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Swiss Agency for Development
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MINISTRY
OF MINING

LEGISLATION RELATED TO ARTISANAL AND SMALL-SCALE MINING

(Unofficial translation)

Sustainable Artisanal Mining Project
2015

LEGISLATION RELATED TO ARTISANAL AND SMALL-SCALE MINING

(Unofficial translation)

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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

LAW OF MONGOLIA

7 June,2002

Ulaanbaatar

LAW ON LAND **/Revised version/**

Article 16. Land for Special Needs

16.1. Mongolia shall have lands for special needs. The following land shall be considered land for State special needs:

- 16.1.1. Lands under state special protection.
- 16.1.2. Border strip areas.
- 16.1.3. Land allocated for national defense and security purposes.
- 16.1.4. Land allocated for foreign diplomatic missions and consulates and resident offices of international organisations.
- 16.1.5. Land for scientific and technological tests,experiments and fields for regular environmental and meteorological observations.
- 16.1.6. Inter-provincial reserve rangeland.
- 16.1.7. Hayfields for State fodder reserves.
- 16.1.8 Contracted oil exploration fields explored under production-sharing agreements.
- 16.1.9 Free trade zones.
- 16.1.10 Land allocated for building and operating nuclear equipment.
- (This clause was added in the law enacted on 16 July,2009)
- 16.1.11 Land allocated for small-scale mining purposes.
- (This clause was added in the law enacted on 1 July,2010)
- 16.1.12 Border point zones.

(This clause was added in the law enacted on 26 December,2013)

16.2. Aimags,the capital city,soums or districts may take land areas for their local special needs within their jurisdiction for the purposes specified in Clauses 16.1.1,16.1.6,16.1.7 and 16.1.11 of this law.

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

16.3. A land area in any classification of the integrated land database may be taken for special needs.

**SPEAKER OF THE
PARLIAMENT OF MONGOLIA**

S. TUMUR-OCHIR

LAW OF MONGOLIA

22 November, 2001

Ulaanbaatar

LAW ON PERSONAL INCOME TAX FOR CITIZENS WITH INDEFINITE INCOME FROM PRIVATE BUSINESS AND SERVICES (Revised version)

Article 5. Amount and rate of tax

5.1 A citizen who conducts the following business or service with indefinite income shall pay the amount below in monthly income tax

	Type of business or service	In Ulaanbaatar	In Nalaikh, Baganuur and aimag centre souns in Darkhan-Uul and Orkhon and souns with permanent border points	Other aimag centre souns	Other places
	A	1	2	3	4
16	<i>Small-scale miners (This clause was added in the law enacted on 21 October, 2010)</i>		53000	53000	53000

5.2. If a citizen conducts a business or service specified in Clause 5.1 of this law for a period of less than one month, taxable income shall be determined by dividing the monthly amount of taxes by the number of calendar days and multiplying that by the number of days such businesses or services were conducted.

Article 6. Registration and certification of a taxpayer

6.1. A citizen who conducts a business or service specified in Clause 5.1 of this law shall register with the local tax administration office, pay taxes in cash or non-cash forms and receive a taxpayer certificate.

6.2. A citizen who conducts a private business or service specified in Clause 5.3 of this law may register with the local tax administration office; pay in advance MNT 10,000 in Ulaanbaatar city, MNT 8000 in Nalaikh and Baganuur districts and aimag centre soums in Darkhan-Uul and Orkhon and soums with permanent border points, MNT 6000 in other aimag centre soums, and MNT 4000 in other places, every month in cash or non-cash forms; receive tax payment certificates; and later reconcile the payment with the tax return.

**SPEAKER OF THE
PARLIAMENT OF MONGOLIA**

S. TUMUR-OCHIR

RESOLUTION OF THE PARLIAMENT OF MONGOLIA

16 January, 2014

No. 18

Government House,
Ulaanbaatar**Subject: Approval of Government Policy for the Mineral Resources Industry**

On the basis of Clause 8.1.1 of the Law on Minerals and Article 43.1 of the Law on the Parliament of Mongolia, the Parliament of Mongolia resolves to:

1. Approve "Government Policy for the Mineral Resources Industry" as per attachment herein.

2. Assign the Government of Mongolia (N. Altankhuyag) to take the following measures with regard to the approved Government Policy for the Mineral Resources Industry:

1. Develop draft laws for the mineral resources sector in line with the principles and objectives of the Government Policy for the Mineral Resources Industry; submit for Parliament approval and implement approved legislation.

2. Implement the objectives and directions of the Government Policy for the Mineral Resources Industry reflecting the annual Economic and Social Development Priorities of Mongolia, Monetary Policy and Medium and Long-Term Plans.

3. Oblige the Parliamentary Standing Committee on Economic Policy (B. Garamgaibaatar) to provide monitoring on the implementation of the Government Policy for the Mineral Resources Industry.

**SPEAKER OF THE
PARLIAMENT OF MONGOLIA****Z. ENKHBOLD**

Attachment to Parliament
Resolution No. 18,2014

**GOVERNMENT POLICY FOR THE MINERAL
RESOURCES INDUSTRY**
/2014-2025/

Three. Directions of the policy for the mineral resources industry

3.1. Within the framework of improving the legal environment for the mineral resources industry:

3.1.2. Provide policy support for the direction that enables individual small-scale miners to collaborate in a legal form of structure and improve relevant legal regulations.

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GOVERNMENT RESOLUTION OF MONGOLIA

1 December, 2010

No. 308

Ulaanbaatar

Approval of Regulation

Based on Article 3.2 of the Law on Minerals, the Government of Mongolia is resolving:

1. To approve the Regulation on Extraction of Minerals from Small-Scale Mines attached in appendix.

2. To assign Mr. D. Zorigt, the Minister of Mineral Resources and Energy, to take regulating and coordinating measures to implement the Regulation; the State Specialised Inspection Agency to control the implementation of the Regulation on a regular basis; and aimag and city governors to organise related activities for the implementation of the Regulation.

3. To dissolve Resolution No. 72 dated 27 February, 2008, on approval of the Temporary Regulation in relation to approval of the current Regulation.

PRIME MINISTER OF MONGOLIA
MINISTER OF MINERAL RESOURCES AND ENERGY

S. BATBOLD
D. ZORIGT

Appendix to the Government Resolution
No.308 on December 1,2010

REGULATION ON EXTRACTION OF MINERALS FROM SMALL-SCALE MINES

One. General provision

1.1. The purpose of this Regulation is to regulate relations with respect to the extraction of minerals from small-scale mines.

1.2. The Regulation shall be applicable for small-scale mining of all types of minerals except water, ore bearing radioactive elements, petroleum, and natural gas.

Two. Responsibility of soum/district Citizens' Representative Khurals for small-scale mining

Soum/district Citizens' Representative Khurals shall have the following responsibilities:

2.1. Shall receive applications from partnerships on the extraction of minerals from small-scale mines,select the land to be taken for local special purposes with the purposes stated in Article 16.1.11 of the Law on Land,and determine their coordinates.

2.2. Shall make decisions on permission to submit a request on selected land and its coordinates for local special purposes with the purpose of small-scale mining to the State administrative organisation in charge of geological and mining issues in order to receive the assessment stated in Article 11.1.23 of the Law on Minerals.

2.3. Shall make decisions within 10 working days on the inapplicability of the land selected for small-scale mining in the territory of the given soum and district in cases where the State administrative organisation in charge of geological and mining issues assesses that the selected land is not applicable for small-scale mining.

2.4. The soum/district Citizens' Representative Khural shall inform the public of their decisions made and control over implementation.

Three. Responsibility of soum/district governors for small-scale mining

Soum/district governors shall have the following responsibilities:

3.1. Shall give legal assistance, support and advice free of charge to individuals engaged in the extraction of minerals from small-scale mines and who wish to be organised into unregistered partnerships on the decision of the soum/district Citizens' Representative Khural.

3.2. Submit the soum/district Citizens' Representative Khural request on the assessment of selected land and its coordinates for small-scale mining purposes stated in 2.2 of this Regulation to the State administrative organisation in charge of geological and mining issues for a decision.

3.3. When the State administrative organisation in charge of geological and mining issues assesses that the elected land is applicable for small scale mining, the governor shall make a contract with the applicant partnership on the exploitation/extraction of minerals from the small-scale mine for the duration of one year. If the partnership requests it, the contract may be extended for subsequent periods on a yearly basis.

3.4. Maintain a cartographic registry of land issued for the purpose of small-scale mining and exploitation data within the soum/district territory.

3.5. Take measures to provide health care and social welfare services for small-scale miners, and access to schools and kindergartens for their children.

3.6. Provide guidance and coordination on the measurement to apply tax and insurance policies to small-scale miners.

3.7. Inspect the submitted report on environmental restoration measures undertaken by the partnership on the site, and annually submit a report to the aimag or city inspection agency on the restoration activities conducted in accordance with the guidelines approved by the State administrative

organisation in charge of geology and mining issues.

3.8. Calculate the costs of technical and biological rehabilitation in areas mined by partnerships and take measures on retaining the required fund in environmental community funds managed by the soum/district authority and the partnerships.

3.9. Ensure adequate enforcement of the Mongolian Law on Labour Safety and Health and the small-scale mining occupational safety rule approved by the State administrative organisation in charge of geological and mining issues.

3.10. Submit reports on small-scale miners and their operations to the State administrative organisation in charge of geological and mining issues by the 15th of February each year according to the approved template by the State administrative organisation in charge of geological and mining issues.

3.11. There is no new contract concluded with partnership and its members that failed to carry out rehabilitation work as stated in Article 10.2 of this Regulation.

3.12. Terminate a contract on the extraction of minerals when a professional organisation finds a partnership's operations are having a negative impact on the environment.

3.13. Provide general supervision for activities on protecting the environment, waste management, and defining residential areas for miners and their families on mining sites.

Four. Responsibility of the State administrative organisation in charge of geology and mining issues for small-scale mining

The State administrative organisation in charge of geology and mining issues shall have the following responsibilities:

4.1. Conduct and deliver an assessment, based on data from the cadastral cartographic registry, on the land selected for the extraction of

minerals from small-scale mining to the soum/district governor within 14-21 working days in accordance with the requests stated in 11.1.23 of the Law on Minerals and 3.2 of this Regulation.

4.2. Register data on the land permitted for the extraction of minerals from small-scale mining into the consolidated cartographic registry.

4.3. Approve the following rules, guidelines, instructions and template:

4.3.1. Sample application form on the extraction of minerals by partnerships to be submitted to soum/district governor.

4.3.2. Template for a contract on the extraction of minerals from small-scale mines between the partnership and the soum/district governor.

4.3.3. Template for a tripartite contract between the license-holder, the soum/district governor and the partnership for the extraction of minerals from small-scale mines, which shall clearly reflect the following issues:

4.3.3.1. Extraction and commercialisation of minerals;

4.3.3.2. Environmental protection and rehabilitation;

4.3.3.3. Occupational safety and health;

4.3.3.4. Area to be used under the contract.

4.3.4. Small-scale mining environmental rehabilitation guidelines.

4.3.5. Occupational safety rule.

4.3.6. Information template for small-scale mining operations.

4.4. Shall provide partnership members with technical training and support in building capacity on environmental and safety matters.

Five. Mining area for the extraction of minerals from small-scale mines

5.1 An area to be used by partnerships for small-scale mining purposes within the soum/district territory shall not exceed 5 hectares.

5.2. The number of areas selected for the extraction of minerals

through small-scale mining within the territory of one soum/district shall not exceed 10.

5.3. An area from a license-holder's mining area may be used by a partnership for small-scale mining purposes based on a tripartite contract between the soum/district governor, the license-holder and the partnership.

5.4. In the event of a tripartite contract to mine on a license-holder's mining area, the number of areas for the extraction of minerals through small-scale mining within the territory of one soum/district may exceed 10.

5.5. An underground mine in licensed area may be used by a partnership based on a tripartite contract between the soum/district governor, the license-holder and the partnership.

5.6. The use of area on a licensed area by a partnership as stated in 5.3, 5.5 of this Regulation does not free the license-holder from environmental obligations as stated in Article 39 of the Law on Minerals.

Six. Organisation of individuals engaged in the extraction of minerals

6.1. For the purpose of the extraction of minerals from small-scale mines, individuals shall be organised based on a written contract as stated in Article 476 and in the form of unregistered partnerships as stated in Article 481.1 of the Civil Code.

6.2. Partnership operations shall be regulated in accordance with Articles 477-482 of the Civil Code and partnership rules.

6.3. A partnership shall have its own proper name. The partnership name or title shall not duplicate the name of other partnerships that operate within the same soum/district territory.

6.4. A partnership shall have a minimum of five members.

6.5. A member of a partnership shall not be allowed to be a member of another partnership.

Seven. Applications for the conclusion of contracts on the extraction of minerals

7.1. A partnership shall submit its application for the conclusion of a contract on the extraction of minerals from small-scale mining to soum/district governors using the application form mentioned in 4.3.1 of this Regulation.

7.2. The application must contain the following information:

7.2.1. Name/title of the partnership and names and addresses of the partnership leader or other authorised representatives and its members;

7.2.2. Location of area;

7.2.3. Types of minerals to be extracted.

7.3. The following documents shall be attached to the application:

7.3.1. Copies of the identification cards of partnership members;

7.3.2. Copies of written cooperation contracts of partnership members;

7.3.3. Location map of the areas for mineral extraction;

7.3.4. Copies of partnership members' taxpayers' books and certificates;

7.3.5. Copies of partnership members' health and social insurance books.;

7.4. Requirements for partnership members are:

7.4.1. Be a citizen of Mongolia;

7.4.2. Have reached the age of 18;

7.4.3. Be registered as a resident of the respective soum/district.

7.5. Applications/requests that do not meet the requirements in 7.1-7.4 of this Regulation shall not be accepted.

7.6. Upon relinquishing the area used for mineral extraction in accordance with 10.2 of this Regulation, the partnership may apply for another area for the conclusion of a contract on the extraction of minerals to the soum/district governor.

7.7. Upon receiving an application, the soum/district governor shall examine and identify within 10 working days whether the following requirements are met:

7.7.1. Whether the requirements in 7.4 of this Regulation have been met;

7.7.2. Whether the document stated in 7.3 of this Regulation is complete;

7.7.3. Whether the land applied for is a part of the land stated in 5.1 of this Regulation;

7.7.4. Whether the partnership has conducted complete technical and biological restoration of the area according to 10.2 of this Regulation.

7.8. In the event that an application and the attached documents fulfill the requirements stated in 7.7 of this Regulation, contracts with partnerships shall be concluded according to the order of application registration.

Eight. Conclusion of the contract on the extraction of minerals

8.1. A partnership proposing to extract minerals on land stated in 5.1 of this Regulation shall conclude a contract with the respective soum/district governor.

8.2. The contract shall contain the following:

8.2.1. The rights, obligations and responsibilities of the parties involved;

8.2.2. The location and size of the area;

8.2.3. The effective duration of the contract and terms for extensions;

8.2.4. The conditions for the use of land stated in 5.1 of this Regulation;

8.2.5. The planned activities for environmental rehabilitation, budget and financial guarantee;

8.2.6. The types of minerals to be extracted;

8.2.7. The procedures and conditions for the enforcement of small-scale mining occupational safety rules and instructions, health norms and standards;

- 8.2.8. The conditions for the social and health insurance coverage of partnership members;
- 8.2.9. Compulsory obligations to not use chemicals and dangerous substances;
- 8.2.10. Compulsory obligations to not use explosives unless it is conducted by a special license-holder;
- 8.2.11. Justifications for contract termination and abrogation;
- 8.2.12. The accountabilities for compliance and the penalties for non-compliance with occupational safety rules and instructions;
- 8.2.13. Obligations to protect the environment and properly manage waste to provide partnership members and their families with a safe and healthy environment and to live in defined residential areas on mining sites;
- 8.2.14. Others.

Nine. Commercialisation of mineral resources extracted by partnerships

9.1. Partnerships shall sell extracted minerals to a person legally authorised to buy and sell through applicable legislation.

Ten. Relinquishing the area

10.1. A partnership shall return an area based on the following conditions:

- 10.1.1. When it considers that the mineral resources are no longer economically viable;
- 10.1.2. When a State inspector assesses that further extraction is not allowed due to inadequate occupational health and safety conditions;
- 10.1.3. When the partnership submits a request/application to relinquish the area;
- 10.1.4. When a contract with a partnership is terminated;
- 10.1.5. Termination of a contract made with a partnership does not mean that the partnership is free of its environmental and technical rehabilitation obligations on areas it has mined.

10.2. Prior to returning the area, the partnership shall carry out technical

and biological rehabilitation in accordance with established guidelines, have the area assessed by an environmental inspector, and then hand over the area to the authority appointed by the soum/district governor. Rehabilitation must be conducted in accordance with rehabilitation guidelines on areas mined by partnerships and may exclude those areas previously exploited by license-holders where no rehabilitation was conducted.

10.3. For the purpose stated in 10.2 of the regulation, the local administrative organisation and the partnership shall jointly manage the community fund to cover expenses arising from rehabilitation.

Eleven. Prohibited activities for the extraction of minerals from small-scale mines

11.1. The following activities shall be prohibited for mineral extraction by partnerships:

- 11.1.1. Employing individuals under the age of 18 years;
- 11.1.2. Infringement of or non-compliance with occupational health and safety rules;
- 11.1.3. Washing and processing minerals outside of the area defined in the contract;
- 11.1.4. Tax evasion;
- 11.1.5. Mineral extraction by non-partnership members;
- 11.1.6. The use of chemicals and dangerous substances;
- 11.1.7. The use of explosives and explosive substances unless these activities are conducted by a special license-holder;
- 11.1.8. Non-purpose usage of the area, transfer of the area to others, use of the area as a pledge, and the sale of the area contractually allocated to a partnership;
- 11.1.9. Activities that have serious negative impacts on the environment;
- 11.1.10 The use of machinery with an engine capacity exceeding 500cmi for the extraction of minerals.
- 11.1.11. The use of a license-holder's area by a partnership that has not entered into a tripartite contract as stated in 5.3 of this Regulation;
- 11.1.12. Underground mining operations by partnerships who have not entered into tripartite contracts as stated in 5.5 of this

Regulation.

Twelve. Special conditions

12.1. The location of areas for concentration and processing plants of ore extracted from partnerships' hard-rock gold mines shall be determined by the aimag/soum/district Citizens' Representative Khural, the State administrative organisation in charge of geology and mining, and a specialised inspection organisation.

12.2. Technical specifications for processing plants shall be developed by the State administrative organisation in charge of geology.

12.3. The economic entity or entities to establish processing plants shall be put to tender by the aimag Citizens' Representative Khural.

12.4. Processing plants shall be commissioned for utilisation by a working group comprised of representatives from the State administrative organisation in charge of geology and mining and a State specialised inspection organisation.

12.5. The economic entity or entities that win the tender bid to establish and operate a processing plant shall have a detailed environmental impact assessment on the proposed area conducted by a permitted entity in accordance with Article 9 of the Law on Environmental Impact Assessment.

Thirteen. Miscellaneous third

13.1. Central and local specialised inspection regulatory agencies, local administrative and self-governing organisations, police organisations, local officers in charge of environmental issues and local officers in charge of small-scale mining issues shall oversee the implementation of this Regulation.

13.2. If not subject to Criminal Law, the penalties imposed on violators of this Regulation shall be in accordance with Article 66.1.9 of the Law on Minerals.

**ORDER BY THE CHAIRMAN OF THE MINERAL
RESOURCES AUTHORITY**

Date: 21 April, 2011

No. 153

Ulaanbaatar

**Approval of samples or rules, instructions, forms and
agreement templates**

Based on the provisions of Clause 8.4 of Article 8 of the Mongolian Law on Legal Status of Governmental Agencies and Clause 4.3 of Article 4 of the Regulation on Extraction of Minerals from Small-Scale Mines approved by Mongolian Government Resolution No. 308 in 2010, it is resolved that:

1. We approve the sample Application Form for the Conclusion of Agreement on the Extraction of Minerals as provided in Annex 1, the sample or model Agreement of Extraction of Minerals as provided in Annex 2, the sample or model Tripartite Agreement on Extraction of Minerals by Small-Scale Mining from licensed mine sites as provided in Annex 3, the sample or model Rehabilitation in Small-Scale Mining Sites as provided in Annex 4, the sample or model Small-Scale Mining Occupational Safety Rule as provided in Annex 5, the sample or model Data Collection and Record Keeping on Small-Scale Miners' Operations and Performances as provided in Annex 6, and the sample or model of the Action Plan and Report on Environmental Protection, Restoration and Occupational Safety Framework as provided in Annex 7 attached to this Order.

2. We invalidate former Orders Nos. 149 and 253 (2008) by the Chairman of the Mineral Resources and Petroleum Authority of Mongolia in connection with this Order being issued.

3. We assign the Mining and Research division (Ts. Davaatseren) to provide the necessary professional guidance and methodological assistance to aimags, soums and district governors, their departments, Citizens' Representative Khurals, and artisanal and small-scale miners for understanding, use and observance of the agreements, charter, instructions and forms approved by this Order in small-scale mining practices.

4. We assign the Mining and Research division (Ts. Davaatseren) to develop a proposal on the improved enforcement of the Regulation on

Extraction of Minerals from Small-Scale Mines and compliance with the sample or model charter, instructions, forms and agreements approved by this Order through a comprehensive study of practices, and to present the proposal for consideration by 1 December, 2011.

5. We assign the Administration and Management division (B. Tuvshinjargal) to make decisions and handle all expenses related to monitoring compliance and execution of the Order.

CHAIRMAN

D. BATKHUYAG

Annex 1 to the MRA Chairman's
Order No. 153 in 2011

Form -1

(please write legibly and without bias when filling in this application)

Attention: Governor of /...../
..... Soum/District Aimag

**Application for the conclusion of agreement on the extraction
of minerals through small-scale mining:**

Date:

On behalf of ".",unregistered partnership,.....
(first name)..... (last name), the partnership leader is presenting a
requestfor the conclusion of an agreementon the extraction of
(type of mineral)in (name of the area)located in the territory
of soum/district of aimag/city.
Please accept the application for your consideration and decision.

The documents listed below are attached to this application.

Please do not fill in this area (for the recipient to complete)

1. Copies of identification cards of partnership members ☐
2. Written agreement on cooperation made by the
partnership members ☐
3. Location map of the partnership's proposed extraction area ☐
4. Copies of partnership's taxation books ☐
5. Copies of partnership members' health insurance books ☐
6. Detailed personal information on partnership members ☐
7. References proving that partnership members are
residents of the area ☐

Application presented by:/
/ signature / / name /



Reciepent's statement:

The application was received at (time: hour and minutes)on
..... (day/month/year)and has been registered with (number).

Received by:. (signature) /
/Officer's name /

Annex 2 to the MRA Chairman's Order
No. 153 in 2011

Agreement on the Extraction of Minerals by Small-Scale Mining (sample agreement)

Date: No:
/Place/

This Agreement (hereafter referred to as the "Agreement") is being entered into between (first name) (last name), the Governor of soum/district of aimag/city (hereafter referred to as "Governor") and (first name) (last name), the partnership leader, on behalf of, unregistered small-scale mining partnership (hereafter referred to as "Partnership") as per Clauses 8.1 and 8.2 of the Regulation on Extraction of Minerals from Small-Scale Mines on the basis of mutual consensus.

One. General Provisions

1.1. The Partnership will engage in the extraction of (type of mineral) within (hectares) in (name of area) located in the territory of soum/district for the duration of one year.

1.2. This agreement will regulate relations between the Governor of the soum/district and the partnership with regard to the extraction of minerals through small-scale mining.

Two. Rights and Obligations of soum/district governor

2.1. The soum/district governor has the following obligations:

2.1.1. Has the obligations stated in Clause 3 of the Regulation on Extraction of Minerals from Small-Scale Mines;

2.1.2. Recommend the extraction area to be allocated to the partnership and have a location map for the Agreement;

2.2.3. Establish and show partnership members' residential area and dump site;

2.2.4. Recommend the area of processing, separating and sorting of minerals extracted by the partnership or the location of a designated processing workshop or plant;

2.2.5. Provide the partnership with reclamation instructions and reach a common understanding prior to the area being handed over to the local government;

2.2.6. Estimate the expected costs of technical and biological rehabilitation allocated to the partnership and have funds retained in a mutual rehabilitation fund after the amount and duration are agreed upon;

2.2.7. Oversee compliance with the Labour Protection and Safety Rule and ensure the partnership leader provides partnership members with workplace instructions;

2.2.8. Organise training for partnership members on occupational safety approaches and compliance with the assistance of professional institutions;

2.2.9. Oversee the trade of minerals extracted by the partnership as legally stipulated and maintain records of extracted minerals and outputs;

2.2.10. Undertake activities to raise awareness of the importance of health and social insurance among Partnership members with the assistance of professional institutions, and ensure partnership members are covered by health and social insurance;

2.2.11. Accept the rehabilitated area following an assessment by an environmental inspector and the appointment of a special commission;

2.2.12. Decide whether the partnership will be allocated another area for mineral extraction after consideration of its performance;

2.2.13. Monitor whether non-partnership members are working in the area;

2.2.14. Organise awareness-raising activities on miners' obligation to pay tax and to fulfill their obligations in accordance with legislation.

2.3. The soum/district governor has the following rights:

2.3.1. The right stated in Clause 3 of the Regulation on Extraction of Minerals from Small-Scale Mines;

2.3.2. To demand that the partnership comply with the obligations stipulated in the Agreement;

2.3.3. Give assignments to the partnership leader and review

accomplishments and performance;

2.3.4. Terminate the Agreement and stop extraction operations in the event of non-compliance with the Agreement;

2.3.5. Terminate any operations that cause damage and have negative impacts on humans, livestock and the environment.

Three. Rights and obligations of the partnership

3.1. The partnership has the following obligations:

3.1.1. To allow partnership members to camp in an established residential zone;

3.1.2. To operate within the area boundary's as stipulated in the Agreement;

3.1.3. To properly use water sources, such as rivers and springs without pollution and with consideration given to environmental conservation;

3.1.4. To maintain household waste disposal within the residential zone;

3.1.5. To be trained in the methodologies and techniques of the small-scale mining occupational safety rule and accident prevention;

3.1.6. To handle the processing and sorting of extracted minerals within the designated area;

3.1.7. To place the amounts of MNT /
/ required for environmental restoration, as agreed upon with the
soum/district governor, in a mutual rehabilitation fund;

3.1.8. To spend mutual rehabilitation funds on the reclamation of the mined area;

3.1.9. To hand over the area to a commission appointed by the
soum/district governor following rehabilitation and an environmental
inspector's assessment;

3.1.10. To sell extracted minerals to licensed entities in accordance with legislation;

3.1.11. To encourage members to take part in activities on small-scale mining occupational safety and environmental restoration;

3.1.12. To pay personal income tax in accordance with legislation;

3.1.13. To oppose illegal activity and misconduct;

3.1.14. To not use chemicals and dangerous substances in mining operations, and to not use explosives unless conducted by a

special license-holder;

3.1.15. To allow only partnership members to work in the area allocated;

3.1.16. To not use any equipment or machinery with a capacity exceeding 500cm³ in mineral extraction.

3.2. The Partnership has the following rights:

3.2.1. To engage in mineral extraction within the area allocated to the partnership;

3.2.2. To develop initiatives and proposals addressed at improving environmental conservation and restoration, social problems, and small-scale mining institutional structure and technologies;

3.2.3. To submit an application or request for further mining after the rehabilitated land has been handed over.

Four. Mutual responsibilities

4.1. The Agreement parties shall cooperate based on the principle of mutual respect.

4.2. If any serious damage or losses are incurred by the environment, humans or livestock due to wrongdoing or misconduct by the partnership, the partnership shall be responsible for the recovery of the damage and losses; the soum/district governor can demand that the partnership make immediate reparations.

Five. Dispute resolution

5.1. The resolution of disputes raised under this Agreement shall be the subject of negotiation and consultation among the parties.

5.2. In the event that consensus cannot be reached, disputes shall be resolved in accordance with Mongolian legislation.

Six. Agreement duration

6.1. The agreement shall be effective from (day/month/year) to (day/month/year). The Agreement shall come into force when all Parties have signed.

6.2. In the event that a partnership has fulfilled its obligations under the

Agreement, it shall be a subject to an Agreement extension for another year.

6.2. The Agreement comes to an end when the partnership hands over the rehabilitated area to the local government.

6.3. The attached annexes are an indispensable part of this Agreement.

6.4. Two copies of the Agreement shall be produced for each of the parties.

Agreement concluded by:

..... /...../

Governor of Soum/District
Partnership нөхөрлөлийн

Address:
Telephone:

..... /...../

Leader of “.....”

Address:
Telephone:

Annex 3 to the MRA
Chairman's Order No. 153
in 2011

Tripartite Agreement on the Extraction of Minerals through Small-Scale Mining on a licensed mining area (A sample agreement)

Date: *No . . .*
/Place/

This Agreement (hereafter referred to as the "Agreement") is being made between (firstname)..... (lastname), the Governor of soum/district of aimag/city (hereafter referred to as the "Governor"), (first name) (last name), the director of the company, the mine license-holder, certificate No. to extract minerals in (name of the area) in the soum/district territory (hereafter referred to as the "license-holder") and (first name) (last name) the partnership leader on behalf of unregistered small-scale mining partnership (hereafter referred to as the "partnership") in accordance with Clauses 5.3 and 5.5 of the Regulation on Extraction of Minerals from Small-Scale Mines and on the basis of mutual consensus.

One. General provisions

1.1. This Agreement regulates relations between the governor, the license-holder and the partnership with regard to the extraction of (type of mineral) by the partnership on the licensed area.

1.2. This Agreement is being made for the duration of one year starting from (day/month/year).

Two. Rights and responsibilities of license-holders

2.1. License-holders have the following responsibilities:

2.1.1. Allow the partnership to use an area of hectares with the following coordinate points:

Points	Longitude	Altitude
1
2
3
4
5

2.1.2. Monitor whether the partnership is operating within the area boundary's as stipulated in the Agreement;

2.1.3. Monitor the partnership's compliance with Agreement obligations;

2.1.4. Monitor the partnership compliance with occupational safety rules and take appropriate remedial action when there is non-compliance;

2.1.5. Provide assistance and support for the delivery of rescue services in the event of mining accidents;

2.1.6. Provide support for and cooperate with the partnership in the rehabilitation of the extracted Area;

2.1.7. Recommend the locations for processing, grading/ separating and sorting the minerals extracted by the partnership;

2.1.8. Submit background information on partnership operations in accordance with the information sheet attached to the annex and the mining plan to the State administrative organisation in charge of mining issues within one month of the Agreement being signed.

2.2. The license-holder has the following rights:

2.2.1. To demand that the partnership not interfere with or hinder the company's mining operations;

2.2.2. To demand that the partnership and soum/district governor fulfill their Agreement obligations;

2.2.3. To terminate the Agreement if partnerships interfere with or hinder the company's operations or partnerships and soum/district governors do not fulfill their obligations;

2.2.4. No responsibility for partnership members' taxation and insurance;

2.2.5. To demand that the partnership members be registered under the license-holder's title when selling gold extracted from a licensed area to licensed traders;

2.2.6. To obtain a summary of proposed actions for the contracted Area from the partnership when the work plan is submitted for approval.

Three. Rights and responsibilities of soum/district governors

3.1. Soum/district governors have the following responsibilities:

3.1.1. Monitoring to ensure the partnership is operating on the contractually agreed upon area;

3.1.2. Supporting awareness-raising activities on occupational safety rules and compliance, accident prevention, first aid and rescue services in cooperation with professional institutions;

3.1.3. Recommending partnership members' residential areas and household waste disposal sites;

3.1.5. Overseeing environmental conservation and rehabilitation efforts;

3.1.6. Providing support for the license-holder and the partnership within the mandated sphere of authority;

3.1.7. Monitoring to ensure the minerals extracted by the partnership are sold to licensed traders as legally required;

3.1.8 Organising activities on the partnership members' compulsory obligation to pay taxes.

3.2. Soum/district governors have the following rights:

3.2.1. To demand that the partnership and license-holder comply with and fulfill Agreement obligations;

3.2.2 To present a proposal on the termination of the Agreement in the event of non-compliance with the Agreement and breaches of occupational safety rules;

3.2.3. To exercise other rights and obligations as stipulated in legislation.

Four. Rights and responsibilities of partnerships

4.1. Partnerships have the following responsibilities:

4.1.1. To engage in mineral extraction within the specified Area;

4.1.2. Partnership members will live in a residential zone and dispose of their household waste at a dump site recommended by the soum/district governor;

4.1.3. Engage in mineral processing, separation and sorting at a site recommended by the license-holder or at an officially recognised processing plant or workshop;

4.1.4. Engage in waste-free mineral extraction within the contracted Area;

4.1.5. be registered under the license-holder's title when selling gold extracted from a licensed area to licensed traders;

4.1.6. To not interfere with or hinder the license-holder's operations;

4.1.7. To not pollute the environment and water sources, and to engage in environmental conservation and rehabilitation;

4.1.9. Comply with small-scale mining occupational safety rules and prevent mining accidents;

4.1.10. Respect and comply relevant law and social orders;

4.1.11. Take part in public awareness and promotional activities on small-scale mining occupational safety and environmental rehabilitation;

4.1.13. To not use chemicals and dangerous substances or explosives, with the latter only to be handled by special license-holders;

4.1.14. Allow only partnership members to work at the contracted Area;

4.1.15. Pay personal income tax in accordance with legislations.

4.2. Partnerships have the following rights:

4.2.1. To engage in mineral extraction within the contracted Area;

4.2.2. To develop initiatives and proposals aimed at improving environmental conservation and rehabilitation, social problems, and small-scale mining institutional structure and technologies;

4.2.3. To demand that the license-holder and the soum/district governor comply with their Agreement obligations.

Five. Mutual responsibilities

5.1. In the event of the premature termination of the Agreement, as stated in Clause 2.2.3 of this Agreement a party shall submit to other parties notification of its intention to terminate the Agreement.

5.2. Parties shall cooperate based on based on the principle of mutual respect.

5.2. If any serious damage or losses are incurred by the environment, humans or livestock due to wrongdoing or misconduct by the partnership or the license-holder, the party responsible shall be liable for the recovery of damage and losses

5.3. The resolution of disputes related to this Agreement shall be subject to negotiation among the parties to the Agreement. If no consensus can be reached, disputes shall be referred to relevant law enforcement agencies in accordance with legislation.

Six. Agreement termination

6.1. This Agreement will come to an end in the following circumstances:

6.1.1. When the Agreement comes to an end or is not extended;

6.1.2. When a license is terminated or the Agreement time frame has been met;

6.1.3. When any one of the parties issues notification on Agreement termination.

Seven. Miscellaneous

7.1. The agreement shall be effective from (day/month/year) to (day/month/year). The Agreement shall come into force when all parties have signed.

7.2. If the parties fulfill their obligations within the specified time period, the Agreement will come to an end.

7.3. The attached annexes are an indispensable part of this Agreement.

7.4. Three copies of the Agreement shall be produced for each of the parties.

Eight. Dispute resolution

8.1. Parties shall resolve any disputes related to this Agreement through consultation and negotiation.

8.2. If no consensus can be reached, disputes shall be referred to



relevant law enforcement agencies in accordance with legislation.

Agreement signed by:

..... // //
Soum/district governor Company director

..... //
Leader of Partnership

Address:
Telephone:

Guidelines for the Technical and Biological Rehabilitation of Land Damaged through Small-Scale Mining Operations

General provisions

1. A general location map (drawing) of the land to be used for mining will be produced and attached to the land application. The drawing will include basic descriptions of vegetation cover and pictures depicting the land's current and previous states and the surrounding areas, including rivers, springs, wells, roads and tracks.
2. An environmental rehabilitation plan will be prepared through consultation with the local environmental inspector. The plan will cover all proposed rehabilitation activities and the funds that are required. A mutual fund to be used for land rehabilitation will be established.

Different forms of rehabilitation are used for land damaged by small-scale mining depending on the type of mineral deposit.

A. Technogenic deposit formed through previous mining activities and technological waste:

A "technogenic deposit" is a deposit comprised of mineral-bearing soil and material stockpiled during mining operations that is still economically viable for small-scale miners.

1. Technical rehabilitation:

Technical rehabilitation is initial rehabilitation involving backfilling, levelling and shaping carried out in preparation for planting or reuse of the land.

- 1.1 Technical rehabilitation can be conducted on mined land while mineral extraction is continuing on other areas of the site.
- 1.2 Technical rehabilitation will be conducted using machinery and

technical equipment.

- 1.3 Technical rehabilitation will be carried out in line with future land-use purposes and the former state of the land.
- 1.4 Rehabilitation will be completed in accordance with the non-special purpose category and descriptions listed in Table 3.2 of the general technical requirements of standard MNS 5915: 2008.

Table 3.2

Purpose of rehabilitation	Types of rehabilitated land use
Agriculture	Pastureland, haymaking and farmland
Forestry	Economic and protective strips, forestation and tree nurseries
Water supply	Household and industrial water supplies

- 1.5 Waste, namely plastic bags and other environmentally harmful materials, will be removed from the rehabilitation site.
- 1.6 Mined areas or excavations will first be filled in using large stockpiled rocks.
- 1.7 Common rocks, sand, gravel and infertile soil is then used for filling and covering.
- 1.8 Topsoil is then placed on the outermost layer.
- 1.9 Ditches or channels to remove water are then built to prevent topsoil run-off.
- 1.10 Man-made landforms will be leveled and shaped in line with the future purpose of the land.
- 1.11 Leveling and shaping take two forms - entire or partial - depending on the characteristics, quality and future purpose of the land.
- 1.12 In entire leveling and shaping, the slope angle must be less than 18 degrees to enable the planting of seeds and seedlings.
- 1.13 Partial leveling and shaping must be consistent with the specific features of the land.
- 1.14 Levelling and shaping are completed when the soil and rocks used to fill in the excavation have completely subsided.

2. Covering by topsoil

Topsoil provides the foundation for growing plants on rehabilitated land. In the forest steppe region, vegetation grows at a faster rate as the topsoil is

thicker and more fertile and has a higher moisture level than topsoil in the Gobi and desert region, where the vegetation is generally of a poorer quality due to infertile soil and the prevalence of sand, gravel and rocks. Because of this, green fertilisers, manure and straw are needed to improve the quality of the topsoil in this region.

- 2.1 In biological rehabilitation, the land must be covered with 30-50cm of dark soil.
- 2.2 To improve the quality of the soil, fertiliser should be used.

3. Biological rehabilitation

Biological rehabilitation is conducted on completion of technical rehabilitation when the soil and rocks are stable and have completely subsided. Biological rehabilitation should meet the following requirements: .

- 3.1 Plants that are suitable for the region should be planted.
- 3.2 Plants and seedlings that require less maintenance, such as perennials and endemic vegetation, should be introduced.
- 3.3 The table below shows timelines for planting woody plants, bushes and shrubs in the different regions.

No	Natural belts/ regions	In an irrigation- free zone	In an irrigated zone
1	Mountainous areas	Within the 3rd 10 days in June	Within the 3d 10 days in May
2	Forest steppe and steppe region	Within the 2nd 10 days in June	Within the 2d 10 days in May
3	Gobi and desert region	Within the 3rd 10 days in May	Within the first 10 days in May

- 3.4 Woody plant, bush and shrub seedlings will be planted.
- 3.5 One to two-year-old seedlings cannot be used for biological rehabilitation.
- 3.6 Fertile soil must be loosened and waste removed in preparation for planting.
- 3.7 Prior to plant seedling, areas of the land should be considered.
- 3.8 If the total land area is not large, seeds can be spread in places that

- are less exposed to wind.
- 3.9 Seeds must be planted at a depth of 2-2.5cm, and tree, bush and shrub seedlings at a depth of 30-50cm.
 - 3.10 Care must be taken of seeded areas until plants become visible and are able to grow independently.

B. Economically unviable deposits

In deposits that are considered to be economically unviable, soil must first be removed before mining can begin. Topsoil and fertile soil removed from the area will later be used for biological rehabilitation.

4. Soil removal and common rock stockpiling

- 4.1 Topsoil and fertile soil from the designated area must be separately removed until the unfertile soil layer becomes visible. The soil that has been removed must then be stockpiled at least at 5m from the opening of the mine.
- 4.2 Unfertile or less-fertile soil layers are then removed until the rock bed becomes visible. This soil is then stockpiled separately.
- 4.3 In stockpiling, coarse rocky material forms the foundation on land that is not exposed to wind and not at risk of flooding and water penetration.
- 4.4 Large rocks removed from the bottom must also be stockpiled.
- 4.5 Topsoil or fertile soil does not have to be stockpiled in rocky or gravelly areas.

Mining can begin after the soil and rocks have been stockpiled. In areas where minerals have been cleared, both technical and biological rehabilitation must be conducted in accordance with the rehabilitation guidance for technogenic deposits.

Underground mine rehabilitation:

According to Clause 5.5 of the Regulation on Extraction of Minerals from Small-Scale Mines, partnerships can engage in underground mining through tripartite agreements with license-holders. License-holders are responsible for the rehabilitation of the mine site.

Handing over the areas on which mineral extraction has taken place (mine closure) and assessment of the rehabilitated areas

As stated, prior to handing over the area to a commission appointed by the soum/district governor, partnerships must carry out technical and biological land rehabilitation in accordance with regulations and must have an assessment of the rehabilitation conducted by a State environmental inspector.

Annex 5 to the MRA Chairman's Order
No. 153 in 2011

General Safety Rule for Artisanal and Small-Scale Mining

One. General provisions

1. This rule shall be applied and complied with by artisanal and small-scale mining partnerships, namely the leaders and members engaged in the open-pit extraction of minerals within the territory of Mongolia.

2. If open-pit artisanal and small-scale mining operations are not subject to this rule, the Safety Rule for Open-Pit Mining will be applied and adhered to.

3. If underground artisanal and small-scale mining operations are not subject to this rule, the Safety Rule for Underground Mining of Ore, Non-Ore and Alluvial Deposits and the Coal Underground Mine Safety Rule will be applied and adhered to. Compliance with these safety rules will be monitored by license-holders.

4. In workshops or plants for the processing and concentrating of ore extracted by artisanal and small-scale miners, the General Safety Rule for Mineral Processing, Separating, Crushing and Concentrating of Ore and Concentrates will be applied and adhered to.

5. Blasting in artisanal and small-scale mines must be performed by licensed blasting companies or entities in accordance with relevant Mongolian legislation, and the General Safety Rule for Blasting will be adhered to during blasting operations. Blasting by partnerships and individuals is prohibited.

Two. General requirements:

6. The partnership leader (hereafter referred to as the "leader") is responsible for the occupational health and safety of partnership members (hereafter referred to as "members") who engage in artisanal and small-scale mining other than underground mining, processing plants or workshops, and blasting:

6.1. The leader will provide each worker engaged in artisanal and small-scale mining with comprehensive instructions on occupational health and safety requirements and their compliance responsibilities.

6.2. Mine workers and members who have been provided with workplace safety instructions are permitted to start work.

6.3. Workplace safety instructions will be provided to workers at least once a quarter.

6.4. All workers who have received workplace safety instructions will be registered in a logbook with their signatures.

6.5. Prior to the start of work each day, an assessment will be made of the workplace and the readiness of workers (such as their health, their work clothes and protective equipment - helmets, gloves, belts and other items - and the tools and machinery that will be used).

6.6. If any problems or defects are detected, they must be rectified before work can begin.

6.7. Workers who are sick or are suffering from health problems are prohibited from working.

6.8. All workers will receive a medical check-up at least once a year.

6.9. First aid kits and other such necessary items must be available for use in the event of accidents.

6.10. If there is an accident, the cause must be investigated and registered in accordance with the Regulation on Investigation and Recording of Industrial Accidents, Occupational Diseases and Acute Poisoning, and the soum/district governor must be immediately informed.

6.11. Data on the accidents that occurred in the course of the preceding year must be submitted to the soum/district governor within the month of January.

6.12. The causes of accidents must be investigated and preventive measures taken.

6.13. Potentially dangerous areas where humans, livestock, motor vehicles and equipment can fall into holes and shafts must be protected by halts and dams. Blasting holes, water channels, ditches, underground shafts and reservoirs must be appropriately protected and maintained.

6.14. Floodwater prevention dams and water removal channels must be built within the mining site.

6.15. Warning signs must be posted at the mine or in the excavation zone.

7. Partnership members (workers) are obliged to:

7.1. Comply with the occupational safety instructions provided by their leader.

7.2. Check the completeness and functionality of equipment, machinery and tools prior to the start of work, inform their leader, and take remedial action if any problems or defects are detected.

7.3. Special work clothes and personal protection kits must be properly utilised in the workplace.

7.4. In the event of accidents or the detection of potentially dangerous

conditions, work must immediately stop, the leader must be informed, and remedial and preventive measures must be taken; if necessary, workers should leave the danger zone.

7.5. If any signs of danger that could lead to accidents are detected during extraction, work must stop, the leader must be informed, and immediate remedial and preventive action must be taken.

7.6. Ensure all workers are provided with medical check-ups.

7.7. Resting or sleeping on equipment or machinery, benches, underneath working faces, and on vehicular roads or tracks is prohibited.

Three. Artisanal and small-scale mining

8. The building of overly high and steep slopes on vertical working faces (side walls) is prohibited in artisanal and small-scale mining. In order to ensure safety in artisanal and small-scale mining operations, several benches must be built on site.

9. Considering the nature and formation of the rock, the height of benches must not exceed 2.5m.

10. The bench slope angle should not exceed 50 degrees for soft, stable rocks and 80 degrees for rocky areas.

11. Mining areas should be sufficiently wide (at least 2m) and safe to allow miners and equipment to operate normally.

12. Digging into working faces (in the shape of a shelter) is prohibited.

13. Working faces on upper and lower benches must not vertically overlap.

14. To allow for movement from one bench to another, strong stairs that are at least 0.8m wide will be built or a crossing at no more than 45 degrees in slope.

15. Areas that have been exploited must be secured through backfilling, fencing and the erection of warning signs.

Four. Small-scale underground mining

16. Shafts and tunnels will be dug in accordance with specific geological features, the location, and the hardness of the rock. When making mine openings, areas that have strong, solid rocks without breaks or cracks, that are not steep and straight, and that do not allow for the catchment of flood and ground water should be selected.

17. Mining is permitted when at least two interconnected tunnels reaching the ore body are built. Mining is prohibited when there is only one tunnel.

18. Strong and reliable supports that prevent collapses and slides must

be built in small-scale underground mines. The supports can be made of sandbags, bags of dirt, rocks, wood and/or concrete.

19. The slope angle of tunnels in small-scale underground mines must not exceed 45 degrees in solid, stable rocky areas and 10 degrees in less-hardened, unstable rocky areas.

20. The distance between two shafts must be at least 10m.

21. The openings to mine shafts and tunnels must be fenced or protected and have warning signs, such as signs labelled "Dangerous".

22. The height of mine workings must be 1.5m and the width at least 1.2m.

23. The slope of the tunnel through which miners move must not exceed 15 degrees; if it is more than 15 degrees, stairs and handles must be installed.

24. The acceptable depth of a small-scale underground mine is 5m. If a mine is deeper than 5m, windlasses must be used. When workers are operating underground, it is prohibited to leave lifting equipment unattended or to use windlasses that have no locks.

25. Tunnels or inclined tunnels through permafrost and stable, solid rocks may not need supports; however, it is prohibited to dig tunnels that are too wide and risk collapse.

26. Tunnels or inclined tunnels through less-hardened, unstable rocks must be supported as follows:

26.1. Build columns using the ore body and common rocks;

26.2. Build supports and columns made of wood and metal;

26.4. Build columns using sacks that are filled with sand and metal;

26.5. Build columns filled with rocks using wood and metal frame;

26.6. Build wooden and metal supports throughout workings/tunnels.

27. Occupational safety will be monitored during work hours; if any potentially dangerous conditions are detected, the leader must be informed and immediate remedial and preventive action must be taken.

28. Areas that have been mined out and risky areas in underground mines must be closed and preventive measures taken.

29. If underground mines or tunnels exceed 10m, natural and artificial ventilation systems must be used.

30. To ensure proper natural ventilation, mine openings should be at different levels on the surface. If they are not, pipes must be used for ventilation.

31. If underground mines or tunnels exceed 20m, artificial ventilation such as fans must be used.

Five. Stockpiling

32. Consideration must be given to the environmental impact and

health and safety when selecting the location for stockpiling. The bottom of the piles should be at least 5m from mine openings and the slope should not exceed the angle of the dip slope.

33. Stockpiling is prohibited in areas where mineral resources have been discovered.

Six. Small-scale mine equipment and tools

34. Small-scale mining equipment and tools should be specifically designed for mining, be made of strong and quality material, and have protective components, such as automated locks and halts.

35. Before moving pneumatic hammers and drills from one place to another, the compressor must be turned off and the gas removed from the pipe.

36. Electric tools and equipment must be equipped with double electrical insulation.

37. Electric devices, equipment and machines must be prevented from sparking for use in mines where there is a high risk of the presence of gas, such as coal mines.

38. The use of equipment and machinery with internal combustion engines is prohibited in small-scale underground mines.

39. Windlass ropes should be regularly checked and replaced if problems are detected.

40. The use of equipment and machinery with internal combustion engines exceeding 500cm³ in capacity is prohibited in small-scale mining operations.

Seven. Occupational health

Prevention and protection from dust, toxic gas and chemicals

41. Workers operating in dusty environments must wear such protective gear as dust masks and respirators.

42. Dusty environments should be ventilated.

43. The air content within small-scale mining zones must be regularly monitored via air measurement devices or lamps with flame protection. Table 1 shows the permissible maximum dust levels within small-scale mining zones.

Table 1

No	Dust content	Permissible maximum level, mg/m³
1	Silicon dioxide content is more than 70 percent (such as quartz and dinas)	1
2	Silicon dioxide content is 10-70 percent (such as granite)	2
3	Silicon dioxide content is 2-10 percent (combustible shale, copper sulfide-bearing ore, coal and clay)	4
4	Silicon dioxide content is less than 2 percent	10

44. In relation to the air in a mine work zone, oxygen (O₂) should be at least 19.5 percent and carbon dioxide (CO₂) should not exceed 0.5 percent.

45. After blasting in a mine, the area must be ventilated to remove toxic gases and substances and dust. Table 2 shows the permissible amounts of some toxic gases and substances in the air.

Table 2

No	Toxic gases and substances	Volume, %	Concentrate, г/м³
1	Nitric oxide		
	• Transformed into N ₂ O ₅	0.0001	5
	• Transformed into NO	0.0002	2
2	Carbon monoxide (CO)	0.0016	20
3	Hydrogen sulphide (H ₂ S)	0.00066	10
4	Sulphurous anhydride (SO ₂)	0.00035	10
5	Acrolein (CH ₃ CHCHO)	0.00009	0.2
6	Formaldehyde (CH ₂ O)	0.00004	0.5
7	Benzopyrene 3.4	-	0.00015

46. Following blasting, the area is then heated. After it has been heated, it must be ventilated until toxic gases and substances have fallen to permissible levels. No one can enter the mine while the area is being ventilated. If a person has to enter the mine, a respirator must be worn. Dust masks offer no protection from toxic gases and substances.

47. The area should be immediately vacated and ventilated if workers have difficulty breathing, become dizzy, or suffer headaches or nausea due to the presence of toxic gases and substances in the air.

48. The use of toxic and dangerous substances is prohibited in small-scale mining.

Protection from noise and vibrations:

49. The noise level in small-scale mines should not exceed 85 BA, and workers must wear noise-protection equipment such as earmuffs in environments where the noise level exceeds that which is permissible.

50. When manually crushing, loading and unloading extracted material and when using pneumatic hammers and drills, workers must wear vibration-protection equipment such as gloves, goggles and boots.

Artisanal and small-scale miners' residential zones and waste management

51. Artisanal and small scale miners must live in a residential zone or camp that has been recommended by the local government.

52. Artisanal and small-scale miners must have a household waste-disposal point and toilet in a designated area as recommended by the local government.

Small-scale mine lighting

53. When workers operate in dark areas of a mine, they must have personal lights that are able to function continuously for at least for eight hours.

54. Miners are prohibited from entering a mine without a personal light, from turning off a personal light, and from resting in an underground mine.

Eight. Penalties for violations of the rules

55. People who violate the rules will be subject to the penalties stipulated in relevant legislation.

----- o O o -----

Methodology for the Provision of Occupational Safety Instructions for Small-Scale Miners

One. General provisions

1.1. The General Safety Rule for Small-Scale Mining will be applied and complied with in relation to occupational health and safety efforts, meeting hygiene standards, training in occupational safety practices, the provision of instructions, and monitoring.

1.2. Partnership leaders will develop the content of preliminary, basic and repeated workplace safety instructions.

1.3. After workers have been given workplace safety instructions, they will be tested on their knowledge of those instructions. Test results for each worker will be recorded in a logbook and signed by workers and those who administered the tests.

1.4. Workers who have not received safety instructions are prohibited from working.

1.5. A logbook with detailed data and results must be regularly maintained by leaders during operations.

Two. Preliminary safety instructions

- 2.1. Preliminary workplace safety instructions must be given to all new partnership members or workers irrespective of their work experience.
- 2.2. Preliminary safety instructions include:
 - 2.2.1. The General Safety Rule for Small-Scale Mining;
 - 2.2.2. Other occupational health and safety rules and instructions;
 - 2.2.3. Specific characteristics and internal procedures of small-scale mining operations;
 - 2.2.4. First aid in the event of accidents.

Three. Basic workplace safety instructions

- 3.1. *Basic workplace safety instructions* must be given to new partnership members or workers who received preliminary safety instructions, and those members or workers whose duties have changed.
- 3.2. Basic safety instructions include:
 - 3.2.1. The specific nature of each task;
 - 3.2.2. The use of equipment, devices and tools;

- 3.2.3. Potentially negative factors during operations and prevention tools;
- 3.2.4. First aid in the event of accidents.
- 3.3. Basic workplace safety instructions will be provided by those leaders who manage workplace operations or partnership leaders.

Four. Repeated workplace safety instructions

- 4.1. To strengthen and reinforce knowledge and understanding of workplace safety instructions, preliminary and basic safety instructions will be *repeatedly* provided.
- 4.2. Repeated instructions take three forms:
 - 4.2.1. Regular repeated instructions;
 - 4.2.2. Non-regular repeated instructions;
 - 4.2.3. Daily repeated instructions.
- 4.3. *Regular repeated safety instructions* are provided at least once a quarter. Members or workers who do not receive these instructions are prohibited from working.
- 4.4. *Non-regular repeated safety instructions* are provided when new equipment and tools are introduced and when the rules and instructions covering occupational health and safety and working conditions are revised or changed.
- 4.5. Workers whose actions violate workplace safety rules and instructions and workers or members who leave their workplace for more than a month will be given *non-regular repeated safety instructions*.

----- o O o -----

Aimag	1	
Soum	2	
Name of area/license number	3	
Coordinate points	4	
Size of area in use (ha)	5	
Type of minerals	6	
Type of mining	7	Open pit
	8	Under-ground
Partnership	9	Partnership title/name
	10	Starting date of contracted work for mineral extraction
	11	Numbers of members
Of them	12	Male
	13	Fe-male
Of them	14	Regularly working
	15	Seasonally working
	16	Local residents
Number of individuals, who are not registered		17
Of them	18	Adults
	19	Children under 18 years
	20	Areas (ha) damaged since extraction began
	21	Areas (ha) restored
	22	Numbers/data on accidents

SURVEY DATA ON ARTISANAL AND SMALL-SCALE MINERS

Table 2

Aimag	Soum	Name of partnership	Numbers of family members engaged in small-scale mining	Average monthly income of small-scale miners			Average number of family members			Educational background (%)			Qualification in small-scale mining			Age of small-scale miners		Insurance coverage	
				Average monthly income earned from small-scale mining	Average income in other months	Other income earned by family members	Adults	Children	Total	High	Special/vocational	Primary	Geology and mining	In other fields	Unqualified	Children under 18 years	Adults	Number of individuals covered by social insurance	Number of individuals covered by health insurance
1	2	3	4	5	6	7	8	9	10	11	12	13	14		15	16	17	18	19

SURVEY ON SMALL-SCALE MINING AREAS

Table 3

Aimag	Soum	Name of areas in use for small- scale mining extraction	Sizes of areas in use	Areas (ha) restored	Coordinate points of areas to be potential- ly used for small- scale mining
1	2	3	4	5	6

Annex 7 to the MRA Chairman's
Order No. 153 in 2011

Approved by:

Authorised by:

...../...../

Leader of "....." Partnership

...../...../

Soum/District Governor

.....

(Name of deposit, location, soum, aimag)

.....

(Plan/report)

Actions to be implemented within the framework of Small-Scale Mining Environmental Conservation and Restoration and Occupational Safety

PRESENTED TO:

Environmental Inspector

.....

Small-scale mining officer/expert

.....

PREPARED BY:

1.....

2.....

Date:

GENERAL DATA ON SMALL-SCALE MINING PARTNERSHIP

Table 1

No	Description		
1	Name of Partnership		
2	Deposit name		
3	Location of small-scale mining site	Aimag/city	
4		Soum/district	
5	Type of minerals being extracted		
6	Address of partnership	Aimag/city	
7		Soum/district	
8		Bagh/khoroo	
9		Street/building	
10		Phone	
11		Mobile phone	
12		Email address	
13	Partnership leader	Name	
14		Phone	
15		Mobile phone	
16			
17	Duration of extraction (up to one year)		
18	List of equipment and tools and their capacities		

DATA ON ENVIRONMENTAL CONSERVATION AND RESTORATION HANDLED BY SMALL-SCALE MINING PARTNERSHIP (20...)

Table 2

No	Description	Төлөвлөгөө		Гүйцэтгэл	
1.	Unit	га	м ³	га	м ³
2.	Areas covered by small-scale mining				
Y	a) Areas to be rehabilitated in 20...				
Y	b) Internal stockpiling				
H	c) Technical restoration				
Э	d) Topsoil restoration				
Э	e) Biological restoration				
C	f) Amount of funding to be spent (MNT)				
3.	Coordinate points of damaged land/areas				
4.	Coordinate points of restored land/areas				

**DATA ON THE TAXATION AND HEALTH AND SOCIAL INSURANCE
CONTRIBUTION FEES PAID BY..... SMALL-
SCALE MINING PARTNERSHIP TO STATE AND LOCAL BUDGETS**

Table 3

No	Taxes/fees	Contribution to (State, aimag, souv) budget	Units	Plan	Performance
1.	Social insurance fees		MNT, thousand		
2.	Health insurance fees		MNT, thousand		
3.	Income tax		MNT, thousand		
4.	Other		MNT, thousand		
5.	Income contributed to the State budget		MNT, thousand		

Prepared by:

Accepted by:

Leader

Small-scale mining officer

State environmental inspector

Date:

**ECONOMIC DATA OF
SMALL-SCALE MINING PARTNERSHIP**

Table4

Nº	Descriptions	Units	Plan	Performance
1.	Sales income	MNT, million		
2.	Expenses	MNT, million		
4.	Net profit (after tax)	MNT, million		
5.	Cost of unit product	MNT/tn, MNT/m ³ , MNT/g		
6.	Sales price of unit product	MNT/tn		

**PERFORMANCE OF MINING PLAN BY
SMALL-SCALE MINING PARTNERSHIP**

Table5

Nº	Description		Units	Plan	Performance	% of Performance
1.	Soil removal		Thousand m ³			
2.	Under-ground mine	Primary working	Length m			
3.		Preparatory working	Length m			
4.	Ore extraction		Thousand m ³			
5.	Ore processing		Thousand m ³			
6.	Products/outputs		Thousand tn, thousand m ³ , kg			
7.	Average grade		g/m ³ , %			
8.	Recovery rate		%			
9.	Sales of products		Thousand tn, thousand m ³ , kg			

**DATA ON PRODUCT SALES OF
SMALL-SCALE MINING PARTNERSHIP**

Table6

No	Types of products	Places where products were sold and loaded for sale	Unit	Quantity	Unit price, MNT million	Total price, MNT million
1.						
2.						
3.						
4.						
5.						
Total						

Prepared by:

Accepted by:

Leader

Small-scale mining officer

State environmental inspector.....

Date:

**DATA RELATED TO THE OCCUPATIONAL HEALTH AND SAFETY
STATUS OF SMALL-SCALE MINING
PARTNERSHIP**

Table7

Description	
Total number of workers:	
Of them: Females	
Name of the leader in charge of occupational health and safety	
Planned and spent amounts of funding for occupational health and safety-related activities (MNT,thousand)	
Number of workers/members who attended training on occupational health and safety	
The frequency of medical check-ups among partnership members or workers	

DATA ON SPECIAL WORK CLOTHES AND PERSONAL PROTECTION EQUIPMENT PROVIDED

Table8

Descriptions	Quarter 1	Quarter 2	Quarter 3	Quarter 4
List of special work clothes and personal protection equipment to be supplied				
Number of workers to be provided with special work clothes				
Of them: Individuals supplied with				
Jacket				
Pants, shirts				
Gloves				
Boots				
Other special work clothes				
Number of workers to be supplied with personal protection equipment				
Of them: Individuals supplied with				
Lights				
Helmets				
Goggles				
Earmuffs				
Dust masks				
Respirators				
Medicines				
Fire-extinguishing tools				
Other protective means and measuring devices				

**SURVEY DATA ON INDUSTRIAL ACCIDENTS,
ACUTE POISONING AND OCCUPATIONAL DISEASES**

Table9

Descriptions		
Number of individuals involved in accidents		
Number of accidents:		
Type of accidents	Group	
	Light	
	Serious	
Cause of accidents		
Mortality rate/deaths		
Number of individuals affected by acute poisoning		
Numbers of individuals affected by occupational diseases		
Other: Comments and requests		

Prepared by:

Accepted by:

Leader

Small-scale mining officer

State environmental inspector.....

Date:

Sustainable Artisanal Mining Project

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