



**ÍGNEA**  
GEOLOGIA & MEIO AMBIENTE

# THE ADMINISTRATIVE CHARACTERISTICS OF THE 7TH ROUND OF AVAILABILITY

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JAN. 2023 // PREPARED BY GEOL. GIANCARLO SILVA



# PUBLIC NOTICE 02/2022

## *7th Round of Areas*

# A BRIEF OVERVIEW OF THE PROCEDURE AND ITS POTENTIAL

The availability of areas is undoubtedly an extremely controversial subject in the mineral sector. There are those who say that it is a strategic solution for the huge accumulation of areas in the National Mining Agency's (ANM) managerial stock and also those who say that it is a dangerous norm that distributes important areas without technical criteria for selection.

On December 15, 2022, ANM published public notice No. 02/2022, initiating the 7th Area Availability Round, placing more than 4,000 areas in the research and mining phases on public offer.

The areas must receive expressions of interest for 60 days and thereafter, those with more than one interested party must be the subject of an electronic auction in which the financial offer with the highest value will be considered the winner.

The winner of the auction will gain the right of priority to claim the area purchased. The application can be made both for the research phase and for the mining phase, depending on the area.

ÍGNEABR evaluated all areas of the 7th round of availability based on administrative acts identified in the events of each of the areas. These acts may indicate the existence of data or actions that may mean greater or lesser financial risk.

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This report should not be considered a guide or any document of a technical nature, but rather a case study on the possible administrative risks of the more than 4000 areas contained in the public notice for availability 02/2022 - 7th Round of Availability.

ÍGNEA Geologia e Meio Ambiente recommends that all those who are interested in acquiring research or mining areas from the 7th round of availability of the ANM seek help from professionals in the area. We encourage potential investors to do their own due diligence and independently verify the information.

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Author's Note

# LEGAL NOTICE

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## PUBLIC NOTICE 02/2022

The notice was divided into two distinct stages: Prior Public Offering and Electronic Auction.

The Preliminary Public Offering corresponds to the first stage of the AREAS AVAILABILITY procedure, during which the Participants must express their interest in the Area(s), with a view to assessing the potential attractiveness of each one, pursuant to art. 46 of Decree No. 9,406, of 2018.

The Electronic Auction corresponds to the second stage of the AREAS AVAILABILITY procedure, applicable only to those Areas that were the subject of more than one expression of interest during the Preliminary Public Offering stage.

Each Participant may express interest in a maximum of 10% (ten percent) of the areas covered by the competition.

Areas that do not have any expression of interest will be considered free from the first business day following the date of closing of the Preliminary Public Offering, with the Electronic Auction being waived for such areas.

Areas that have only one expression of interest will not be the object of an electronic auction, and the interested participant will be notified to apply for a mining title in accordance with the dates and rules set forth in public notice 02/2022.

Publication of the Notice	12/15/2022
Opening of the Preliminary Public Offering	12/15/2022
Closing of the Preliminary Public Offering	02/13/2023 - 23:59
Disclosure of the result of the Preliminary Public Offering stage on the SOPLE Platform	02/14/2023
Opening of the Electronic Auction	02/19/2023 - 8am
Closing of the Electronic Auction	03/01/2023 - 23:59
Disclosure of the result of the Electronic Auction and the Minutes of the Availability Procedure on the SOPLE Platform	03/02/2023
Publication of the act of approval of the result and award of the object in the Official Gazette of the Union and on the Platform	04/06/2023
Beginning of the deadline for the winning Participants of the Electronic Auction to make full payment of the value of the winning bid in the Electronic Auction stage and file their mining title requirements	04/06/2023
Deadline for Participants who made a single expression of interest in the Preliminary Public Offering stage to file their mining title requirements	05/06/2023
Final term for the winning Participants of the Electronic Auction to make full payment of the value of the winning bid in the Electronic Auction stage and file their mining title requirements	05/06/2023

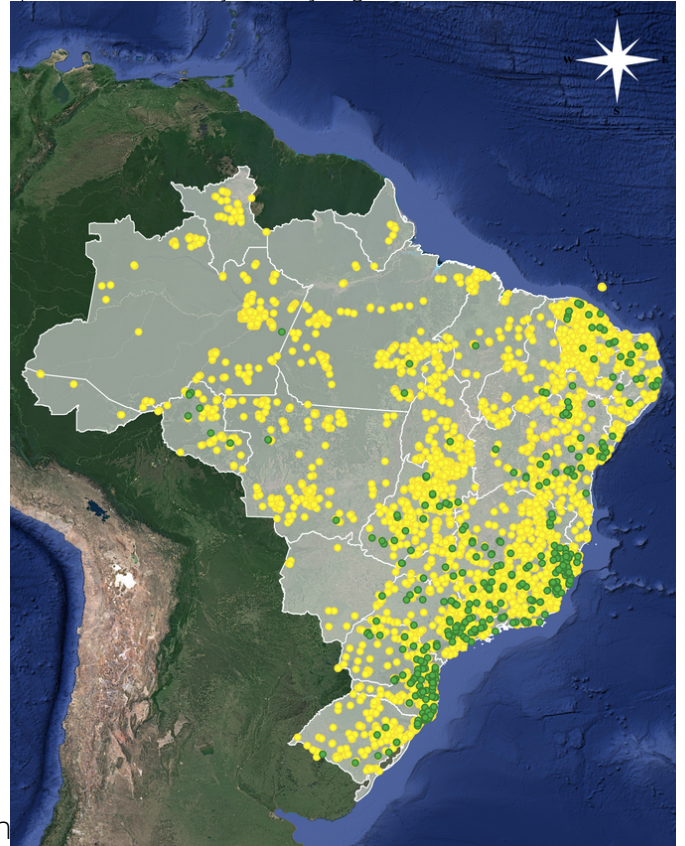
\* *Resumo de prazos do edital 02/2022*

## ABOUT THE AREAS

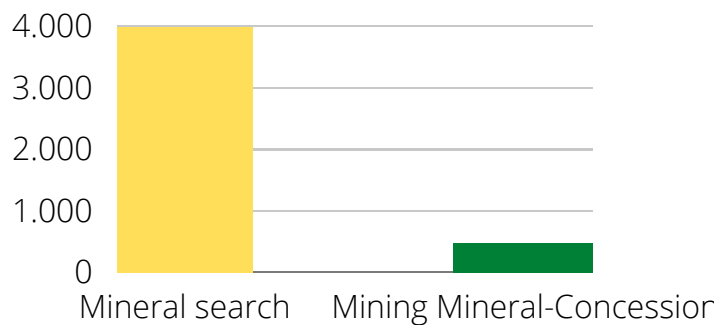
The 7th Area Availability Round has a total of 4,386 (four thousand, three hundred and eighty-seven areas)<sup>1</sup>. The areas were made available under the Authorization/Concession regime, with 3,976 areas in the research phase and 410 areas in the Mining phase.

The areas are available in all Brazilian states, with a significant concentration in the states of Minas Gerais (647) and Ceará (604).

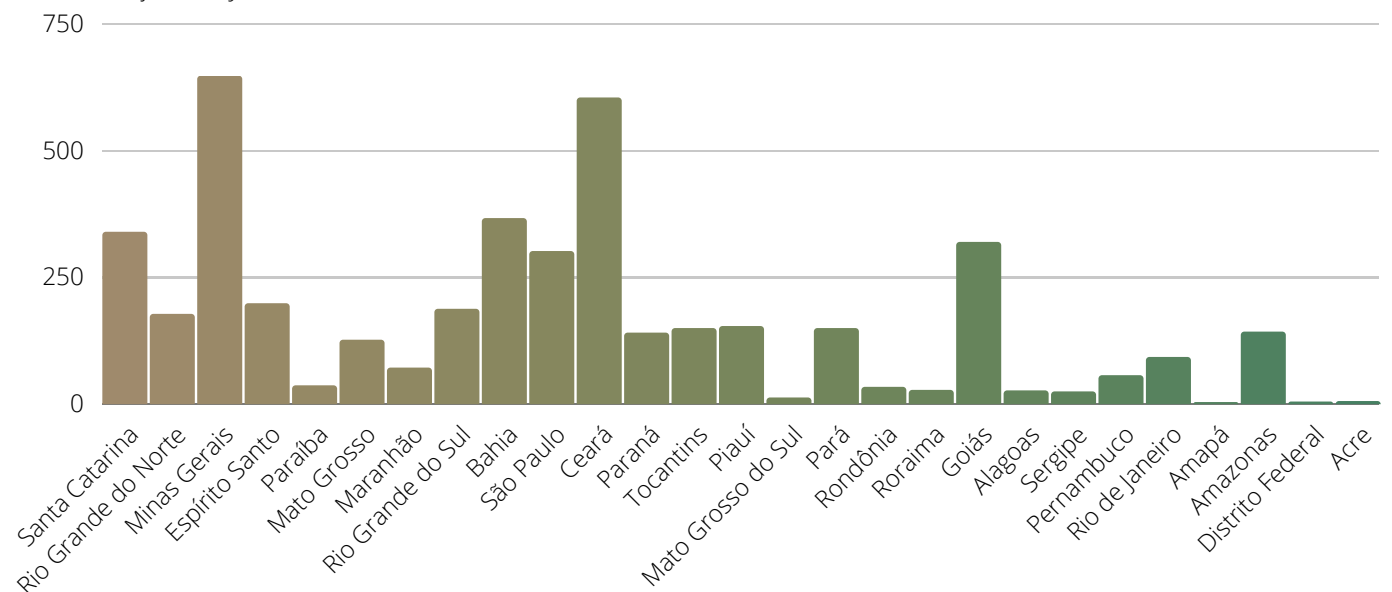
Spatial Distribution of Areas by Regime



Number of Areas per Regime



Number of Areas by Brazilian State



1. Data source: XLS file available on the SOPLÉ website - <https://sople.anm.gov.br/porta/publico/edital/12/documentos-publicos>

## EVENT ANALYSIS

The case study was based on administrative acts contained in the history of mining processes, according to information available in the Mining Registry system.

Nineteen (19) sets of specific events were cataloged which, due to their administrative nature, represent possible information and specific phases within the history of events.

*Table of Internships in Authorization / Concession Regimes*

REGIME	PHASE	STAGE	ADMINISTRATIVE FEATURE
<b>AUTHORIZATION</b>	Research Request	1	Areas that never left the research application phase
	Research Authorization	2	Published research permit, but without presentation of research report
		3	Research license waived by the holder
		4	Research permit canceled due to non-payment of TAH
		5	Research permit with application for extension of denial
		6	Final Negative Research Report Submitted
		7	Research license extended, but no final research report
		8	Research report submitted unanalysed.
		9	Final Research Report Positive Not Approved
		10	Research Report Presented and Analyzed by DNPM/ANM, but without approval or denial dispatch
	Right to Request Lavra	11	Final Research Report Positive Approved without Mining Requirement
	Availability	12	Discarded Area in Mineral Research
	Mining requirement	13	Mining Request Filed with Withdrawal Filed
		14	Mining requirement with PAE Analyzed by DNPM/ANM
		15	Mining Application with Environmental License Presented
<b>CONCESSION</b>	Mining Concession	16	Mining Concession Published

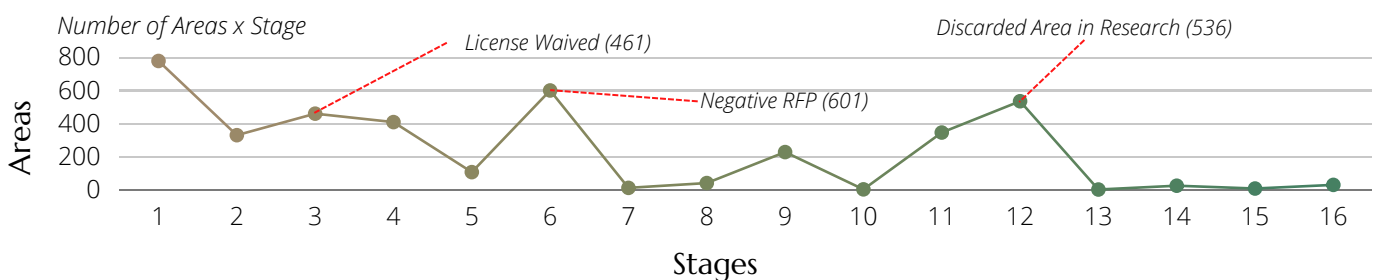
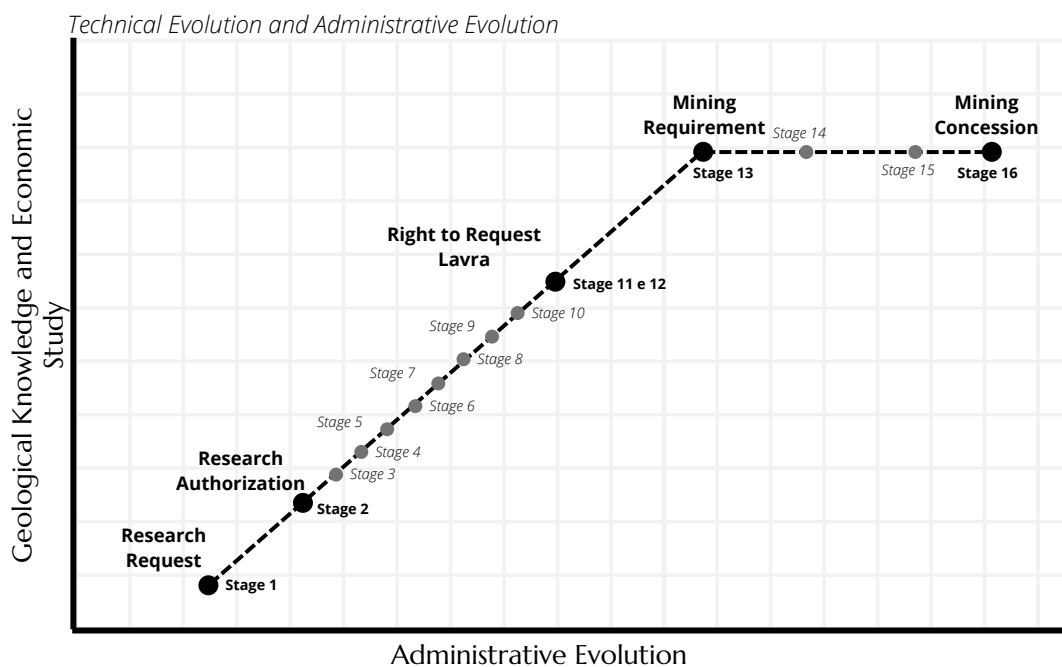
*Table of Internships in Licensing Regimes, Extraction Registration and PLG*

REGIME	STAGE	ADMINISTRATIVE FEATURE
Licensing	1A	All Areas in the Licensing System
Extraction Record	1B	Any phase in the extraction regime. Substance with immediate use in civil construction.
PERMISSION FOR MINING GARIMPEIRA - PLG	1C	Any phase in the PLG regime. Mineral substances.

## STUDIES X ADMINISTRATIVE EVOLUTION

The crossing of administrative data with the obligation to carry out and submit mineral research to the DNPM/ANM allows the assumption of a model of increase in Geological Knowledge/Economic Study in the face of Administrative Evolution.

It is important to note that this evaluation considers data contained in the Mining Registry of each of the areas and such data were entered by their respective holders or by DNPM/ANM technicians, so it is not possible to specify the quality of the data nor its veracity. Therefore, this information should be observed with some caution.

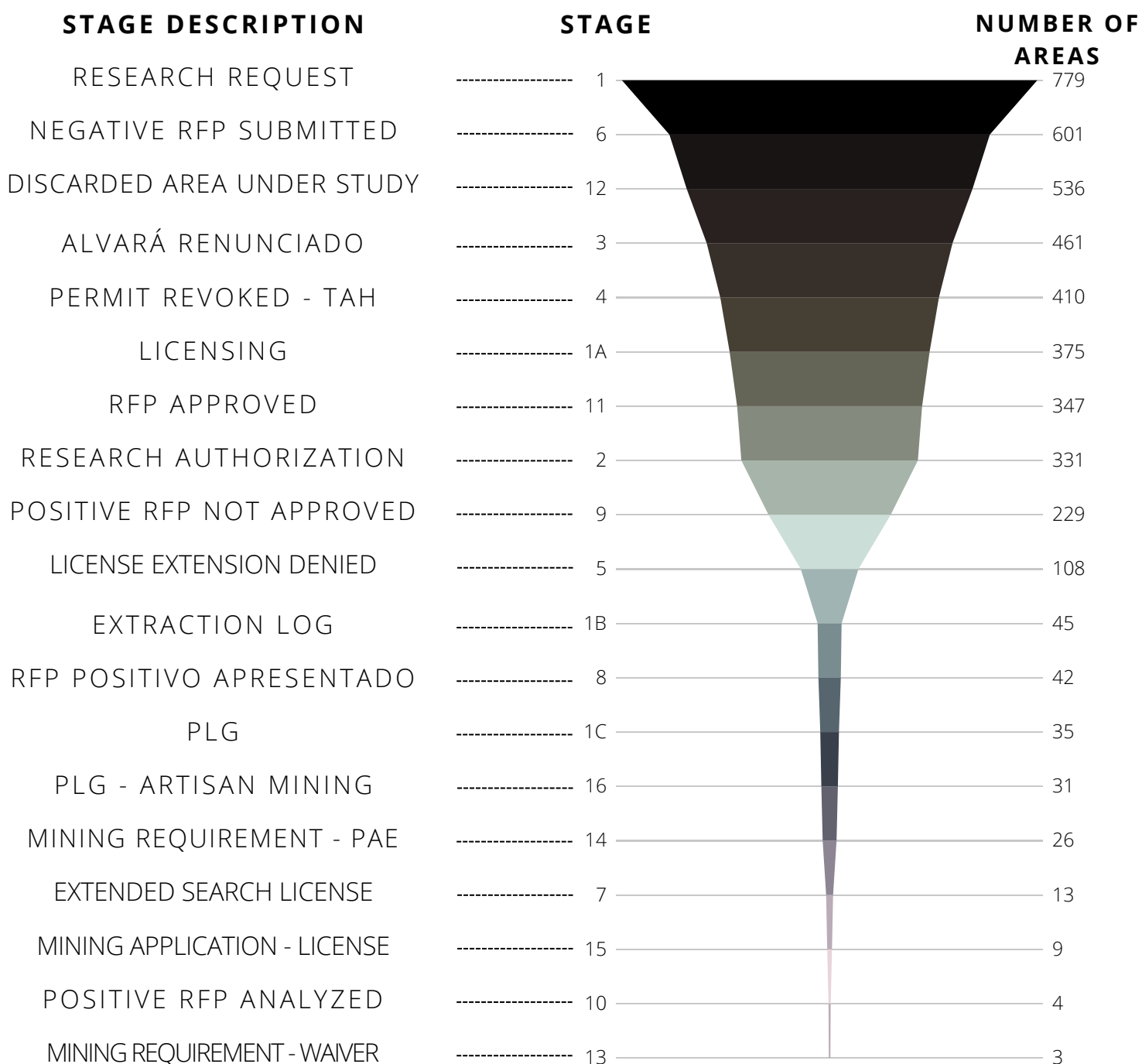


When we compare the number of areas offered with the identified stages, we see a constant decline in the number of areas as administrative evolution is observed. It is understood as a normal behavior, since the number of areas that actually saw mining operations tend to be significantly smaller than the areas in the research phase.

The areas under licensing regimes, registration of extraction and prospecting permission, should not be classified under this perspective as they do not carry the legal obligation to carry out any geological study.

## FUNNEL CHART

Finally, the verification of the events of each stage in the Cadastro Mineiro of each process allowed the construction of a funnel type graph that demonstrates in a simple way the distribution of areas according to their main administrative characteristic.







*7th Round of Areas*

## CONCLUSION

The 7th Availability Round put more than 4000 areas in the Exploration and Mining phases on public offer.

The areas are distributed throughout all the states of Brazil, with a high concentration in the states of Minas Gerais and Ceará.

The study demonstrated that 771 areas never left the research authorization application phase, 461 areas were relinquished by their titleholders, 601 areas had negative research reports submitted, and 536 areas were discarded in research studies.

At the same time, it was possible to observe that 347 areas had approved final positive research reports and 229 areas had unapproved positive final research reports.

PUBLIC NOTICE  
02/2022