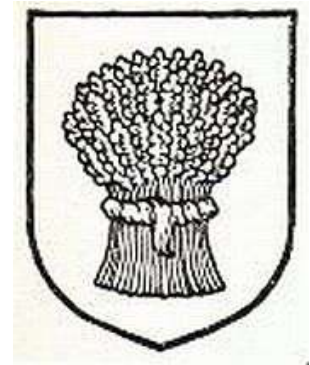


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# HALLGARTEN + COMPANY

Country/Sector Coverage

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## Mining in San Juan, Argentina

### Copper's Newest Hotspot

# Mining in San Juan

## Copper's Newest Hotspot

- + Long known for its gold prospectivity, and more recently its gold production, the Argentine province of San Juan is now pivoting to become the hotspot for Copper exploration and development in the southern half of the Andes
- + Chile's political woes have refocused attention on alternative venues for copper mine development and San Juan is the leading contender
- + The provincial administration (and the opposition) are all vigorously pro-mining
- + The Federal government of Javier Milei has introduced the Regime for Large Investments (RIGI) which offers strong incentives for projects (of over US\$200mn) to move forward sooner rather than later if they qualify in terms of size
- + A plethora of heavyweight names have positioned themselves in the province either directly or via proxies (e.g. BHP, RTZ & South32 making strategic investments)
- + Most mining players in the province are cooperative and supportive of each other, particularly as regards access issues
- ✗ All the copper projects are in the high Andes, strung along the border with Chile, and this presents great challenges in providing access and infrastructure
- ✗ There is a residual "Argentine discount" to any mining undertaking, which adds an extra layer of uncertainty, particularly when the projects are largely in the capex category exceeding US\$1bn, and sometimes multiples thereof

### San Juan – Ready & Willing

It is interesting to watch a new "mining province" emerge from what had been previously unexploited territory. The Argentine province of San Juan is not new to mining by any means. It has a history of centuries of small-scale mining and several decades of large-scale gold mining. The Miocene Central Andes, which extend into the San Juan Province, has become one of the prime exploration jurisdictions in the search for large, porphyry-related Cu-Au-Mo deposits.

Strangely, despite all the buzz, Argentina does not currently produce any copper but looks likely to become a top-five producer by 2035. In the past it was a meaningful producer from one mine, Bajo de la Alumbrera in Catamarca, from the early 1990's until 2018.

The vast bulk of the new copper projects are in San Juan, with the only projects outside the province that would rank as major being Taca Taca (of First Quantum) in Salta and San Jorge (now called PSJ Cobre Mendocino and, in some versions, owned by a Swiss/Russian group) in Mendoza.

Glencore recently estimated that seven of the main copper projects in Argentina could produce two million tons of copper annually within 10 years, with the total investment ranging from \$35bn to \$45bn.

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The province also hosts the sizeable Veladero gold-silver deposit (mined by Barrick/Shandong Gold).

### Into the Wilds – A Mine Trip

In the first week of February 2023, a collaborative effort was made by Aldebaran Resources and McEwen Copper on a minesite trip for analysts from Toronto (and London) to their projects in the province of San Juan in Western Argentina. This province borders Chile and in the high Andes along the border a plethora of projects have sprung up. Two of these are Altar of Aldebaran Resources, which could be said to be advanced exploration, and the other being the Los Azules project of McEwen Copper (embedded with McEwen Mining – MUX.to). We have covered McEwen Mining and its predecessor firms, US Gold and Minera Andes in the past. In fact, the latter we have known since the early/mid-1990s.

There are number of other projects that share access roads with these two projects, most notably El Pachon of Glencore. The others are smaller, less advanced or static and are “operated” by the likes of Fortescue (FMG), Abra Silver (with La Coipita) and the Sanchez Losada interests. In close proximity, but on the Chilean side of the border, are large producers like the Los Pelambres mine of Antofagasta.

Our visit to the Altar project of Aldebaran Resources and the Los Azules project of McEwen Copper were written up as an extensive [Mine Trip Note](#), which we published in March of 2023.



### **San Juan – Copper’s New Chile?**

We have been on record for quite a while now as referring to Argentina as “the Saudi Arabia of Lithium”. Of late, we have also taken to referring to San Juan as “the new Chile”. This is somewhat ironic as the province has hitherto been viewed as a gold province with the major mines being Veladero, Casposo and Gualcamayo. However, these mid and smaller scale gold mines are now being eclipsed by the Copper potential, with projects that are mainly in the “large” category on any international scale with multi-billion tonne resources as currently only projects of this size can cope with the topographical and infrastructure challenges of the high Andes.

A provincial Secretary of Mines has been in place in San Juan Province since early 2004. The Mining Ministry was created at the end of 2010 and a Minister of Mining was appointed to lead this Ministry. Apparently, San Juan is the only province to have elevated the role to a ministerial level.

The current Minister is Dr. Juan Pablo Perea Fontivero. The other authorities in the Ministry can be found in Appendix III.

### **The Province’s Politics**

The most recent elections in the province of San Juan were held in July of 2023. Previously, on May 14, the original date of the elections, the elections for the 36 seats in the provincial Chamber of Deputies, mayors, and councilors were held. Sergio Uñac, governor since 2015 and lieutenant governor from 2011 to 2015, planned to run for a third term as governor. Uñac has been regarded as pro-business and pro-mining despite hailing from the Peronist camp. He successfully negotiated with Barrick Gold to prevent the corporation from leaving its Veladero operation in San Juan after the company was penalized for reiterated cyanide pipeline spillages.

On the 9<sup>th</sup> of May 2024, the Supreme Court of Justice suspended the elections after granting an injunction from opposition forces who argued that Uñac's candidacy did not respect the alternation of nominations regulated by the provincial Constitution. On June 1 of that year, the Supreme Court ruled that Uñac was disqualified from running for governor, and the Provincial Electoral Tribunal called elections for the 2<sup>nd</sup> of July 2023.

In the election for governor in 2023, Humberto Orrego became the provincial governor by defeating the Union for the Homeland's gubernatorial candidates, ending 20 years of Peronist rule in San Juan.

The current Governor of San Juan, since 2023, is Humberto Marcelo Orrego (born in 1975). He is a lawyer by profession. He previously served as National Deputy from 2019 to 2023, and as *intendente* (mayor) of his hometown, Santa Lucía, from 2011 to 2019. He is a member of the local Production & Labour party, which is a right-wing strain of Peronism. Interestingly, his party is the opposition (holding only 6 out of 36 seats in the provincial Chamber of Deputies) and the other Peronists strains are the

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majority. Such is provincial politics in Argentina.

## **Argentina**

The libertarian regime of Javier Milei assumed power in December of 2023 after a stunning victory in the elections held the month before. The policy manifesto of the incoming administration was light on mentions of mining so it was not clear which way the new regime would trend. It did seem though that the new government would NOT be anti-mining.

The mining community had not found the outgoing Peronist administration to be obstructive or anti-mining, though the economic restrictions that came with the left-leaning Peronists included import restrictions and foreign exchange controls that made life very difficult for mining companies.

The outgoing president was Alberto Fernandez, who was widely regarded as a creature of his vice president, Cristina Kirchner. The Kirchner grouping largely ruled the country for twenty years, excepting a small centre-right interregnum mid-last decade. Even the detractors of Cristina Kirchner find it impossible to claim that she, or her various governments, have been anti-mining. Coming as she does from the strong mining province of Santa Cruz, in Patagonia, her approach had been very softly, softly when ruling directly or through her proxy.

With the first announcements of team members for the Milei Administration, the previous mining secretary, Flavia Royon, was one of the very few that kept her position. She was very highly regarded in the mining community and came from a similar position in the government of the province of Salta. Unfortunately, she quickly became a victim of the moodiness of Milei when he sacrificed her due to a disagreement he was having with the provincial government of Salta on a totally unrelated issue. This was one of the first of these random sticks & carrots manoeuvres that Milei used in forming and unforming his team.

She was eventually replaced by a mining lawyer, Luis Lucero from the “white-shoe” firm of Marval O’Farrell. He has been well-regarded since assuming the role, but did not have the star-quality that Royon had. Lucero has been evident around the world since his appointment in particular being very evident at LME Week in London in 2024 and PDAC in 2025, where an Argentina Day was staged.

Beyond the RIGI development, the Milei regime has been mining neutral, which is the ideal situation considering that legally it doesn’t have much say, except over fiscal matters. In the latter category a series of actions have been taken that have levelled the playing and made operating easier for miners, particularly with regard to taxation, imports, remittance of earnings and other exchange control easing.

On the nuclear front, it has strongly signaled its support for a uranium mining revival.

As we have noted in [our recent mid-term election review](#), the President and his Administration need to lift their game. “It’s the Economy, Stupid” may be a valid truism, but beyond that Argentines expect their governments to not be permanently truculent and appearing out of touch. On those two scores, Milei needs to lift his game or face a Waterloo at the ballot box. And that would NOT be good for miners.

### **Gripes & Grumbles**

The main bugbears of the mining industry under the Peronists were the issues of the *reintegros de IVA* (rebates of VAT) and the on-going idiocy of the parallel exchange rates, and exemptions thereto, that created an enormously distortive effect on the flow of funds into capex and the flow of dividends and profits out of the country. These required CFOs and financial controllers of foreign miners to perfect their skills as contortionists to effect transfers at the most attractive rates.

Generally, though, this situation was not enough to discourage exploration or development. It is worth noting (and the miners are *sotto voce* on this) that the “cheapness” of Argentina at the old unofficial rate (the so-called *Dolar Blue*) was an ameliorating factor. Normal petrol/gasoline was ~US\$1 per litre and salaries were basically low at the official rate for domestically employed staff. Rents were low and hotels cheap, as were many basic camp supplies (food, cleaning products etc). However, as inflation has ground to a screaming halt, in-country prices were caught at an exceptionally high level which has made daily living very expensive and prices for many everyday products appear (from our two visits this year) to be way more expensive than in Europe or the US and that takes some doing.

A specific negative for those operators in the high Andes is the so-called Glacier Law. This has been around for a number of years but has not been quantified or really applied. Moreover, the register of glaciers has not been updated and global warming (or whatever) has resulted in some of the listed glaciers having disappeared/dissolved. Others have shrunk to the size of a few dining tables and become historical oddities. Miners must, however, tread gingerly around this somewhat nebulous subject.

However, one might also look to the wetlands subject where the Iguazu Agreement of protecting wetlands prompted some rather predatory legislation that nearly made it to the law books but was headed off at the pass by canny lobbying by interested parties in the mining industry and mining provinces. This shows that a proactive, yet subtle, approach from players acting in concert can make mining voices heard.

### **The Legal Context**

During the Golden Years of the Menem regime of economic liberalization in the 1990s the administration created a major shift away from the ossified historical legacy that had choked off

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most mining since the Second World War. Most importantly Carlos Menem, originating from the long forgotten and ignored Andean provinces, swung the pendulum of control of bureaucrats in the capital, Buenos Aires, towards provincial control of their own mining destinies.

Between 1993 and 1995, the Federal government implemented a new Mining Investment Law, a Mining Reorganization Law, a Mining Modernization Law, a Mining Federal Agreement, and Financing and Refund of IVA. Decree 456/97 implemented a unified text of the Mining Code with all amendments made by the aforementioned legislation. These amendments offered attractive incentives for exploration and mining to foreigners, and include both financial and tax guarantees, such as import duty exemptions, unrestricted repatriation of capital and profits and a 3 percent cap on Provincial royalties. This group of laws also created the basis for federal- provincial harmonization of the procedural regulations.

In 2001, Law 25.429 “Update of the Mining Investment Law” was passed, and in March 2004 approval was reached for a key provision of the Law allowing refund of the IVA (Value added tax) for exploration related expenses incurred by companies registered under the Mining Investment Law.

The Mining Secretariats of the provinces are commissioned to foster mining investment, participate in cooperation between international and inter-jurisdictional departments, and to oversee environmental, labor and hygiene issues related to mining. Importantly, they respond to and govern initiatives of the National Mining Commission (which supervises the country’s mining policy) and oversee the National Geological Service Board (SEGEMAR, which functions as a national Geological Survey).

### **Chile – *Dirigiste* to the Bitter End**

Despite perennial concerns about the Argentina political direction, the metaphorical road to the Argentine *salares* opportunity has become more like a Los Angeles expressway in peak hour, since 2020.

Argentina has been in the Lithium game for decades, so is no newbie, but was always perceived as playing second fiddle to Chile.

Chile is merely focused on expansion of existing facilities these days. Chile’s attachment to an ancient Pinochet regulatory system, that required nuclear regulators (CCHEN) to clear Lithium projects, just showed that Chile could not get out of its own way. In most recent times a new/old paradigm has reappeared of pushing state entities (Chile has the ultimate SOE in Codelco) forward as “partners for hapless foreigners.

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On top of these overt machinations there was the debacle of Pascua Lama which cost Barrick over US\$5bn as it fell victim to Chilean obfuscation (and frankly anti-Argentinism). This malign influence is now common knowledge amongst informed mining executives. Only a small coterie of “Chile, or Bust” fans in the City of London continue to believe Chile can do no wrong.

This reinforces the view that Chile is not the mining paradise that many would have us believe. Its arcane regulations make it look like they are trying to keep new kids out of the game, and that is just resulting in Argentina making all the running.

### **Investment Thesis**

Recent times have been rough for Javier Milei. He has wandered into a minefield of his own making. However, the relevance of this for miners has yet to be determined. The Federal government does not set mining rules (being instead the purview of the provinces) but Milei has provided the RIGI structure for large projects which is giving impetus to the serious players in San Juan.

San Juan itself is firmly in the grasp of bi-partisan pro-mining forces that see a potential great leap forward for a part of the country that has long been relegated to minor agricultural production activities due to aridity and poor soil. A mining renaissance is seen as potentially transformative in the way that oil & gas has changed Neuquen (in Patagonia) into the province with the highest per capita income.

Argentina seems to have collected the set of a goodly proportion of the upcoming major copper projects in the world. And most of these are in San Juan, so when we first said that San Juan was the New Chile some thought we were indulging in hyperbole, and yet we have since been proven to be right.

Onwards and upwards in San Juan.



# Appendix I: The Players

## **Gentrifying the Neighbourhood**

To some extent San Juan's Copper Belt strung along the border with Chile is a neighbourhood. Up until now the difficult terrain and access issues have produced an extraordinary amount of cooperation between the many players along the "Strip". Copper in San Juan is somewhat of a story of maps. Each map shows where one project is vis-à-vis another, overlaid with the extra factor of altitude as almost all the projects are above 3,000 metres above sea-level.

From our mine trip in 2023 it was clear that there were number of projects that shared access roads, most notably the road built by El Pachon of Glencore. The others are smaller, less advanced or static and are "operated" by the likes of Fortescue (FMG), AbraSilver (with La Coipita) and the Sanchez Losada interests. In close proximity, but on the Chilean side of the border, are large producers like the Los Pelambres mine of Antofagasta.

## **On Calingasta**

The name of this sleepy hollow town of around 8,000 people in up-province San Juan is mentioned more and more these days. We visited it on our way back from McEwen Copper's Los Azules. While there we visited the two facilities in the town that belonged to the company and that were scheduled for rather massive expansion. Despite being considerably farther away it seems like Glencore are also focusing on this town as their "low-level" base for administration. We would not be surprised to see Aldebaran do the same.

Calingasta is home to a Mining Technology school.

This is not the first rodeo for Calingasta, as it was clear from the remains of old mines along the road from Calingasta to Los Azules that mining has a long history in these parts.

## **Aldebaran**

The Altar Project is a cluster of copper-gold porphyry centres occupying/underlying a steep basin. The project(s) area is located in San Juan Province, Argentina, approximately 10 km from the Argentine-Chile border and 180 km west (as the crow flies) of the city of San Juan. In addition to copper and gold, the deposit contains silver and minor molybdenum.

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As mentioned earlier, we visited this property in February of 2023 and [wrote it up here](#). The steepness is evident from the photo on the following page.



The Quebrada de la Mina (QDM) area, located roughly 3 kms west of the Altar porphyry cluster, hosts the QDM gold and silver deposit and the Radio porphyry deposit (where insufficient drilling has not enabled a mineral resource to be calculated as yet). At the time there was not any work being undertaken on these targets.

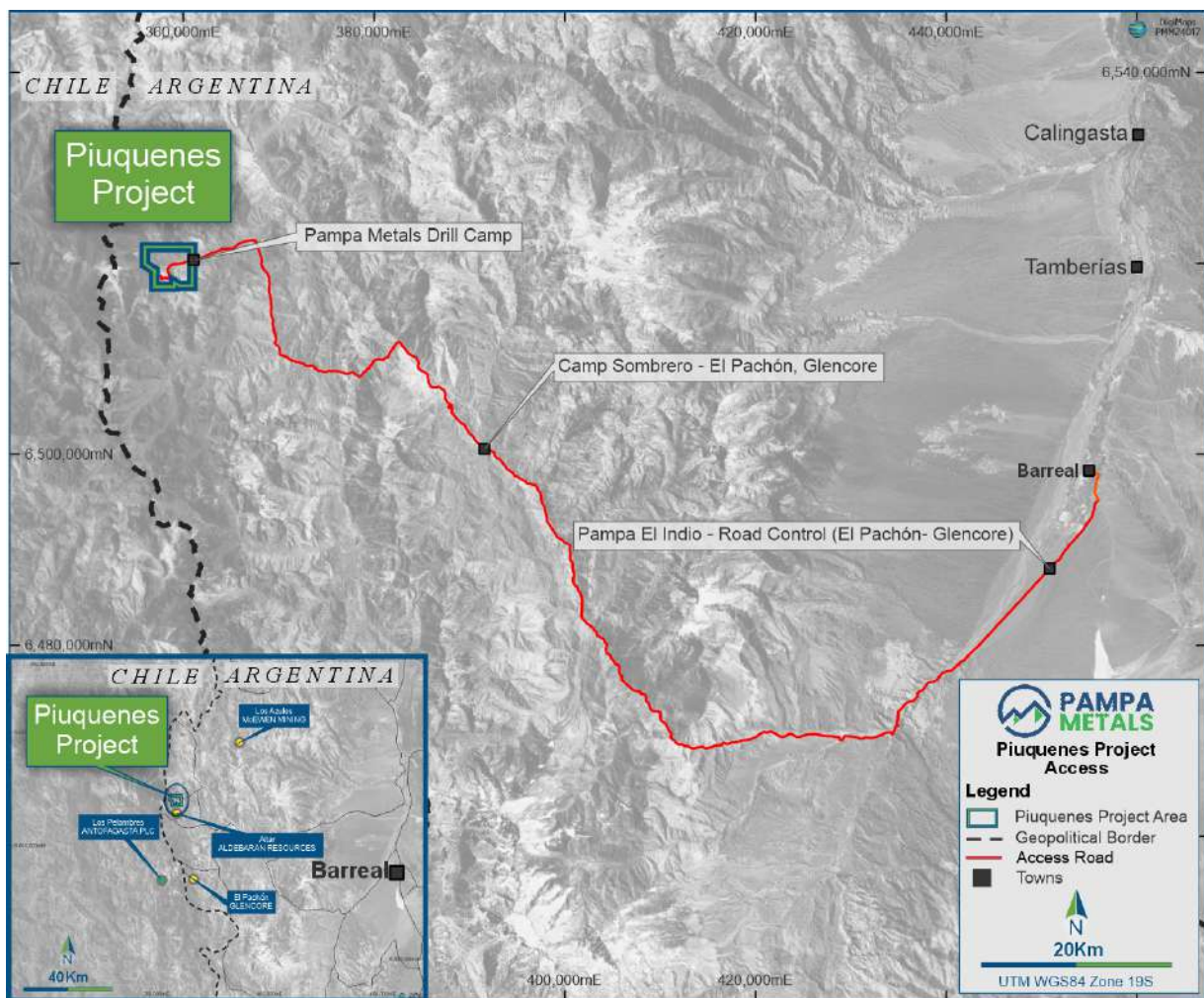
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Both the QDM/Radar and Altar areas are supported by a common exploration camp.

The current market cap of Aldebaran is a tad over CAD\$400mn, which makes it look expensive in comparison to McEwen Mining.

### Andino Copper (Formerly Pampa Metals)

In the last few months, Pampa Metals completed its merger with Rugby Resources and changed its name to Andino Copper. The deal bulked up the somewhat lacklustre Pampa but at the price of muddying the waters by turning the merged entity into a San Juan & Colombia construct.



The Piuquenes project, until coming under Andina's control, has seen minimal exploration since initial drilling in 1990's. The defined dimensions, to date, at Piuquenes Central ~350 x 250 x 800m (SW-NE-Depth). It is interpreted as a multi-phase system with intense porphyry A-type quartz stockwork hosting chalcopyrite and bornite copper mineralization. In management's opinion, the

presence of abundant bornite indicates significant potential for underlying bornite rich core to deposit.

Piuquenes is a tale of majors stumbling in and then stumbling out. In some way it's a Who's Who of majors with copper ambitions. There is an added poignancy in showing yet again the story of majors walking away from exactly the type of projects that they now all profess to want.

Inmet Mining (acquired by First Quantum 2013) completed 1900m of drilling in late 90's. Cu-Au intersections included:

- 413.5m from 167m @ 0.47% Cu, 0.52 g/t Au
- 158m from 3m @ 0.32% Cu, 0.6 g/t Au

Anglo American performed a single 920m drill hole in 2016 and reported:

- 558.2 m from 362m @ 0.38% Cu, 0.42 g/t Au, 2.4 g/t Ag
  - Incl. 180m @ 0.71% Cu, 0.61 g/t Au, 3.8 g/t Ag

Pampa Metals completed three drill holes (for a total of 2592m) in the 2023/24 field season. High-grade Cu-Au intersections included:

- 801m from 54m @ 0.40% Cu, 0.51 g/t Au, 2.87 g/t Ag
  - Incl. 518m @ 0.53% Cu, 0.73 g/t Au, 3.45 g/t Ag

Andino's management's view is that this is a gold-rich porphyry system with high-grade Cu and Au mineralisation that is open to depth in multiple directions, indicative of significant upside potential.

#### **Latin Metals (TSX.V: LMS \$0.19 | OTCQB: LMSQF)/Moxico Resources**

The Esperanza project is an advanced, "drill-ready", copper-gold exploration project. The project is at relatively low elevation of 3,000m, 35km from power lines and only 135km north of the city of San Juan

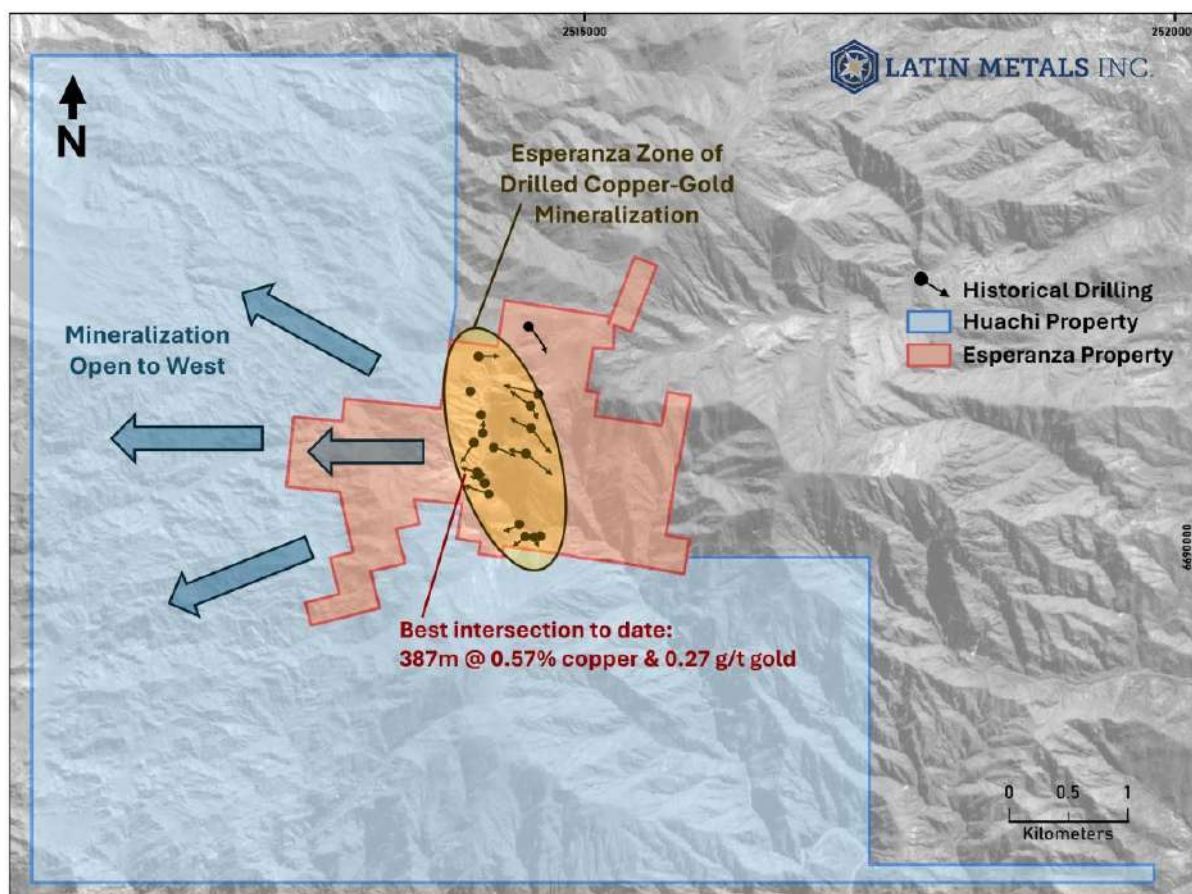
Latin Metals has an option to earn a 100% interest in the Esperanza, subject to NSR royalties in favour of the underlying owner, but it has optioned the property out to an unlisted private UK public company, Moxico Resources.

The Esperanza property consists of an outcropping copper-gold porphyry system, juxtaposed beside a gold epithermal system. Rock sampling at surface provides a sense of the system dimensions and highlights that both high-grade gold and copper occur at surface.

Historical exploration includes 8500m of diamond drilling. The copper-gold porphyry system is



exposed over a large area and is defined by drill holes which intersect mineralization from surface to a depth of approximately 400m. In 2018, Latin Metals' exploration returned the best drill hole to date; 387m grading 0.57% copper and 0.27 g/t gold, intersected from surface and open at depth.



Moxico has an initial option to earn a 75% interest in the Esperanza and Huachi projects collectively through cash payments totaling US\$2,775,000, assumption of US\$4,633,000 in earn-in obligations, completion of 65,000 meters of drilling (the first 5,000m being a firm commitment) and delivery of NI 43-101 technical reports, including a Bankable Feasibility Study.

Thereafter, Moxico will have a top-up right whereby Moxico can earn an additional 25% (aggregate 100%) interest by making a cash payment of US\$10mn or US\$0.02 per pound of copper equivalent in the Measured and Indicated resource categories, whichever is greater. If Moxico top up to 100%, Latin Metals shall revert to a 2% NSR royalty.

#### **Latin Metals/Golden Arrow**

Golden Arrow is a company that we have covered extensively in the past when it was firstly a developer of a silver mine in northern Argentina and then a producer. It wandered off to the

greener pastures of Chile and, as so often happens, found merely scorched earth. In June of 2025 Golden Arrow did a deal with Latin Metals on the Huachi property, a 3,500-hectare copper-gold property. Huachi is contiguous to the Esperanza property, previously mentioned in the context of Moxico Resources.

The deal gave Latin Metals the right to acquire an initial 75% interest in Huachi by completing US\$1mn in exploration expenditure and US\$1mn in cash payments to Golden Arrow over a four-year period. Upon earning its 75% interest, Latin Metals has a Top-Up Right to acquire the remaining 25% interest by paying US\$2mn in cash to Golden Arrow within 90 days.

Should Latin Metals choose not to exercise the Top-Up Right, the parties will form a joint venture with Latin Metals holding 75% and Golden Arrow 25%. Each party will fund its pro-rata share of future expenditures. A party diluting below 15% will have its interest converted to a 1% net smelter return (NSR) royalty.

#### **Intriguingly....**

We had to do a couple of double takes on the announcements here. In 2024, the company talked of optioning Esperanza and Huachi out to Moxico Resources, but then it spoke of it (Latin Metals) being the optioner. Further confusion ensued when over a year later the company optioned the Huachi asset from Golden Arrow when it (Latin Metals) had seemingly previously passed it over to Moxico to explore over a year before.

A chat with Latin Metals clarified that it had optioned out the properties when it had secured some sort of status as holders from the underlying owners but then had cemented the options at later dates. All of this could have been presented more clearly.

#### **Glencore – El Pachon**

The major copper project in San Juan of Glencore is the El Pachón project, a large-scale copper and molybdenum deposit. The project currently has estimated Measured, Indicated and Inferred mineral resources of ~6 billion tonnes of ore, with average grades of 0.43% copper, 2.2g/t silver and 130g/t molybdenum.

In late August, after a long quiescence, Glencore announced that it was aiming to produce nearly one million tons of copper annually at its El Pachon and Agua Rica projects in Argentina over the next 10 to 15 years. This was announced by Glencore's Argentina CEO, Martin Perez de Solay.

We visited this site, peripherally, on our San Juan mine trip as the principal road access to the Altar project is via a road built by Glencore to access its own project, but that Aldebaran uses (and contributes to).



We took this photo of the Argentine flag at the site's gatehouse. Our thought... could do better!

Glencore, during August, applied for the two projects to qualify for RIGI status, saying it would spend \$4bn to develop Agua Rica and \$9.5 billion to develop El Pachon. The company anticipates initial production of 500,000 metric tons of copper a year from the projects, with El Pachon, in particular, poised for significant growth in output.

The projects combined are expected to create more than 10,000 direct jobs during the construction phase and more than 2,500 direct jobs once operational.

The company did not give a timeframe for production to start but estimated that the output could yield US\$20bn per annum in exports.



#### Teck/Abra Silver

The main project of AbraSilver (TSX-v: ABRA | OTCQX: ABBRF) is Diablillos in Salta, which we have visited and written upon a number of times. Its secondary project is the La Coipita project, a district-

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scale property covering over 700 km<sup>2</sup> in western San Juan province near the Chilean border. Elevation across the property ranges between 3,500 and 4,500 metres above sea level.

La Coipita copper porphyry project is contiguous to Los Azules (to the north) and stretches along the Chilean border for a distance of around 90 kms. This project shares road access with Los Azules to the town of Calingasta.

In January of 2024, AbraSilver announced a deal with Teck which [we wrote up here](#). Under this deal Abra granted Teck an option to acquire an 80% interest in La Coipita by funding cumulative exploration expenditures over a five-year period, making staged cash payments to, and an equity placement in AbraSilver and making payments in respect of amounts payable to the underlying project vendors.

Following an initial transition period during which AbraSilver will support field operations, Teck took over as operator. The drill program at La Coipita is fully funded and operated by a subsidiary of Teck, which is planning to spend US\$20mn on exploration at the project over five years.

In 2024, Teck completed 2,476 metres of diamond drilling in five holes, along with geophysical surveys and target mapping.

The 2025 drill campaign marks the second year of the earn-in program. Result highlights from drillhole DDH-LC25-006 include 114 metres of 0.7% copper, 0.07 gram per tonne gold and 81 ppm of molybdenum from 410 metres downhole, which has been interpreted as a secondary enrichment zone, AbraSilver said Thursday in a statement. A higher-grade interval of 20 metres at 1.03% copper, 0.08 gram per tonne gold and 71 ppm molybdenum from 412 metres depth was also reported. Combined, the intercepts comprised 621 metres grading 0.38% copper, 0.07g/t gold and 62 ppm molybdenum.

The assay results from drilling at the La Coipita copper and gold property have shown, in the JV's opinion, the presence of a significant porphyry system with expansion potential.

### **Mineros (TSX: MSA | CB: MINEROS) – Gualcamayo**

The Gualcamayo mine was recently counted as one of the largest gold mines in Argentina and the world. Originally an asset of Yamana Gold, it sold Gualcamayo to Colombian gold major, Mineros S.A., in US\$85mn deal in 2018.

Then in September of 2023, Mineros sold its “non-core” Gualcamayo Property to Eris LLC. The Gualcamayo operation is embedded in Minas Argentinas S.A., a subsidiary controlled by AISA Group. This company began as a global commodities trading company before strategically expanding into direct mining operations. It is under the leadership of Juan José Retamero, who is the CEO and principal shareholder. AISA's operations span multiple Argentine provinces including



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Mendoza, San Juan, Chubut, and Buenos Aires and currently employs approximately 1,000 people across all operations, with projections to double within 2-3 years.

The purchase from Mineros was structured as the sale of all of the outstanding shares of Minas Argentinas S.A.. The terms of the agreement include:

- the purchaser assumed all obligations of MASA existing at the closing date of the transaction, and Mineros paid \$6.5 million to the Purchaser to cover a portion of those obligations
- the purchaser assumed all of the obligations of Mineros and its subsidiaries with respect to a \$30 million contingent payment that would become payable to Nomad Royalty Company Ltd. (a subsidiary of Sandstorm Gold Ltd.) should the Deep Carbonates Project come to fruition

AISA Group's management has been trumpeting their turnaround of the Gualcamayo asset, describing it as a “financial resurrection”. They claim that the mine faced imminent dissolution with negative equity of US\$200mn and planned closure.

As for the turnaround they cite:

- Current financial health with a positive capital position of US\$170mn
- Cash flow status with the project generating consistent positive daily cash flow
- Production metrics of ~150 ounces of gold daily
- Employment impact as the takeover preserved 300 jobs that were previously at risk

The focus of AISA is now pivoting to the so-called Deep Carbonates Project, an exploration project located on the Gualcamayo property. Some of the mooted metrics of the Deep Carbonates Project are:

- Annual production potential: 120,000-150,000 ounces
- Project longevity: Minimum 17-20 years of productive operations
- Life-of-mine production: Approximately three million ounces over the project lifespan

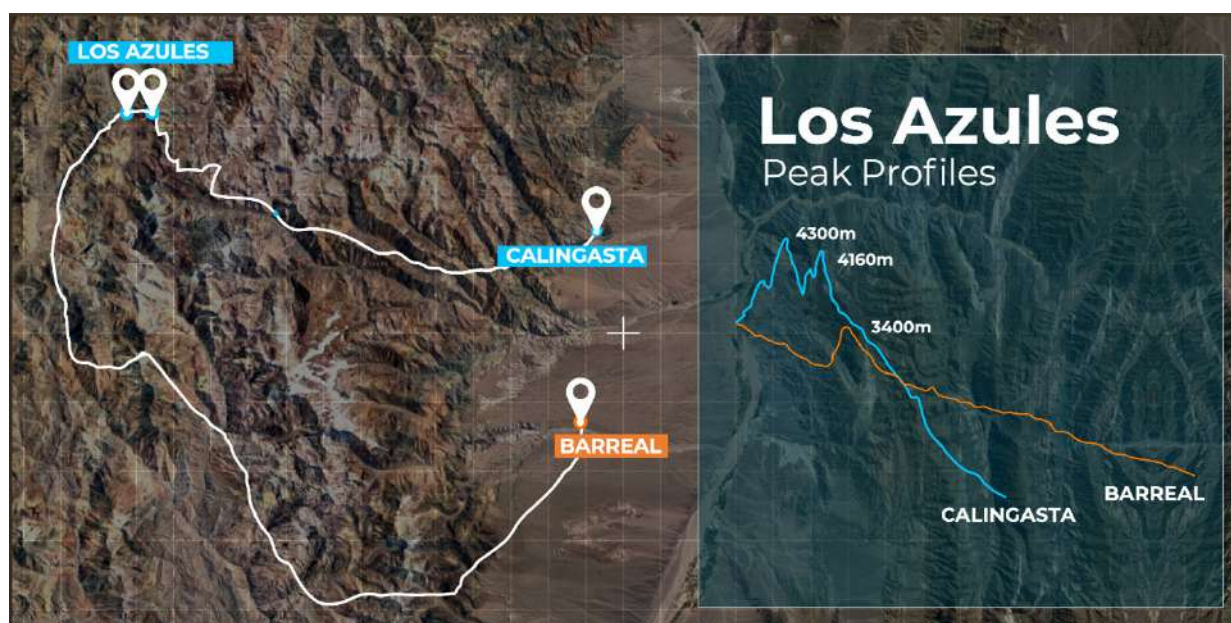
### **McEwen Copper – If You Love Them, Set Them Free**

There is no other word but “dogged” to describe the determination, against all odds, of Rob McEwen to not set McEwen Copper free from its imprisonment within the corporate structure of McEwen Mining (TSX: MUX). The copper division is like a giant trapped within a pygmy’s body.

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Los Azules is an advanced-stage porphyry copper exploration project in the San Juan pro-mining province of Argentina. We visited the project in February of 2023 and [wrote it up here](#).

As the map on the following page shows the project is located approximately 80 km west-northwest of the town of Calingasta and 6 km east of the border with Chile, at 3,500 m elevation in the Andes Mountains. The road to Calingasta actually goes over 4300 metres on its “descent” as shown by the inset.

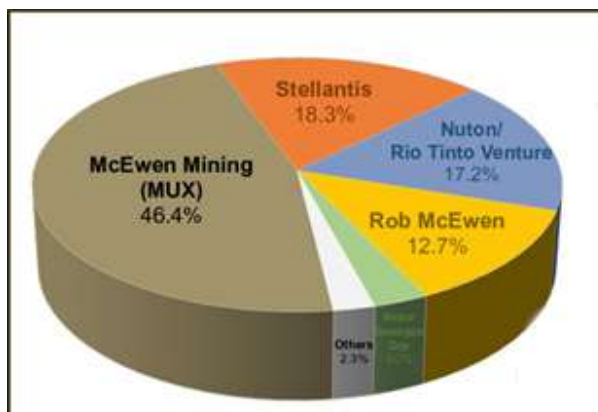


Los Azules is a large high-grade open pit copper project with significant further growth potential. According to the project's updated Preliminary Economic Assessment (PEA) completed in 2023, Los Azules is anticipated to produce an average of 322 million pounds of copper cathode annually over a 27-year Life of Mine (LOM), with competitive cost efficiencies and strong emphasis on minimizing environmental impact.

Los Azules had long been enmeshed in an ownership dispute with TNR Gold, which it eventually resolved. The terms gave TNR, a Back-In Right over some northern parts of the project and TNR received 1,000,000 shares of McEwen Mining. TNR holds a 0.4% net smelter returns (NSR) royalty (of which 0.04% of the 0.4% NSR Royalty is held on behalf of a shareholder) on the Los Azules Copper Project.

In July of 2021 McEwen Mining announced the creation of the wholly-owned subsidiary, McEwen Copper Inc., which holds 100% interests in the Los Azules project in Argentina and in the Elder Creek exploration property in Nevada. Both assets are subject to a 1.25% net smelter return (NSR) royalty payable to McEwen Mining.

McEwen Copper, originally entirely owned by McEwen Mining, diversified its ownership through private placements and significant investments from entities such as Rob McEwen, Nuton (a venture of Rio Tinto, the 2nd global mining company), and Stellantis, the 4th global automaker.



The company has held four financing rounds, at \$10, \$18, \$26 and \$30 per share, which raised US\$453mn. The last one gave McEwen Copper an implied market value of US\$984mn. To put this in context the current market cap of McEwen Mining is CAD\$748mn, showing that the copper division is really the tail that wags the dog here.

### Challenger Gold (ASX: CEL) – Doubly Cursed

As we wrote in our January Monthly Portfolio Review: “When you see a couple of shifty looking dudes standing around in the shadows on a street corner you give them a wide berth. When you know the dudes have “history” but not with each other, and then you see them in a combo, you get ever more uneasy”. That is how we felt when seeing some of the latest news out of Challenger Gold, a name not formerly on our radar. It appears as one of those companies you wish you’d never stumbled across.

The company claims to be developing two “complementary” gold/copper projects in South America with a 2.8mn ounce resource estimate recently announced for the Hualilan Gold Project in San Juan, Argentina. In the 100% owned portion of its El Guayabo project in Ecuador the company has announced a maiden 4.5 million ounce resource estimate and yet, seemingly, no-one cares.

How these two disparate mines are “complementary” eludes us, but maybe that is what you can tell the guys in Williamsburg and not having an atlas (or anything else to hand) they believe it.

The company strategy is for the 100%-owned Hualilan Gold Project, in their words” to provide a “high-grade low capex operation in the near term”, while it prepares for much larger bulk gold operations at both Hualilan and El Guaybo in Ecuador. Famous last words.

When one of the “shifty dudes” is a name associated with the non-serious and dare we say, dubious, USA Rare Earth (a **SHORT** constituent in our Model Resources Portfolio) and the other is the big swinging appendage at Israel Discount Bank, there is a Chabad marriage made in hell.

### Filo – BHP/Lundin

While San Juan was already on the copper radar for a decade now, it was the entry of BHP into the

fray that really electrified the scene. In late July of 2024, BHP announced that BHP Investments Canada Inc. (BHP Canada) and Lundin Mining would form a Canadian-incorporated joint venture company, Vicuña Corp. to hold the FDS copper project and the Josemaria copper project located in the Vicuña district of Argentina and Chile. The two companies would each own 50% of the Joint Venture. We would note the disaster that was Barrick's Pascua Lama project was, by all accounts (except the Chilean government's), the fault of Chile obfuscation and blocking.

Prior to completion, Lundin Mining owned 100% of the Josemaria project. At completion, BHP Canada acquired a 50% interest in the Josemaria copper project from Lundin Mining. BHP Canada and Lundin Mining then contributed their respective 50% interests in Filo Corp. and the Josemaria project into the Joint Venture. BHP's total cash payment for the transaction was US\$2bn.

The background here is that Filo Corp, (TSX: FIL), owned 100% of the Filo del Sol (FDS) copper project. The major target here was the Josemaria deposit, a porphyry copper-gold system, controlled by Lundin Mining. The Josemaria project has Mineral Reserves amounting to an estimated 6.7 billion lbs of copper, 7mn oz of gold and 30.7mn oz of silver.

The deposit area measures approximately 1,500 m north-south by approximately 1,000 m east-west and 600 to 700 m vertically from surface, within a larger alteration footprint of up to 4 km north-south by 2 km east-west. The deposit remains open to the south, beneath a thickening cover of post mineral volcanic rocks and also at depth.

Once in production, Josemaria is expected to produce on average over 130,000 tonnes of copper, nearly 225,000 oz of gold and 1mn oz of silver annually over a 19-year mine life. This growth would increase the company's copper production by nearly 50%, and gold production over 140%, compared to guidance for 2022.

#### **Austral Gold (ASX: AGD | TSX-v: AGLD | OTCQB: AGLDF) – Casposo – Manantiales**

This company is part of the Elsztain economic grouping, which we have known all too well since the early 1990s and thus regard it (and Austral) as being beyond the pale. Similar crew to the aforementioned Challenger Gold but with one less of the shifty dudes. However the presence of "Lurch" on the board, who tried to intimidate us in 1998, makes the whole entity an **AVOID**.

Casposo comprises a small open pit and an underground mine in San Juan province, exploiting a gold-silver low sulphidation epithermal deposit. Commercial production was achieved in March 2011. The operation started as an open pit and transitioned into an underground mine in 2013. Approximately 400-500k tonnes of ore are processed per year using a Merrill-Crowe plant producing silver/gold dore. The operation was placed on care and maintenance in 2Q19.

The Casposo plant is undergoing refurbishment with commissioning having been targeted for August of 2025, but it did not happen. The company maintains that commercial operations are on

track to commence during the 2H25.

The company has a sort of symbiotic relationship with Unico Silver (ASX: USL) that has large holdings in Santa Cruz province in Patagonia. They share a CFO. We say symbiotic, but maybe Unico is not as thrilled with the current progression. The Elsztain interests lent US\$2mn to Austral in September of 2024. This was repaid recently (with interest) by the transfer of a large chunk of Unico shares from Austral to a private entity of the Elsztain interests. They supposedly now own around 9% of Unico Silver (either directly or via Austral).

### **Minsud (TSX-v: MSR) – Chita Valley**

With almost the whole board being locals, Minsud Resources despite its Canadian listing, has tended to fly beneath the radar in Canadian markets and accordingly received little attention.

The company's flagship project, the Chita Valley Project, is a large-scale porphyry system located in the Iglesia Department of San Juan province, approximately 35 kilometers from the towns of Bella Vista and Villa Iglesia. This property spans 19,923 hectares (199 km<sup>2</sup>) and is comprised of three core mineral concessions – Chita, Brechas Vacas, and Minas de Pinto – along with five additional adjacent properties.

The Chinchillones deposit is the most advanced target within the Chita Valley Project, boasting extensive drilling on a 150m x 150m grid, tightening to 80-100m in higher-grade zones. Drill depths average 640m, reaching a maximum of 1,380m.

A NI 43-101 report was published on this target in February of 2025:

- Indicated Resources: 188mn tonnes @ 0.41% CuEq (0.25% Cu, 0.11 g/t Au, 10.6 g/t Ag, 36 ppm Mo, 0.16% Zn)
- Inferred Resources: 573mn tonnes @ 0.36% CuEq (0.22% Cu, 0.09 g/t Au, 9.0 g/t Ag, 93 ppm Mo, 0.11% Zn)

Further to this there is the Chita South Porphyry Deposit (PSU) on which there exists a historical NI 43-101 resource estimate. This consists of:

- Indicated Resources: 33.1mn tonnes @ 0.43% Cu (including Au, Ag, and Mo credits)
- Inferred Resources: 8.6mn tonnes @ 0.40% Cu (including Au, Ag, and Mo credits)

### **Sable Resources (TSX-v:SAE) – Don Julio et al.**

Sable Resources is a “junior explorer” that is exploring what it terms the “San Juan Regional Program” covering some 130,000 ha and incorporating the Don Julio, El Fierro, and Cerro Negro projects.



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It does however have somewhat of a whiff of project generator about it.

The Don Julio project comprises 69,350 hectares in the Cordillera Frontal in San Juan. Its location vis-a-vis the other major projects is shown on the map at the right.

It includes the Don Julio cluster, which contains numerous porphyry-style (La Gringa, Morro-Poposa, Punta Cana, Tocota, Colorado) targets; intermediate sulfidation (Lodo, San Gabriel, Colorado) targets and skarn (Fermin) targets.

Additionally, the regional-scale property includes the Los Pumas project and extensive unexplored ground.

Since 2018, Sable has conducted systematic surface work including mapping, rock sampling, talus sampling, GroundMag, UAV-Mag, and IP geophysics. Sable performed its first drilling campaign

in the 2018-19 field season with 3101m drilled in 11 holes, a second campaign in the 2021-22 field season comprising 4294m in nine holes, and a third campaign in the 2022-23 field season.

In 2021, Sable signed an Earn-In Agreement with a subsidiary of South32 (ASX: S32) to jointly explore the Don Julio project. However, in late July of 2025 it was announced that South32 Aluminum (Holdings) Pty Ltd had terminated the agreement.

Then in another development, in February of 2025, Sable Resources signed a binding letter agreement with Moxico Resources plc, (mentioned previously in the context of Latin Metals) granting Moxico an exclusive option to acquire 51% of the Sable's El Fierro project and Cerro-Negro property, subject to certain exploration and expenditure terms.

The El Fierro Project is located 250 km northwest of San Juan city, 120 km north of the Don Julio project, and 110 km south of the Filo del Sol porphyry system. El Fierro is a large (10 km x 10 km) Miocene magmatic-hydrothermal system centered on the Pyros Cu-Au-Mo porphyry centre. Pyros was discovered by Sable during the 2021-2022 drilling campaign. Sable drilled 13 holes at Pyros in 2022, discovering a large multiphase Miocene stock hosted within Permian granitic rocks. Multiple



holes intercepted significant intervals of Cu-Mo-Au mineralization,

Cerro Negro is an innovative play of porphyry exploration under Quaternary gravels in proximity to and along strike with known deposits like the Hualilan gold skarn (Challenger Gold); Chita Valley (South32), and Sable's Don Julio project. The project comprises the Cerro Negro property (2,700 ha) and the Potrerillos property (19,000 ha) both covering regional magnetic anomalies. Work at Cerro Negro in 2023 revealed chargeability anomalies associated with the magnetic feature and significant anomalies of Cu, Mo, Au, Ag, and other porphyry pathfinders obtained through systematic MMI sampling on the gravels.

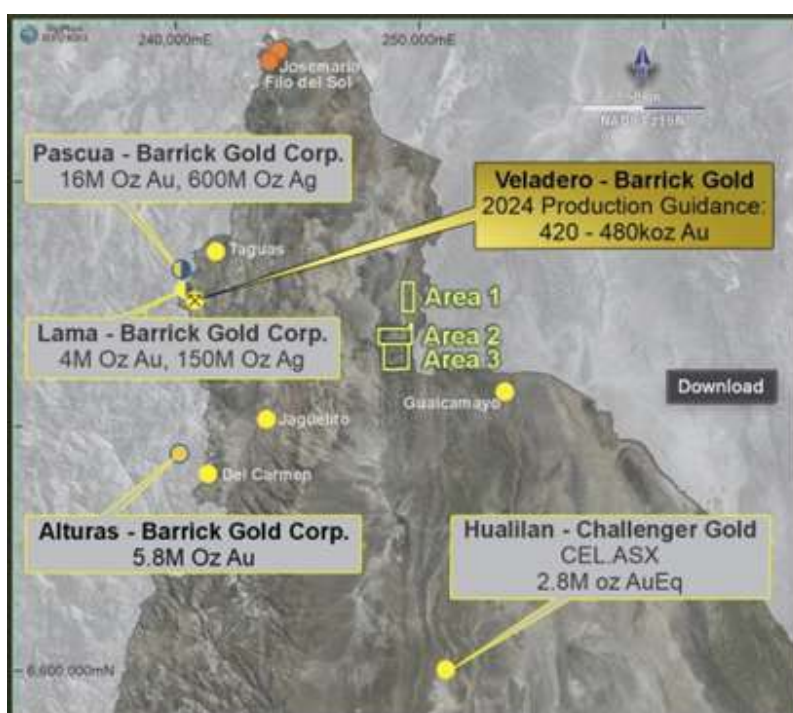
### **Ronin Resources Ltd (ASX: RON) – La Punilla**

In a change from the copper focus of most San Juan players (these days) Ronin holds the La Punilla gold-silver project covering 236.37 km<sup>2</sup> (23,637 hectares), which it acquired via staking. Ronin is run by some of the people that manage Andino and it is not clear why the company needs to do the same province in the same country, even though the “focus” in one entity is copper and the other is gold-silver. All the other players in the province can “walk and chew gum” at the same time in these frequently associated metals so we don't see why Ronin can't also.

A *ronin*, maybe coincidentally, was an unattached samurai in old Japan that was a bit of a hired sword.

The three areas of the La Punilla project are shown on the map at the right.

The project is accessible from the town of Rodeo, via the same road intended to access BHP and Lundin Mining's Filo de Sol and Josemaría projects.



### **Royal Road Minerals Limited (TSXV:RYY)**

In 2022, Royal Road entered into a binding heads of agreement with an individual title holder, the gave the company the option to acquire 100% of certain mineral rights comprising the Santo Domingo porphyry copper and gold district in San Juan Province, Argentina.

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The Santo Domingo district is different from the herd of San Juan copper projects in that it is nowhere near the border with Chile and in fact is located 120 km east of the city of San Juan City at an average altitude of approximately 1,200 meters above sea level.

The district comprises two porphyry copper-gold occurrences (Divisoria and El Arriero) and several vein-hosted gold and silver occurrences located within a mineral rights package comprising 14 separate title areas and covering a total area of approximately 200 kms<sup>2</sup>.

In preparation for exploration activities at Santo Domingo, Royal Road completed environmental impact assessments, renewed and updated environmental impact permits, deposited relevant insurances, completed social, environmental, flora and fauna and archaeological studies and acquired all necessary permits, including hazardous waste and surface water extraction.

Strangely, the company announced exploration results in November of 2023 when it reported that four diamond drill holes had been drilled into the El Arriero target, for a total of 1664 meters. After that no more is heard (that we can find) and the property is not listed amongst its projects on the website.



# Appendix II: RIGI

## Mining – The implications

On the mining front, the Milei regime undershot the initial potential by rapidly (re)appointing, and then firing, the well-respected Flavia Royon, who had been Secretary of Energy (but not necessarily a political appointment) in the outgoing Massa regime. Ironically, this great promoter of the industry was axed after a few weeks due to her being perceived to be close to the governor of Salta (for Royon had been an official in the Salteño government). Milei had cast the province of Salta into the penalty box when he didn't get what he wanted on another issue and so Royon was the sacrificial victim of all this.

The role of Secretary of Mining was then apportioned to Sergio Arbeleche, a veteran mining lawyer from one of the largest law firms in the country. He was then swiftly replaced by another prominent mining lawyer, Luis Lucero. However, as Secretary of Mining at the Federal level is somewhat of a nothing role, in terms of regulation, the job needs to go to a showman (or show-woman) to bang the drum and attract interest for the sector rather than a legal functionary. The early days of the Milei regime were akin to a revolving door.

Royon was a loss, though we hear she has now surfaced as head of the Mesa de Litio (combining the Lithium interests of Salta, Jujuy and Catamarca), so in a sense she is higher profile than if she had stayed as the minister!

## Devolution Still Key

It is worth reiterating that mining law in Argentina has largely been an affair of the provinces in Argentina since the early 1990s, with virtually no Federal input, when Menem devolved mining jurisdiction back to the provinces. The fly in the ointment has long been foreign exchange issues and the import rules for capital equipment which have caused miners and explorers and developers untold long-running headaches.

## On RIGI

As previously mentioned, it was the final passing of the *Ley de Bases* that triggered the RIGI scheme.

The original Omnibus Law had included:

- a promotion regime for large investments; and
- an energy transition section, under which the executive branch would be empowered to
- establish and regulate a greenhouse gas emission market

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The energy transition section was deferred to a later legislative deliberation, but the Incentive Regime for Large Investments (RIGI) was finally approved.

The new RIGI (i.e. incentive regime for large investments) scheme is a cornerstone of the Milei administration's policy offering and its introduction has been viewed very well outside Argentina. The RIGI program includes tax, customs and exchange incentives for a company developing a project of at least US\$200mn in the agribusiness, infrastructure, forestry, mining, oil and gas, energy or technology sectors.

Argentina's average tax burden for miners is above 50%, according to Cámara Argentina de Empresas Mineras (CAEM), Argentina's mining industry group. Argentina miners have long complained of unfavorable exchange rates, capital controls, import and export taxes and difficulty importing goods and equipment.

Local trade groups and unions have argued that the bill would put smaller companies at a disadvantage and that it does not do enough to ensure companies work with local suppliers. We would tend to agree with them. However, the \$200mn bar is set at a good level as few of projects outside of mining or oil & gas can get above that threshold, though one automotive plant project has been mooted as reaching that threshold.

### **Applicants**

Thus far, in San Juan, the most prominent applicants have been Los Azules of McEwen Copper and El Pachon of Glencore. The Deep Carbonates part of Gualcamayo has also said it is applying.

In early August, Reuters reported that the BHP/Lundin JV planned to soon apply for under the RIGI scheme for their Vicuña copper project. The article said that other miners fear they may get left out before the program's cut-off date a year from now. The challenge that RIGI puts in front of fakers in the mining space is that faking doesn't cut it under the RIGI regime. Unless the rubber hits the road soon, the talkers and the doers will be clearly delineated with the government having no interest in the former.

# Appendix III: The Ministry

## **Minister of Mines**

Dr. Juan Pablo Perea Fontivero

## **The Technical Secretaries**

The Technical Secretary: Ing. Pablo Fernandez

Directorate of Mining Registration and Mapping: Ing. Pablo Fernandez (a cargo)

Directorate of the Mining Office: Dr. Leandro Bazán Fernandez

Mining Notary: Esc. Juliana López Moreno

Directorate of Technical Mining Geology: Lic. Romina Noelia Gómez

Mining Advisors: Ing. Eduardo Balmaceda & Dr. Ricardo Quiroga

## **The Secretariat of Environmental Management and Mine Control**

Secretary: Lic. Roberto Moreno

Centre for the Investigation of Prevention of Environmental Coordination (sic): Ing. Graciela Arredondo

Director of Environmental and Mine Taxation: Lic. Roberto Luna

Director of Environmental Evaluation - Mining: Dra. Belén Hocevar

Coordinator of Mina Veladero & Pascua Lama: Ing. Guillermo Serafini

Coordinator of Gualcamayo & Casposo: Daniel Roldán

## **The Secretariat of Sustainable Mine Development**

Secretary: CP Guillermo Olguín

Directorate of Sustainable Mine Development: Lic. Mariana Azcona

Directorate of the Taxation of Income: CP Jérica Cabrera

Subsecretariat of Administrative Coordination: CP Lucía Maurín

Accounting: CP Julia Imazio

Office Administration: Graciela Gómez

Human Resources: Lic. Nicolás Mercado

Directorate of Mining Promotion, Releases and Communication: Lic. Ángeles Irusta

## **The Provincial Institute of Exploration and Mine Exploitation (IPEEM):**

President: Lic. Natalia Marchese

Vice President: Ing. Ricardo Gutiérrez

# Appendix IV: Nuton

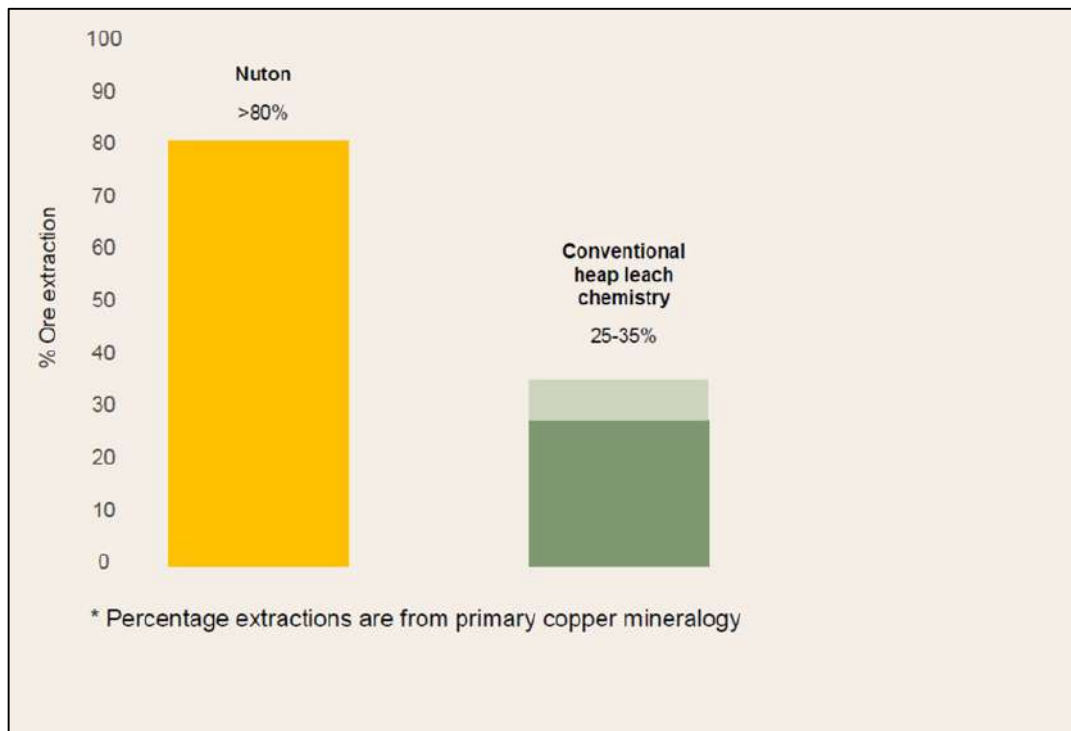
## Nuton LLC

This is more than just a technology, it is actually a “venture” division of RTZ. It takes stakes in entities likely to be useful in advancing the of testing of this new technology, with the bigger aim of growing Rio Tinto’s copper business.

We say “new” but in fact it has been in trial operations at RTZ’s Bingham Canyon mine in Utah since around 2014. This “family” of proprietary copper leach-related technologies is the product of ~30 years of R&D by RTZ’s teams.

Nuton® Technologies offer the potential to economically unlock copper sulphide resources, copper bearing waste and tailings, and achieve higher copper recoveries on oxide and transitional material, allowing for a significantly increased copper production.

- As an alternative to concentration, the Nuton process could be used to leach primary ores
- The core of Nuton is an elevated temperature bioleaching process using naturally-occurring extraction catalysts as an alternative
- It is a more environmentally-friendly and cost competitive process that can achieve greater than 80% recovery from chalcopyrite, versus 25-35% for traditional leaching
- Lab testing is currently underway on ore samples from various collaborating companies’ projects/mines
- No changes are required to the leaching circuit – it continues to use SX/EW to allow production of LME Grade A cathodes.



One of the key differentiators claimed for the Nuton technology is the potential to deliver superior environmental performance, including more efficient water usage, lower carbon emissions, and the ability to reclaim mine sites by reprocessing mine waste.

Rio Tinto's copper leaching technology venture has signed deals with, among other companies, Arizona Sonoran Copper Company Inc and Lion Copper and Gold, to test out its solutions.

### Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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