has been positive and we noted insiders buying around 150,000 shares since the last data set in September.

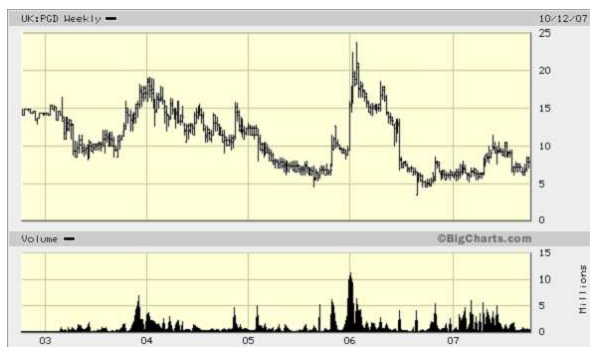
Although very early for anything but guesstimates at Lindero, an open pit mine with a relatively simple 5000tpd processing facility could produce 100,000 oz gold per year and give a mine life of 20 years. This



would turn Lindero into a true company maker and provide capital to turn Mansfield into a significant miner.

### Patagonia Gold (London: PGD.L): **Long**

This is another junior to keep an eye on. With a market cap standing around the U\$60m mark it is a small operation, but they have collected a large number of promising properties in Chubut province and more recently by paying U\$5m approx to take over Barrick Gold's exploration portfolio in Santa Cruz. This tactic of scooping up a large volume of properties is a bet on a future gold rush and certainly has its appeal. Another plus is that ex-Quilmes beer owners, the Miguens-Bemberg family, own a little under 50% of stock. Good connections go a long way in Argentine business circles!



Although somewhat speculative, Patagonia gold may be a good way to play any overturning of current mining bans in Chubut province, and we expect things to loosen up there as soon as Cristina Kirchner becomes president.

### Yamiri (Toronto: YRG.v): **Neutral**

The company's core assets are located in the northwest Argentine province of La Rioja, including the Famatina precious metals property with an Inferred Resource of more than 2 million ounces of gold and the large Helvecia property located in the heart of one of Argentina's best known uranium districts. In addition, several of the company's large precious metal targets are located adjacent to the southern extension of Chile's prolifically endowed, Maricunga mineral belt.

With good reason, for us, Yamiri looks like a Menem proxy vehicle. Certain historical features would appear to point in that direction. Yamiri began life as the State-owned Yacimientos Mineras Riojanos with Angel Maza (La Rioja's previous governor impeached this year, historically seen as Menem factotum and now ironically

described as a devout Kirchnerista). The new governor, Luis Herrera, elected in August had led the charge against the new mines (and the impeachment of Maza).



The company's seven, 100%-owned properties encompass some 100,000 hectares and range from early stage exploration to an advanced stage project with a defined resource. Two of Yamiri's projects had been currently optioned to well-known North American mining companies (Barrick Gold and Tenke Mining). However, activities with Barrick at Famatina ground to a halt in March when the provincial assembly voted against mining practices employing arsenic. This would seem to fly in the face of the aforementioned links between the regime in the province and the company.

Yamiri despite all this is a fascinating case. La Rioja, now that the Menem-induced gravy train is long gone has returned to its state of economic torpidity. Meanwhile next door, Catamarca is whooping it up with the royalties from Bajo de la Alumbrera. It would be foolish indeed for the local population (and even more so for the politicians) to balk at a chance to rake in big royalties and create local jobs (and the rail and road infrastructure that comes with it). In the best local tradition the current governor exploited local fears to expel his predecessor and seize power. How long now before he does a flipflop and attempts to get the projects going with a direct drip feed to his own political (and financial) benefit? Are all these politicians cut from Al Gore's cloth? Are they all destined to sacrifice the usual goodies that motivate Argentine political beings for a sudden burst of eco-friendliness? That the spoils of office will be eschewed by this crowd is scarcely credible and so far from type as to be bizarre.

### Exeter Resource (Amex:XRA): **Neutral**

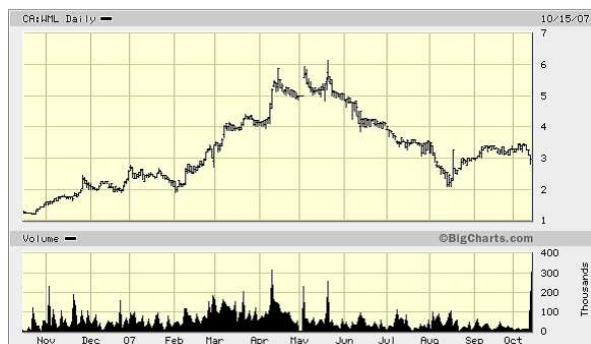
This company got caught between a rock and hard place in Argentina politics. Its prize project, Don Sixto in Mendoza has effectively been mothballed by the vagaries of local sentiment. As we have previously pointed out the "environmental" concerns of the local hoi polloi may just be a cover for local grandees wanting to keep the great unwashed picking grapes instead of getting paid substantially more working at a

mine site (and on a more regular basis than the seasonal wine/horticultural industry of the province). The local objections do have a ring of bogusness about them that goes beyond the Esquel crowd in Meridian's case. The Don Sixto project of Exeter is 300 kms from the wine/fruit area of Mendoza and the area is scarcely populated desert. Looks like a shakedown by the local politicians to us. XRA has taken legal action against the relevant bodies in Mendoza, but we cannot help but think they are wasting time and effort.

The initial shock of the provincial ban sent Exeter into a spiral last year but clearly all is not lost, as the chart shows.



This is because XRA also has its promising "Cerro Moro" gold/silver property (in the friendlier climes of Santa Cruz) that has returned promising drilling results this year, as well as early stage properties in Chile.



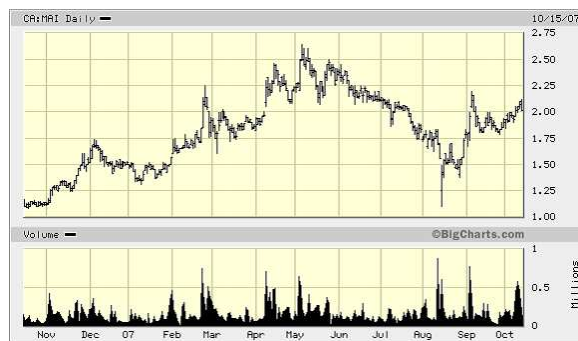
**Wealth Minerals (Toronto: WML.v): Avoid**

We are on record as being cynical on the uranium story. The wheels have come off the price in defiance of the trend in "other base" metals. We don't regard the moves in uranium as having anything to do with base metal reflation. Wealth is the largest property holder with uranium potential in Argentina and also has a gold project in British Columbia, Canada. It is part of the

same corporate grouping as Cardero. The fully diluted market cap is around CAD\$100mn and yet book value is a mere CAD\$15.9mn. Grossly overvalued.. Avoid.

**Minera Andes (Toronto: MAI.to): Long**

We have followed this company from its very infancy. Our Buenos Aires office was the only financial firm on their path through the city back in the old days as the less of indifference to their Argentine activities was deafening. It is a gold, silver and copper exploration company working in Argentina. The company holds about 410,000 acres of mineral exploration land in Argentina including the co-owned San Jose silver/gold mine that has started initial production. It is also exploring the Los Azules copper project in San Juan province, where an exploration program is underway to define a resource. Other exploration properties, primarily silver and gold, are being evaluated in southern Argentina. Recent exploration highlights include a newly discovered mineralized area about 500 meters long at the Frea vein. The highest-grade intercept from this drilling campaign is in hole SJD-357 that encountered 100.09 g/t (3.22 ounces per tonne - opt) gold and 1,234 g/t (40 opt) silver over 0.50 meters.



The San Jose mine recently began production with an annualized production rate of 3.1 million ounces of silver and 61,000 ounces of gold. The company has a goal of doubling production within 12-18 months. Andes owns 49% of San Jose while the balance is owned by the Peruvian Hochschild Group (which quotes on the London Stock Exchange).

Andes share price has become range-bound of late. The company has not responded to gold's move above \$700 as one would like. The company has signaled a move to list on the Amex above \$2 and yet curiously it has trouble consolidating above the key level. Its almost as if something wants to stop it getting the Amex listing. For us the Amex listing would be a quantum leap the company was always one of the largest Bulletin Board traded stocks and it actually has its head office in the US, so it is not Canadian. A US listing would move it into a different league and give it a quote in the country



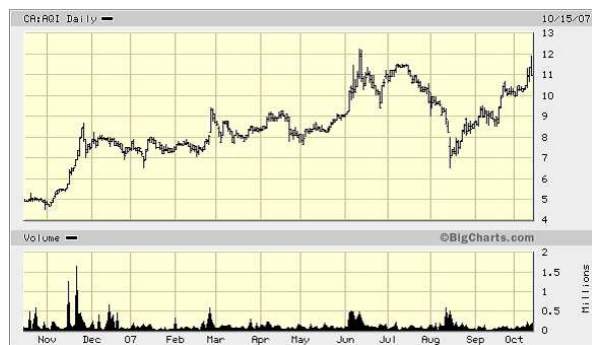
where most of its players have their abode. Andes is **THE** most attractive Argentine mining company at this time and rated as a MUST for investors in Argentina.

### Aquiline Resources (Toronto: AQL.to): Long

Aquiline is a feather in our cap. We ran with a Long AQL, short IMA call at the time that most thought IMA had the Navidad lawsuit all sewn up. The rest is history, AQL now have two big projects on their hands in the form of Navidad and their original Calcatreu project.

At the moment AQL is in the throes of filing a response to IMA's appeal, but we do not see IMA getting much traction on this front. At the same time AQL is acquiring its related company, Absolut Resources that is focused on the Peruvian Pico Machay gold prospect that has an inferred resource (thus far) of 580,000 ozs. As AQL already owned 9.7% of Absolut, the company will only be issuing 4.7% more capital in its all stock offer for the sister company.

This is a sideshow however to the massive resources that AQL currently has at hand in Argentina. Calcatreu is the original AQL prospect, having been picked up from the controversial Newmont asset sale. See our previous note for elaboration. It is just inside Rio Negro Province, but in the same geological formation as the Navidad project and the Flamingo prospect. At Calcatreu there are 11 outcropping epithermal gold bearing veins. The two best developed of the 11 veins are the Vein 49 and Nelson Veins which contain all the drill defined resource ounces at Calcatreu to date. Testing by Micon International gave an indicated resource of 602,000 ozs of gold and 5.5 million ozs of silver, grading at 3.04 g/t of gold and 28.1 g/t of silver. Some more recent drilling has thrown up gold grades as high as 4.3 g/t.



useful to note that IMA (before they lost their project) reported that the Chubut freeze on non-alluvial mining actually applied only to the West of the province and leaves Navidad clear for further development.

AQL looks very, very attractive under these conditions, if the political air can be cleared and IMA dispatched to its eventual fate. For us, AQL is the only story that might have a chance of challenging the attractiveness of Minera Andes.

### IMA (Toronto: IMR.v): Avoid

These days this Grosso Group company is left with "lighting candles to the Virgin" as its sole business strategy to reverse the devastating loss of Navidad to Aquiline. If the basis of Aquiline's claims against IMA are accurate (and we have gone on record as agreeing with AQL) then IMA is to be avoided no matter what they are doing and how attractive the prospect is. It is even more ominous to go to IMA's website and see when one clicks the "Projects" button the words "coming soon". Maybe it would be more accurate to put "Recently gone". Even as a lottery ticket on a judge overturning the finding for AQL, this stock still has "Avoid" written all over it.



The big prize though is the Navidad prospect. The Indicated Resource is 305.7 million ounces of silver and 2.9 billion pounds of lead (93.4 million tonnes at 102 g/t silver and 1.41% lead using a 50 g/t silver equivalent cut-off), signaling it as one of the world's largest major silver deposits. Under AQL's management this resource is being constantly expanded by further drilling. It is

## Conclusion

After 60 years of quiescence the mining industry rumbled to life in the late 1990s. The much-maligned Carlos Menem was chiefly responsible for breaking the nationalist legislation and Federal/Provincial posture-taking that had paralysed any initiatives for so long. Now a fistful of major projects are going ahead (note the lack of small-sized ones) and mining may not be on the lips of everyone in Buenos Aires, but the boom is certainly relevant to the provinces, their populations and the trade balance.

The Kirchner administration has not been strong on any policy initiatives beyond its two key mantras of import replacement and weak dollar. But it has fostered a benign environment for miners. The only fly in the ointment is some provincial grandstanding, but when push comes to shove the Federal Government can exert various financial pressures on provinces and “ask” them to toe the line. Everything in these relations is about stick and carrot wielding. Also, many provinces now find themselves in the hands of Kirchner-friendly governors. Thus Chubut and other provinces of the same ilk should cede, post-election, to the Kirchnerite vision of a more productive Argentina and allow mining to develop at least some of its full potential. And although first in the list of beneficiaries will be midcap companies such as Aquiline (AQL.to) when its Navidad silver/zinc/lead project gets the green light, we have also noted big boys such as Newmont (NEM) and Barrick (ABX) recently stepping up nationwide presence.

Stripping away the cynicism, we believe the Cristina Fernandez de Kirchner presidency will indeed mark a turning point for mining investment in Argentina. The merest glance at Chilean or Peruvian export figures over the last five years shows that Argentina is a late arrival to the party. Resting on the laurels of tourism, a weak peso propping exports (or at least suppressing imports) is a false construct for Argentina indeed. Agriculture is bouncing off its own natural limitations. The only boundless frontier in Argentine is mining.

Foreign miners will have to do more to build an advocacy base outside of a few intensely interested parties (like geologists and local transport companies). The conventional arguments of benefits to the local economy and financial flows to provincial administrations would appear to have been badly transmitted thus far. This task is not insurmountable by any means. Everybody knows who the “go-to” guys are in each provincial power base. Maybe less money to IR firms and more towards greasing squeaky wheels might get the caravan rolling along.

## Important disclosures

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