

## THE GOVERNMENT RESOLUTION OF MONGOLIA

May 24, 2017

Ulaanbaatar city

No: 151

Approval of Regulation

Based on the Provision 3.2 of the Law on Minerals and the Part 22.1.3 of the Law on Occupational Safety and Health, the Government of Mongolia **IS RESOLVING**:

1. To approve the Regulation on Extraction of Minerals by artisanal mining attached in Appendix.
2. To assign N.Nomtoibayar, the Minister of Labor and Social Protection, and Ts.Dashdorj, the Minister of Mining and Heavy Industry, to take relevant measures to jointly develop, approve and implement the Artisanal Mining Safety Rule.
3. To assign D.Oyunkhorol, the Minister of Environment and Tourism and Ts.Dashdorj, the Minister of Mining and Heavy Industry, to jointly approve the artisanal and artisanal mining Frugal Rehabilitation Methodology and supervise its implementation.
4. To assign Ts.Dashdorj, the Minister of Mining and Heavy Industry and Mr.B.Baatartsogt, the Chairman of the Mineral Resources and Petroleum Agency of Mongolia to take measures in promoting the legislations related to extraction of minerals by artisanal mining and provide general guidance its implementation; to assign N.Tsagaankhuu, the Chairman of General Agency for Specialized Inspection to supervise the implementation of the regulation in regular basis; to assign all level local Governors to organize the implementation of the Regulation within their respective territories;
5. To repeal the Government Resolution No.308 dated on December 1, 2010 on approval of the Regulation in relation with approval of the current Regulation.

Prime Minister of Mongolia

J.ERDENEBAT

Minister of Mining and Heavy Industry

TS.DASHDORJ

## **REGULATION ON EXTRACTION OF MINERALS BY ARTISANAL MINING**

### **One. General Provision**

1.1. The Regulation is to regulate the relations with respect to the extraction of minerals by artisanal mining;

1.2. The Regulation shall be applicable for all types of minerals extraction by artisanal mining except for water, radioactive element bearing ores, petroleum, natural gas, and commonly spread minerals;

1.3. The objective of this Regulation focuses on establishing procedure for proper extraction of minerals in economically inefficient deposits for industrial mining method and fields derived from extraction and technological tailings, protecting the environment, and reducing poverty through increasing work places in local areas;

1.4. Artisanal mining entity shall be organized into legal entity as partnership stated in Article 35.1 of the Civil Code or cooperative stated in the Article 36.4, or organized in the form of unregistered partnership as stated in the Article 481.1 of the Civil Code;

1.5. Number of a partnership or unregistered partnership members shall not be less than 9 and shall not be registered as member of the another partnership;

### **Two. Application for extraction of minerals, its review and decision**

2.1. Artisanal mining entity shall submit a written application for extraction of minerals by artisanal mining to the soum/district Governor in accordance with the application template provided in Annex 1 of this Regulation;

2.2. A citizen who is engaged in artisanal mining shall meet the following requirements:

2.2.1. 18 years old Mongolian citizen;

2.2.2. registered as inhabitant of the respective aimag/capital city;

2.2.3. member of partnership, cooperative or unregistered partnership;

2.3. The application submitted by Artisanal mining entity which does not meet the requirements stated in 2.2 of this Regulation shall not be accepted;

2.4. The Soum/District Governor shall make a contract with Artisanal mining entity on extraction of minerals by artisanal mining using the template provided in Annex 2 of this Regulation within 10 working days after receiving the decision on the area taken for local special purposes as stated in 7.1.2 of this Regulation in accordance with application registration order;

2.5. If the area is concluded as not applicable to use for artisanal mining purpose stated in 9.1.1 of this Regulation, the soum/district Governor shall inform it to the artisanal mining entity and return back the application;

### **Three. Rights and responsibilities of the Artisanal mining entity**

3.1. The Artisanal mining entity shall have the following rights:

3.1.1. to receive the information regarding the land taken for local special purposes with the purpose of artisanal mining from Soum/District Governor;

3.1.2. to apply for extraction of minerals by artisanal mining;

3.1.3. to make contract on extraction of minerals by artisanal mining in accordance with application registration order with Soum/District Governor;

3.1.4. Artisanal mining legal entity organized into partnership or cooperative to use not more than 2 mechanisms with engine capacity up to 3500 sm<sup>3</sup> for minerals extraction operation;

3.1.5. to market extracted minerals in accordance with the relevant legislations;

3.2. The Artisanal mining entity shall have the following responsibilities:

3.2.1. to keep the Contract on extraction of minerals by artisanal mining, Rehabilitation plan, Registration of artisanal miners/workers, Contract for establishing partnership, cooperative or unregistered partnership, and copy of the State registration certificate on mining site in regular basis;

3.2.2. to attach the approved Rehabilitation plan developed using the template approved as the Annex to Frugal rehabilitation methodology to the Contract on extraction of minerals by artisanal mining; deposit required fund for rehabilitation;

3.2.3. not to transfer the Area allocated under a contract to others, putting as pledge, sell, and rent;

3.2.4. to follow the artisanal mining operational safety rule;

3.2.5. to establish residential area and waste management point in the area defined by the respective area Governor;

3.2.6. to affiliate artisanal miners to social insurance;

3.2.7. to undertake blasting operation through a professional entity with a special permission to provide blasting service;

3.2.8. not to allow existence of children under 18 years old at mining area;

3.2.9. to pay tax from income of operation in accordance with the relevant law;

3.2.10. to conduct rehabilitation in accordance with the Frugal rehabilitation methodology and hand over the rehabilitated area to the commission appointed by the Soum/District Governor ensuring the official act;

3.2.11. if the partnership shared fund in accordance with Article 482.5 of the Civil Code is not enough, the unregistered partnership members are to take equal responsibility to complete the fund using personal assets;

3.2.12. to submit Yearly operational report to the Soum/District Governor within January of the following year;

#### **Four. Mining area for extraction of minerals by artisanal mining**

4.1. An area to be used for artisanal mining purpose shall not exceed 5 hectares;

4.2. The number of areas selected for artisanal mining within territory of one soum or district shall not be more than 10 for the present year;

4.3. Minerals could be extracted through artisanal mining based on the tripartite agreement made between the Soum/District Governor, mining license holder, and Artisanal mining entity in accordance with the template provided in the Annex 3 of this Regulation;

4.4. Artisanal mining entity which is operating through the agreement as stated in 4.3 of this Regulation shall register the extracted mineral on the license holder's name upon selling;

#### **Five. Rights of Soum/District Citizens' Representative Khural**

5.1. The Soum/District Citizens' Representative Khural shall listen to the respective soum district Governors' report on activities regarding the artisanal mining and provide directions and recommendations;

#### **Six. Rights and responsibilities of Soum/District Governor**

6.1. Soum/District Governor shall have the following rights and responsibilities:

6.1.1. organize activities related to registration of artisanal miners and issue certificate, and provide professional and methodological advice and assistance;

6.1.2. submit request on making conclusion of a specific area to the aimag and Capital city Governor based on the Artisanal mining entities' application;

6.1.3. based on the decision stated in 7.1.2 of this Regulation, to make a contract with the applicant Artisanal mining entity on extraction of minerals by artisanal mining with duration till mineral resources extracted completely;

6.1.4. control over whether the Artisanal mining entity is conducting mining operation within the contracted area;

6.1.5. terminate the contract or not to extend the contract with the Artisanal mining entity that failed to carry out rehabilitation or violated other contractual obligations;

6.1.6. take measures to affiliate artisanal miners to social welfare services and social insurance;

6.1.7. take measures to conduct rehabilitation activities by the Artisanal mining entity, appoint a commission to receive rehabilitated area by the Artisanal mining entity and submit the report on rehabilitation to aimag and city Governor;

6.1.8. monitor the implementation of the Artisanal mining occupational safety rule;

6.1.9. control over the use and store of toxic, dangerous and prohibited chemical substances;

6.1.10. submit Artisanal mining entities' Yearly operational reports prepared in accordance with the template provided as Annex 4 of this Regulation to the aimag and Capital city Governor within the 15<sup>th</sup> of February of each year;

6.1.11. define residential areas for Artisanal mining entities;

6.2. The commission appointed by the Soum/District Governors' decree shall investigate and register on occupational accident and intoxication occurred in artisanal mining in accordance with relevant regulation and guidance, and draw up an act and report to Specialized Inspection Agency;

### **Seven. Rights and Responsibilities of Aimag/Capital city Citizen's Representative Khural**

7.1. The Aimag and Capital city Citizen's Representative Khural shall implement the following rights and responsibilities:

7.1.1. listen to the Aimag/Capital city Governors reports on artisanal mining related activity and provide directions and recommendations in line with aimag, capital city development long-term objective;

7.1.2. discuss and make decisions on the submissions of Aimag/Capital city Governor regarding the land to be taken for local special needs with the purpose of artisanal mining and respond with the decision within 5 working days;

### **Eight. Right and responsibilities of Aimag and Capital city Governor**

8.1. The Aimag/Capital city Governor shall implement the following rights and responsibilities:

8.1.1. ensure implementation of artisanal mining related laws and regulations and monitor;

8.1.2. develop a plan for artisanal mining operation by Soum/District in line with the respective aimag, capital city development long-term objective and ensure its implementation;

8.1.3. submit the Soum/District Governors' request on conclusion of artisanal mining operation stated in 11.1.23 of the Law on Minerals to the State administrative organization in charge of geological and mining issues (hereinafter referred to as "State administrative organization");

8.1.4. provide general supervision and assistance for Soum/District Governor in organizing artisanal mining operation at the areas taken for local special needs for artisanal mining purposes in accordance with plan provided in 8.1.2 of this Regulation;

8.1.5. deliver the Aimag/Capital city Citizens' Representative Khural decision on taking the area for artisanal mining purposes to Soum/District Governor;

8.1.6. submit decisions and other relevant information provided in 7.1.2 of this Regulation to the State administrative organization in accordance with Article 14.1 of the Law on Minerals;

8.1.7. create cadastral cartographic registry data on the land taken for artisanal mining purpose and artisanal miners information with overall survey into consolidated data base and submit to the State administrative and other relevant organizations;

8.1.8. collect Artisanal mining entities' operational report prepared in accordance with the template provided as Annex 4 of this Regulation from soums and districts and submit compiled report to State administrative organization within the 15<sup>th</sup> of March of each year;

8.1.9. discuss the Soum Governors reports and information on Artisanal mining entities operation and provide directions and recommendations;

8.1.10. provide relevant information regarding the Artisanal mining entities operation to Aimag/Capital city Citizens' Representative Khural;

8.1.11. organize activities on controlling rehabilitation activities on artisanal mining areas;

8.1.12. take measures on preventing from artisanal mining accidents, natural disasters and unexpected factors, and potential risks; provide rescue and aid service in case of accidents; take measures on ensuring public order

8.1.13. organize activities on affiliating artisanal miners soft loans and projects, programs; organize activities for creating alternative work places;

## **Nine. Rights and responsibilities of State Administrative Organization**

9.1. The State Administrative Organization shall implement the following rights and responsibilities:

9.1.1. receive the application provided in 8.1.3 of this Regulation and make an assessment provided in the Article 11.1.23 of the Law on Minerals within 10 working days and deliver the assessment complete with other relevant information as Annexes to the aimag and capital city Governor; and work on site when necessary;

9.1.2. register data on the land taken for local special needs with the purpose of artisanal mining into the consolidated cadastral cartographic registry;

9.1.3. create and maintain artisanal miners data base through conducting surveys, develop and submit the mobility report to the State Administrative Central Organization in charge of geology and mining within the first quarter of each year;

9.1.4. conduct capacity building trainings and provide professional and methodological assistance to artisanal miners, local self-governing and administrative organizations staffs on artisanal mining legal framework, occupational safety and health, and environmental rehabilitation activities;

9.1.5. conduct survey on the land applicable for artisanal mining and submit to aimag and capital city Governor;

### **Ten. Rights and responsibilities of State Administrative Central Organization**

10.1. The State Administrative Central Organization in charge of geology and mining shall implement the following rights and responsibilities:

10.1.1. ensure the implementation of artisanal mining relevant legislations in line with the State policy towards minerals sector and provide general supervision;

10.1.2. establish a non-staff inter-sector council responsible to cohere functions and coordination of State administrative organizations on artisanal mining, and approve the membership consistence and functional regulation;

10.1.3. define the location for processing plant to process ore extracted by artisanal mining entities;

10.1.4. approve the Frugal rehabilitation methodology jointly with the State administrative central organization in charge of environmental issues and control over its implementation;

### **Eleven. Relinquishing the Area**

11.1. Artisanal mining entity shall return the artisanal mining area in the following conditions:

11.1.1. when the State inspector identifies and assesses the area as not possible for further extraction due to inadequate occupational health and safety conditions;

11.1.2. when the Artisanal mining entity submits the request/application on relinquishing the area due to inability of further use, and when the contract is terminated;

11.1.3. when the all contractual obligations are fulfilled completely and parties concluded the contract implementation;

11.2. termination of the contract will not free the Artisanal mining entity from obligations related to environmental rehabilitation;

### **Twelve. Monitoring and accountability**

12.1. Local administrative and self-governing organizations, central and local specialized inspection regulatory agencies, and the State administrative organizations shall oversee the implementation of the Regulation on Extraction of Minerals by Artisanal mining.

12.2. Shall impose liabilities to the violators-individual citizen, legal entity and officials, of this Regulation in accordance with relevant legislations.

---oOo---



Annex 1 to Regulation on Extraction of Minerals by  
Artisanal mining

(Please carefully fill the form legibly and correctly)

Attention to: ..... the Governor of  
/...../ ..... Soum/District  
.....aimag.

**Application for extraction of minerals by  
Artisanal mining:**

Date: .....

On behalf of “..... (please put the name)”, partnership,  
cooperative, unregistered partnership, ..... (first  
name) ..... (last name), the .....  
(position), is presenting a request for conclusion of an agreement on extraction of  
..... (type of mineral) in .....  
(the name of area) located in territory of .....  
Soum/District..... of ..... Aimag/City.

Please find the application for your consideration, registration and decision.

The documents listed below are being attached to this application:

Please leave this area unfilled in  
(it is attributable to the recipient).

- |  |                          |
|--|--------------------------|
| 1. Copies of establishment contract and bylaw                                    | <input type="checkbox"/> |
| 2. Copies of citizen's cards of artisanal miners;                                | <input type="checkbox"/> |
| 3. Copy of the State registration certificate of the partnership and cooperative | <input type="checkbox"/> |
| 4. Location map of the mining area   | <input type="checkbox"/> |
| 5. Copies of tax payer's books of artisanal miners                               | <input type="checkbox"/> |
| 6. Copies of artisanal miners social insurance books                             | <input type="checkbox"/> |
| 7. Explanation and justification for selecting this specific area                | <input type="checkbox"/> |

Application presented by: ..... /  
/ Signature / / Full name /

**Reciepent's statement:**

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

Received by: ...../signature/ /

/Officer's name/

Annex 2 to Regulation on Extraction of Minerals by  
Artisanal mining

## AGREEMENT ON EXTRACTION OF MINERALS BY ARTISANAL MINING (AGREEMENT SAMPLE)

**Date:** ..... **No:** ..... .....  
/Place/

This Agreement (hereinafter it refers to as “Agreement”) is being entered into between

..... /first name/ ..... /last name/, the  
Governor of ..... Soum/District of ..... Aimag/City  
(hereinafter it refers to as “Governor”) on one hand

and

..... /first name/ ..... /last name/,  
the ..... (Position), on behalf of ..... Partnership,  
Cooperative, Unregistered Partnership (hereinafter it refers to as “Artisanal mining  
entity”) as per the clauses 2.4, 3.1.3, and 6.1.3 of the Regulation on Extraction of  
Minerals by Artisanal mining on the basis of mutual consensus.

### One. General Provisions

1.1. The Artisanal mining entity will engage in extraction of  
..... /a type of minerals/ within ..... hectare(s) of area in  
..... /name of specific area/ located in a territory of  
..... Soum/District for the duration of .....  
year(s) in accordance with provision 6.1.3 of the Regulation.

1.2. This agreement will regulate the relations raised between the Governor of  
Soum/District and the Artisanal mining entity with regard to the extraction of minerals  
by artisanal mining.

### Two. Rights and Responsibilities of Soum/District Governor

2.1. Soum/District Governor shall implement the following rights and  
responsibilities beyond the obligations provided in Clause 6 of the “Regulation on  
Extraction of Minerals by Artisanal mining”:

2.1.1. Define the size of an area to be allocated to the Artisanal mining entity  
and attach the location map to the Agreement;

2.1.2. Locate the waste management area;

2.1.3. Locate the area of processing, separating, and sorting of the minerals extracted by the Artisanal mining entity;

2.1.4. Estimate expected costs for rehabilitation in accordance with Frugal rehabilitation method and deposit necessary fund for rehabilitation negotiating with the Artisanal mining entity;

2.1.5. Organize occupational safety and health trainings to Artisanal miners (hereinafter it refers to as “Worker”) with assistance from professional institution(s);

2.1.6. Demand the Artisanal mining entity to adequately comply and execute the obligations as prescribed in this Agreement;

2.1.7. Monitor for implementation of environmental protection and rehabilitation plan;

2.1.8. Cease any operation that cause damages and negative impacts on humans, livestock, and environment;

### **Three. Rights and responsibilities of the Artisanal mining entity**

3.1. Artisanal mining entity shall implement the following rights and responsibilities:

3.1.1. Conduct mineral extraction operations within the allocated area;

3.1.2. Settle the workers in the designated residential zone area;

3.1.3. Establish the residential zone complete with household and operational waste disposal points;

3.1.4. Allow only the Partnership, Cooperative and Unregistered Partnership members to work on the Area allocated and contracted;

3.1.5. Protect the environment and not to pollute the water bodies e.g. rivers, natural springs, and others;

3.1.6. Comply the Artisanal mining occupational safety rule and take measures to prevent from potential accidents;

3.1.7. Encourage the artisanal miners and workers to actively participate to promotional activities on artisanal mining legal environment, occupational safety and health and environmental restoration and rehabilitation;

3.1.8. Handle the tasks to process and sort out the extracted minerals within the designated point and area;

3.1.9. Not to use any chemicals, dangerous substances for the operations and any explosives in other cases than the blasting completed by licensed blasting entities;

3.1.10. Artisanal miners organized into legal entity as Partnership in accordance with Article 35 or Cooperative in accordance with Article 36.4 of the Civil Code to use not more than 2 mechanisms with engine capacity up to 3500 sm<sup>3</sup> for minerals extraction operation;

3.1.11. Place the amounts of MNT ..... / ..... / required for the environmental rehabilitation as agreed and estimated by the authorized official in accordance with Frugal rehabilitation methodology to the shared rehabilitation fund;

3.1.12. Spend the amounts placed in the joint rehabilitation fund for the rehabilitation of the Area, where the extraction was taken place;

3.1.13. Hand over the rehabilitated area to the Commission appointed by the Soum/District Governor after completion of rehabilitation through Frugal rehabilitation method;

3.1.14. Sell the extracted minerals to the licensed entities as per the respective legislations;

3.1.15. Make Labor contracts with Workers and pay personal income tax in accordance with the relevant legislation;

3.2. Artisanal mining entity shall submit an application or request for another engagement in minerals extraction after the former extraction Area is completely rehabilitated and handed over;

#### **Four. Mutual responsibilities**

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

4.2. If any serious damages and loss is incurred to the environment, humans, and livestock due to wrongdoing or misconduct during the contractual period, the Artisanal mining entity shall be responsible for recovery of the damages and loss. The Soum/District Governor shall demand the Artisanal mining entity to immediately recover the damages and losses incurred.

4.3. The parties shall conclude the implementation of this Agreement at the end of each year and report to the aimag (city) Governor within the January of the following year.

#### **Five. Dispute resolution**

5.1. Resolution of any disputes raising under this Agreement shall be a subject of negotiation and consultation among the parties.

5.2. In the event, when the mutual consensus is not attained, the disputes shall be resolved in accordance with the Mongolian legislations.

#### **Six. Effective Agreement duration**

6.1. . The agreement shall be effective from ..... (Day/month/year) to ..... (Day/month/year).

6.2. Upon handing over the completely rehabilitated area to the local government, the Agreement shall come to its end.

6.3. The Agreement shall be produced in two copies, each to the Parties.

### **Seven. Amendment**

7.1. The parties shall make decision to amend this Agreement based on the mutual understanding.

7.2. Amendments made to this Agreement shall be effective and be an indispensable part of this Agreement.

### **Agreement concluded by:**

On behalf of the Partnership, Cooperative

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

Governor of Soum/District

Leader of “.....”

Address: .....

Address: .....

Telephone: .....

Telephone: .....

/Full name, signature and stamp/

/Full name, signature and stamp/

Annex 3 to Regulation on Extraction of Minerals by  
Artisanal mining

**A TRIPARTITE AGREEMENT ON EXTRACTION OF MINERALS BY  
ARTISANAL MINING FROM A MINING LICENSED AREA  
(A SAMPLE AGREEMENT)**

Date: ..... No. .... /Place/

This Agreement (hereinafter it refers to as "Agreement") is being made between

..... /first name/ ..... /last name/, the Governor of  
..... Soum/District of ..... Aimag/City (hereinafter it  
refers to as "Governor") on one hand,

..... /first name/ ..... /last name/, the Director  
of "....." Company, a mining license holder with certificate No: .....  
for exploitation of minerals in ..... /name of area/ located in  
the Soum/District territory (hereinafter it refers to as "License holder") on other hand  
and

..... /first name/ ..... /last name/, the Leader  
of ....., on behalf of Partnership, Cooperative, Unregistered  
Partnership (hereinafter it refers to as "Artisanal mining entity") on the third hand as per  
the clause 4.3 of the Regulation on Extraction of Minerals by Artisanal mining on the  
basis of mutual consensus.

**One. General Provisions**

1.1. This Agreement regulates the relations raised between the Governor, the  
License Holder, and Artisanal mining entity with regard to extraction of  
..... /type of mineral/ by the Artisanal mining entity from the licensed  
area.

1.2. This Agreement is being made for a duration of ..... year(s)  
starting from ..... (Day/month/year).

**Two. Rights and Responsibilities of License Holder**

2.1. The License holder shall implement the following rights and responsibilities:

2.1.1. Allow the Artisanal mining entity to use the Area of ..... hectares  
(ha) with the following coordinate points as stated below from its licensed area:

Points	Longitude	Altitude
--------	-----------	----------

1	.....	.....
2	.....	.....
3	.....	.....
4	.....	.....
5	.....	.....

2.1.2. Recommend the points and locations of processing, grading/separating and sorting of minerals extracted by the Artisanal mining entity;

2.1.3. Oversee whether the Artisanal mining entity operates within the specified Area as stated above in this Agreement;

2.1.4. Monitor whether the Artisanal mining entity adequately complies with the occupational safety rule in its extraction and take appropriate remedial measures in the events, when malpractice is found;

2.1.5. Provide professional and methodological support to Artisanal mining entity in rehabilitation of the extracted Area;

2.1.6. Demand the Artisanal mining entity and the Governor to adequately fulfil the Agreement obligations;

2.1.7. Demand the Artisanal mining entity not to cause any interference and hindrance in the company's mining operations;

2.1.8. In the events of Artisanal mining entity's failure of the Agreement obligation performances and causes of interference in the License holder's operations, propose to terminate the Agreement prior to its maturity;

2.1.9. Not to be responsible for the Artisanal miners' tax and insurance related issue;

2.1.10. Demand the Artisanal mining entity to be logged/registered with the License holder's title when they sell the mineral extracted from the licensed area;

2.1.11. Submit the Artisanal mining entity's operation related information to the State administrative organization in charge of geology and mining issues within one month following the Agreement is signed by the parties;

### **Three. The Rights and Responsibilities of Soum/District Governor**

3.1. Soum/District Governor shall implement the following rights and responsibilities beyond the obligations provided in Clause 6 of the "Regulation on Extraction of Minerals by Artisanal mining":

3.1.1. Organize trainings on "Artisanal mining safety rule", occupational safety and health, first aid during the accidents, and prevention from possible accidents to artisanal miners with assistance from professional institution(s);

3.1.2. Locate the waste management area;



3.1.3. Oversee whether the environmental conservation and restoration tasks are adequately handled;

3.1.4. Provide support to the License Holder and the Artisanal mining entity's operation;

3.1.5. Monitor whether the minerals extracted by the Artisanal mining entity are sold to licensed traders in accordance with legal framework;

3.1.6. Demand the Artisanal mining entity and License Holder to adequately comply with and fulfill the Agreement obligations;

3.1.7. Present a proposal on premature termination of the Agreement and the mineral extraction process in the event of non-compliance and failure of Agreement obligations and labor protection and occupational safety rule by the Parties;

3.1.8. Exercise other rights and obligations as legally provided;

#### **Four. The rights and responsibilities of the Artisanal mining entity**

4.1. The Artisanal mining entity shall implement the following rights and responsibilities:

4.1.1. Conduct mineral extraction operations within the contractually allocated area;

4.1.2. Allow only the registered members to work on the area allocated and contracted;

4.1.3. Not to cause any interference and hinderance in the License Holder's regular operations;

4.1.4. Reside in the residential zone and dispose the household waste into the dump site as recommended by the Soum/District Governor;

4.1.5. Handle the mineral processing, separating, and sorting in the designated site as recommended by the License Holder or in the centralized processing plant;

4.1.6. Utilize the minerals reserve completely within the contracted Area;

4.1.7. Comply the Artisanal mining occupational safety rule and prevent from possible accidents;

4.1.8. Not to use any chemicals, dangerous substances for the operations and any explosives in other cases than the blasting completed by licensed blasting entities;

4.1.9. Protect the environment and not to pollute the water bodies e.g. rivers, natural springs, and others, and perform rehabilitation;

4.1.10. Organize public awareness and promotional activities on artisanal mining related legal framework, occupational safety and health, and environmental restoration trainings to Workers;

4.1.11. Register the minerals on the License Holder's title when selling the extracted minerals to legally licensed traders;

4.1.12. Pay personal income taxes as per the relevant legislations, and affiliate artisanal miners into Social Insurance;

4.1.13. Demand the License Holder and the Governor to adequately comply with and perform their obligations as stated in the Agreement;

4.1.14. Respect and comply with legitimate and social orders;

### **Five. Mutual responsibilities**

5.1. In the event of premature termination of the Agreement, the parties shall submit the proposal for termination of the contract in written form.

5.2. Parties will cooperate based on mutual respective principle.

5.3. If any serious damages and loss is incurred to the environment, humans, and livestock due to the License Holders or Artisanal mining entity's wrongdoing or misconduct, the guilty party shall be responsible for recovery of the damages and loss incurred.

### **Six. Dispute resolution**

6.1. Resolution of any disputes raising under this Agreement shall be a subject of negotiation and consultation among the parties.

6.2. In the event, when the mutual consensus is not attained, the disputes shall be resolved in accordance with the Mongolian legislations.

### **Seven. Agreement termination**

7.1. This Agreement shall be effective from .....  
(Day/month/year) to ..... (Day/month/year).

7.2. This Agreement will be terminated if the license is terminated during the Agreement effective period.

7.3. Upon handing over the mined-out area completely rehabilitated to the local government in accordance with 3.2.10 of the Regulation on Extraction of Minerals by Artisanal mining, the Agreement shall come to its end.

7.4. When any of the parties presents its written notification on premature termination to other parties, however, other parties did not make their decisions over the problems or did not provide any response to the notification within 20 working days, the Agreement shall come to its end;

7.5. The Agreement shall be produced in three copies and each copy shall be kept by each party.

### **Eight. Amendment**

8.1. The parties shall make decision to amend this Agreement based on the mutual understanding.

8.2. Amendments made to this Agreement shall be effective and be an indispensable part of this Agreement.

#### **Agreement concluded by:**

...../...../	On behalf of the	On behalf of the
	"....." Company	"....."
Soum/District Governor	...../...../	partnership/cooperative "
	..... (position)	...../...../
(Full name, signature and stamp)	(Full name, signature and stamp)	(Full name, signature and stamp)
Address: .....	Address: .....	Address: .....
Telephone: .....	Telephone: .....	Telephone: .....

Annex 4 to Regulation on Extraction of Minerals from  
Artisanal mining

**SAMPLE OR MODEL SHEET OF ARTISANAL MINING ENTITYS' OPERATIONAL  
REPORT**

Aimag	So um	Name of Area / License #	Coordinates	Size of Area under use (ha)	Type of minerals	Exploitation		Partnership, Cooperative, or Unregistered Partnership			Of the m		Of them			Artisanal miners full name and registration number	Of them		Size of areas (ha) damaged since the extraction has been starts	Size of areas (ha) rehabilitated	Information on Artisanal mining accidents occurred
						Open pit	Under ground	Artisanal mining entity's name	Starting date of contracted work for	Numbers of members	men	women	Regularly working	Seasonally working	Local residents		Adults	Children under 18 years old			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22

Report prepared by: ..... (full name, signature, stamp)  
..... (position), Soum/District Governors' Office.