

LAW OF MONGOLIA

8 July, 2006

Government House

Ulaanbaatar

LAW ON MINERALS

(Revised version)

Article 3. Scope of this law

3.1. This law shall govern the exploration and mining relations of all types of mineral resources except water, oil, natural gas, radioactive and common minerals.

(This clause was amended in the law enacted on 16 July, 2009)

(This clause was added in the law enacted on 9 January, 2014)

3.2. The relations with respect to the extraction of minerals from small-scale mines shall be governed by a regulation and the regulation shall be approved by the government.

(This clause was revised in the law enacted on 1 July, 2010)

Article 4. Definitions of legal terms

4.1. The following terms used in this law shall mean as specified below:

4.1.23. "Small-scale mining" means the mineral exploration activity of individuals organized in the form of unregistered partnerships as stated in 481.1, cooperatives stated in 36.4, and partnerships stated in Article 35 of the Civil Code, to extract minerals from economically inefficient deposits with non-industrial reserves, fields or prospects derived from industrial and technological wastes, on the land allocated for the purpose stated in Clause 16.1.11 of the Law on Land.

(This clause was added in the law enacted on 1 July, 2010)

(This clause was revised in the law enacted on 1 July, 2014)

Article 7. General requirements for license-holders and mineral exploration and mining operations

7.1. Mineral exploration and mining licenses shall be granted to a legal entity and taxpayer in Mongolia, duly formed and operating under the laws of Mongolia.

7.3. Conducting exploration or mining without a valid license is prohibited except in the case of small-scale mining. The collecting and mining of natural stones and gemstones shall be done with licenses as with other conventional minerals.

(This clause was amended in the law enacted on 1 July, 2010)

(This clause was revised in the law enacted on 1 July, 2014)

Article 11. Responsibilities of government authority

11.1. The government authority in charge of geology and mining (hereafter referred to as the "government authority") shall implement the following functions:

11.1.13. Organise a tender to issue a license for an area of mineral concentration determined by the State budget and provide opinion to allocate land for small-scale mining and common minerals exploration.

(This clause was added in the law enacted on 1 July, 2014)

11.1.23. Receive a official request from soum or district governors; issue opinion on whether the selected land area overlaps wholly or partly with any part of a restricted or prohibited area for mineral exploration and mining, reserved land for special needs or any area subject to a valid exploration license; and set the size and boundaries of the land, according to Clause 12.1.5 of this law.

(This clause was added in the law enacted on 1 July, 2010)

11.2. The government authority's unit in charge of geology shall be responsible for the functions set forth in Clauses 11.1.1-11.1.7; a unit in charge of mining shall be responsible for the functions in Clauses 11.1.8-11.1.12; and a unit in charge of cadastral mapping shall be responsible for the functions in Clauses 11.1.13-11.1.23.

(This clause was amended in the law enacted on 1 July, 2014)

11.3. Implementation of the Law on Minerals, government controls and monitoring of exploration and mining operations of all minerals except for radioactive elements shall be performed by the government specialized inspection agency.

(This clause was added in the law enacted on 16 July, 2009)

Article 12. Authorities of local administration and self-government bodies

12.1. Local administration and self-government bodies shall implement the following authorities with regard to minerals:

12.1.1. Organise and coordinate the enforcement of government decisions with regard to the implementation of legislation on minerals in their territories.

12.1.4. Make a decision to take certain parts of the land for local special needs according to the justification and procedure stated in the Law on Land.

12.1.5. Submit requests to the government authority for the opinion stated in Clause 11.1.23 of this law with regard to the selected land area to be allocated for the purposes specified in the Clause 16.1.11 of the Law on Land.

(This clause was added in the law enacted on 1 July, 2010)

Article 35. Common duties of license-holders

35.6. A legal entity that holds a mining license or a small-scale gold miner shall sell the mined gold within the financial year.

(This clause was added in the law enacted on 24 January, 2014)

Article 47. Royalties

47.3. Royalties shall be imposed in following amounts:

47.3.1. Equal to 2.5 percent of the sales value of products mined, sold, shipped for sale or used from a mine site that sells coal in the domestic market.

(This clause was amended in the law enacted on 23 December, 2011)

47.3.2. Equal to a minimum of 5.0 percent of the sales value of products mined, sold, shipped for sale or used from a mine site, for minerals except for gold sold to Mongol Bank or other authorised banks in accordance with Clauses 47.3.1 and 47.3.3 of this law.

(This clause was amended in the law enacted on 25 November, 2010)

(This clause was amended in the law enacted on 24 January, 2014)

47.3.3. Equal to 2.5 percent for gold sold to Mongol Bank or other authorised banks in accordance with Clause 47.3.2 of this law; and 0 percent of the additional fee specified in Clause 47.5 of this law.

(This clause was amended in the law enacted on 24 January, 2014, which will be effective from 24 January, 2014, to 1 January, 2019)

Article 66. Penalties for violators

66.1. If a breach of the Law on Minerals does not constitute a criminal offence, an authorised state inspector shall impose the following penalties on the guilty person, taking into account specific features of the breach:

66.1.9. The following penalties shall be imposed on those who breach the Regulation on Extraction of Minerals from Small-Scale Mines: A citizen shall be fined by tugrug equal to 5-10 times the minimum level of the monthly wage; an official 10-20 times the minimum level of the monthly wage; a legal entity 30-40 times the minimum level of the monthly wage.

(This clause was added in the law enacted on 1 July, 2010)

(This clause was amended in the law enacted on 1 July, 2014)

**SPEAKER OF THE
PARLIAMENT OF MONGOLIA**

TS. NYAMDORJ