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INFORMATION NOTICE

Ecuador Mining Risk Matrix – Q3 2025

A strategic snapshot of Ecuador's mining sector, highlighting regulatory, fiscal, and political risks — with a spotlight on the **Loma Larga** project.

Energy and Natural Resources
Practice Area



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We sharing a concise strategic briefing matrix below on the current state of Ecuador's mining sector, with emphasis on regulatory developments, fiscal pressures, and political dynamics affecting key projects such as Loma

Larga of DPM, that notably has become a political flashpoint, with tensions between the central government and local authorities now influencing its trajectory.

ISSUE	CURRENT STATUS	INVESTOR IMPACT	STRATEGIC RESPONSE
Mining Service Fee	New oversight fee challenged in court	Cost uncertainty, divided sector. Exploration more affected	Waiting for a response from the constitutional court. Possible international arbitrations due to confiscatory exploration fees. A more united sector and communication strategy are needed in the face of a crisis.
Cadastre Reopening	Mining registry reopened after 7 years, positive announcement.	Issues with its phased implementation. Small-scale miners are requesting non-metallic concessions with the intention of later switching to metallic ones. If the cadastre opens for small-scale mining first, significant areas could be claimed, potentially blocking or hindering requests for large exploration areas.	Prioritize concessions with advanced consultation. New opportunities vs. social friction
Loma Larga Project (DPM)	Project became political; president distances himself; mayor announces water-related protests	Legal risk, arbitration, central-local conflict	Demand binding milestones; independent water monitoring; track local actors



Illegal Mining	Expansion with criminal ties	ESG, security, and reputational risks	Invest in traceability; coordinate with authorities
Diesel Subsidy Removal	removal of diesel subsidy is positive for combating illegal mining	Subsidy removal could lead to protests and social unrest.	The government is compensating vulnerable groups and dividing the transport and indigenous leadership.
Energy Generation	Grid deficit, diesel dependency	Cost volatility, permit delays	Model energy from early stages; promote renewables

The Dundee Precious Metals project has become a political symbol. After President Noboa declared that he "will not proceed with the project," he shifted responsibility to local governments. The mayor of Cuenca announced mobilizations to defend water resources, while the Executive responded by refusing to cover certain infrastructure funds requested by the city, intensifying institutional tensions. This raises political risk for projects in páramo zones and reinforces the need for strong legal and community strategies.

Separately, Lowell/Solaris Resources recently signed a community agreement in southeastern Ecuador, signaling a proactive approach to local engagement and a potential model for future projects.

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