

IN BASIN SAND

A plain reading of the Argentine large-investment regime, so no LP is given a claim the project cannot support today.

JOLOT S.A.S. · VDD 7.3 · CONFIDENCIAL, PREPARADO POR EL FACILITADOR DE LA RONDA / CONFIDENTIAL, PREPARED BY THE ROUND FACILITATOR

RIGI ELIGIBILITY MEMO

The Argentine RIGI regime carries a hard floor of **US\$200M** in qualifying assets per project, applied uniformly to every eligible sector including mining. The **US\$2.4M** bridge, and the projected aggregate trajectory of about **US\$75M** by 2029, sit below that floor. RIGI is upside optionality at expansion scale only. The bridge economics do NOT assume RIGI.

US\$200M

RIGI FLOOR, PER PROJECT

US\$2.4M

BRIDGE ROUND, THIS RAISE

**about
US\$75M**

AGGREGATE BY 2029

**Not
assumed**

RIGI IN THE MODEL

RIGI eligibility assessment

15 May 2026, corrected 2 June 2026. Argentine law analysis. The final position must be confirmed with Argentine counsel before any submission to the RIGI application authority (Ministerio de Economía, Secretaría de Coordinación de Políticas de Industria).

Summary. *RIGI is a Phase-2 path, not a Phase-1 instrument.*

The Regimen de Incentivo para Grandes Inversiones (RIGI) under Argentine Law 27.742 (the 2024 Ley Bases) is a large-investment regime with a hard minimum of US\$200M in qualifying assets per project, applied uniformly across all eligible sectors including mining. There is no reduced sector threshold and no aggregation shortcut that brings a small project under the floor.

The US\$2.4M bridge round does not qualify for RIGI, and is not close to qualifying. The projected aggregate capital trajectory across Phase 1, Phase 2 and Phase 3 (about US\$75M by 2029) is still well below the US\$200M minimum. RIGI is therefore not a Phase-1 instrument. It is a Phase-2 or later expansion path, available only if the project scales to the US\$200M qualifying-asset bar, most plausibly through a large expansion partnered with or financed alongside a major.

The bridge round economics do NOT assume RIGI. RIGI is upside optionality at a much larger project size, not a foundation of this round. This memo states the regime accurately so that no LP is given a RIGI eligibility claim the project cannot support today.

1. RIGI overview

The Regimen de Incentivo para Grandes Inversiones (RIGI) is established under Law 27.742 (Ley Bases), enacted July 2024, and implemented by Decree 749/2024.

1.1 SECTORS ELIGIBLE

- Mining (including industrial minerals such as frac sand, silica sand and quartz)
- Energy (oil, gas, electricity)
- Infrastructure (transport, logistics, water)
- Technology
- Steel and metallurgy
- Tourism
- Forestry

1.2 INVESTMENT THRESHOLD (VERIFIED)

- **Minimum: US\$200M in qualifying assets per project.** This applies uniformly to all eligible sectors, including mining. There is no reduced sector-specific threshold.
- Of that minimum, 40% must be invested within the first two years of admission to the regime.
- The Executive Branch may raise the minimum (capped at US\$900M) but cannot reduce it below US\$200M.
- The **Long Term Strategic Export (LTSE) category** is a higher tier, not a lower one. It requires a minimum investment of **US\$1 billion**. It grants accelerated relief from the foreign-exchange settlement obligation on export proceeds. It is not a path to qualify a sub-threshold project.

Earlier drafts of this memo described an LTSE pathway with a US\$50M threshold and a phase-aggregation route to qualify the project at about US\$75M. **That was incorrect.** No such reduced threshold or aggregation shortcut exists in Law 27.742. This v2 memo corrects the record.

1.3 BENEFITS GRANTED TO RIGI-REGISTERED PROJECTS

These benefits apply only once a project meets the US\$200M qualifying-asset minimum and is admitted to the regime. They are listed here for completeness, as the upside the project could access at expansion scale.

BENEFIT	DETAIL
Tax stability	30-year stability for federal, provincial and municipal taxes from the date of approval.
Customs stability	30-year stability for import duties, export duties and other customs charges.
Forex stability	30-year stability for the foreign exchange regime applicable to the project.
Reduced income tax	25% income tax (versus the standard 30 to 35% scale).
Customs duty exemption	Capital goods imports duty-free for the project.
Free flow of dividends	Right to repatriate dividends and capital after a holding period.
Acceleration of CAPEX deductibility	Faster amortization schedules for project assets.
Accelerated FX relief (LTSE only)	For projects in the US\$1 billion LTSE category, faster release from the export-proceeds settlement obligation.

2. JOLOT's position relative to RIGI

2.1 SECTOR MATCH

JOLOT operates in the **Mining sector** (industrial minerals: frac sand for hydraulic fracturing), with direct linkage to the **Energy sector** (Vaca Muerta upstream) as a critical input supplier. The sector qualifies on its face. Sector match is necessary but not sufficient. The US\$200M investment minimum is the binding constraint.

2.2 INVESTMENT THRESHOLD GAP

PHASE	INVESTMENT	CUMULATIVE	VERSUS US\$200M MINIMUM
Phase 1 (bridge round, 2026)	US\$2.4M	US\$2.4M	Far below
Phase 2 (CDE plant scaling, 2027)	US\$6.8M	US\$9.2M	Far below
Phase 3 (expansion to 1M tonnes/yr, 2028 to 2029)	US\$65M	US\$74.2M	Still far below
Aggregate by 2029		about US\$75M	About 37% of the minimum

Even the full projected trajectory of about US\$75M is roughly one third of the US\$200M floor. The project does not reach RIGI eligibility on its current plan. Reaching the bar would require a materially larger expansion, most plausibly a step change in scale undertaken with or financed alongside a major operator.

2.3 WHEN RIGI COULD BECOME RELEVANT

RIGI becomes a live consideration only at expansion scale. The realistic routes to the US\$200M qualifying-asset minimum are:

- A large multi-plant expansion beyond the current 1,000,000 tonnes per year Phase 3 plan, sized to cross US\$200M in qualifying assets.
- A joint venture or co-investment with a Vaca Muerta major or an international producer, where the combined committed CAPEX of the qualifying project meets the minimum.

Either route is a Phase-2-or-later decision, not part of this bridge. It is recorded here as optionality, not as a current eligibility claim.

2.4 OPERATIONAL SUBSTANCE (FOR ANY FUTURE APPLICATION AT SCALE)

If the project ever reaches the qualifying scale, RIGI admission would also require, at the application stage:

- Argentine domicile (yes, BORA 11266/19, CABA, 2019).
- Mining concession or active exploration permit (in scope, see VDD 2.1).
- Environmental Impact Assessment status (in scope, see VDD 2.4).
- Operational team in Argentina (yes, Sergio in San Juan, Marcelo in Buenos Aires).

- A qualifying-asset investment plan meeting the US\$200M minimum with 40% committed inside two years.

3. What this means for the bridge

There is no RIGI application tied to the bridge round, and none should be represented to LPs as pending or planned for this round. The earlier "Q3 2026 RIGI filing" target rested on the incorrect reduced-threshold reading and is withdrawn. Engaging RIGI counsel is deferred to the point at which an expansion plan can credibly reach the US\$200M qualifying-asset minimum.

ITEM	POSITION
RIGI application for the bridge round	None. The project is below threshold.
RIGI in the model	Not assumed. The bridge breaks even on its own economics.
RIGI as future optionality	Available only at expansion scale (US\$200M qualifying assets), via large expansion or a JV with a major.
Counsel engagement	Deferred until an expansion plan can credibly reach the minimum.

4. Risks and corrections

ITEM	POSITION
Prior reduced-threshold claim (US\$50M LTSE, aggregation to US\$75M)	Incorrect. Withdrawn. No reduced threshold or aggregation shortcut exists under Law 27.742. The minimum is US\$200M per project for mining.
Reliance on RIGI for project economics	None. Project economics break even without RIGI. RIGI is upside at expansion scale only.
Political risk (change of government, regime amendment)	Law 27.742 was passed by Congress. Any future application would rely on the 30-year stability provisions, which only attach on admission at qualifying scale.
Counsel verification	This v2 memo should be confirmed with Argentine RIGI counsel before any RIGI statement is made to LPs or to the authority.

5. Cross-references

REFERENCE	DOCUMENT	STATUS
Canonical deal terms (v3)	OO_CANONICAL_DEAL_2026-06-02_v3.md	In data room
Plant Phase 2 specifications	Doc 3.2 (Budgetary Proposal CDE and Vono Rev.0, 15 pp)	In data room
Mining concession (current)	VDD 2.1	Requested, pending Sergio
Environmental Impact Assessment	VDD 2.4	Requested, pending Sergio / Marcelo
Financial projections	JOLOT_Financial_Model_INSTITUTIONAL_2026-06-02.xlsx	In data room
RIGI law text	Law 27.742, Decree 749/2024	Public domain (Argentine official gazette)

6. Plain-language disclosure *for the LP-facing deck*

For inclusion in LP materials:

RIGI (Argentine investment-incentive regime). JOLOT S.A.S. operates in the Argentine mining sector, which is an eligible RIGI sector under Law 27.742. RIGI carries a hard minimum of US\$200M in qualifying assets per project, applied uniformly across all sectors with no reduced mining threshold. JOLOT's US\$2.4M bridge, and its projected aggregate investment trajectory of about US\$75M by 2029, are below that minimum, so RIGI does not apply to this round. RIGI is upside optionality at expansion scale only, reachable through a much larger expansion or a joint venture with a major. The bridge round economics do NOT assume RIGI approval.

v2 memo, corrected 2 June 2026. Final position to be confirmed with Argentine counsel. CONFIDENTIAL. For prospective LP review under signed NDA only.

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Sentinel Legal (Geneva) acts as legal counsel and round facilitator. Sentinel runs onboarding, KYC and the signing of each tranche. All closing documents are issued by Sentinel.

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