

Mineral Resources Law of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents	1
Chapter I — General Provisions	1
Chapter II — Registration and Examination-Approval of Mineral Resources Exploration	2
Chapter III — Registration and Examination-Approval of Mineral Resources Mining	2
Chapter IV — Exploration and Mining of Mineral Resources	3
Chapter V — Collective Mining Enterprises and Individual Mining	3
Chapter VI — Legal Liability	4
Chapter VII — Supplementary Provisions	4

Adopted at the 15th Meeting of the Standing Committee of the Sixth National People's Congress on March 19, 1986

Amended in accordance with the Decision on Amending the Mineral Resources Law of the People's Republic of China adopted at the 21st Meeting of the Standing Committee of the Eighth National People's Congress on August 29, 1996

Effective: October 1, 1986; Amended provisions effective: January 1, 1997

Table of Contents

- Chapter I — General Provisions
- Chapter II — Registration and Examination-Approval of Mineral Resources Exploration
- Chapter III — Registration and Examination-Approval of Mineral Resources Mining
- Chapter IV — Exploration and Mining of Mineral Resources
- Chapter V — Collective Mining Enterprises and Individual Mining
- Chapter VI — Legal Liability
- Chapter VII — Supplementary Provisions

Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of developing the mining industry, strengthening the exploration, development, utilization, and protection of mineral resources, and ensuring the current and long-term needs of the state for mineral resources in its socialist modernization construction.

Article 2 — This Law must be complied with when conducting exploration and mining of mineral resources within the territory of the People's Republic of China and the sea areas under its jurisdiction.

Article 3 — Mineral resources shall be owned by the state. The state ownership of mineral resources, whether near the surface or underground, shall not change with the ownership of the land to which they are attached or with the right to use such land. The state shall ensure the rational development and utilization of mineral resources. It is prohibited for any organization or individual to occupy or destroy mineral resources by any means whatsoever.

Article 4 — The state shall protect the lawful rights and interests of mining enterprises established in accordance with the law in the mining of mineral resources, and shall not be affected by any interference. The state shall protect in accordance with the law the lawful rights and interests of mining enterprises and individuals of foreign investment in the exploration and mining of mineral resources.

Article 5 — The state shall implement a system of paid acquisition of the right to explore and the right to mine mineral resources. The specific measures and the steps for implementation shall be prescribed by the State Council. However, the state may adopt special policies for the paid acquisition of the right to explore and the right to mine mineral resources in accordance with the law based on the specific circumstances of the mining enterprises.

Article 6 — The competent department of geology and mineral resources of the State Council shall be responsible for the supervision and administration of the exploration and mining of mineral resources throughout the country. The competent departments of geology and mineral resources of the people's governments of provinces, autonomous regions, and municipalities directly under the central government shall be responsible for the supervision and administration of the exploration and mining of mineral resources within their respective administrative areas.

Chapter II — Registration and Examination-Approval of Mineral Resources Exploration

Article 7 — The state shall implement a system of unified block registration for mineral resources exploration. The entity conducting mineral resources exploration must apply for registration with the competent department of geology and mineral resources of the State Council. The competent department of geology and mineral resources of the State Council shall, within 40 days from the date of receipt of the application, make a decision on approval or disapproval of registration, and shall notify the applicant. Where special circumstances require an extension, the time limit may be extended by an additional 20 days.

Article 8 — The entity that obtains the exploration permit after registration and examination-approval shall be the exploration right holder. The exploration right holder shall have the right to conduct the exploration operations specified in the exploration permit within the designated exploration area, and shall have the right to first obtain the mining right of the mineral resources in the exploration area in accordance with the law when the exploration right holder applies for mining rights within the exploration area.

Article 9 — The maximum term of validity of an exploration permit shall be three years. However, the exploration permit may be extended for petroleum and natural gas exploration. The exploration right holder may, 30 days prior to the expiration of the exploration permit, apply for an extension. Where an extension is applied for, the registration authority shall handle the matter in accordance with the provisions of Article 7 of this Law.

Chapter III — Registration and Examination-Approval of Mineral Resources Mining

Article 10 — The entity conducting the mining of mineral resources must apply for registration with the competent department of geology and mineral resources in accordance with the provisions of the State Council, and obtain a mining permit before it may conduct mining operations. The state shall implement a

system of paid acquisition of mining rights. The mining right holder shall pay the mining right price in accordance with the relevant provisions of the state.

Article 11 — The entity that obtains the mining permit after registration and examination-approval shall be the mining right holder. The mining right holder shall have the right to conduct mining operations within the mining area and the mine service life specified in the mining permit.

Article 12 — The mining right holder shall, in accordance with the provisions of the state, pay mineral resources compensation. The mineral resources compensation shall be collected at a certain percentage of the sales revenue of mineral products. The mineral resources compensation collected shall be incorporated into the state budget and subject to special fund management, and shall be mainly used for mineral resources exploration.

Chapter IV — Exploration and Mining of Mineral Resources

Article 13 — The exploration and mining of mineral resources must adopt a unified plan, comprehensive exploration, and rational mining and comprehensive utilization policy. The exploration and mining of mineral resources must comply with the provisions of the state on environmental protection and prevent environmental pollution. Mining operations shall economize on the use of land. Where arable land, grassland, or forest land is damaged due to mining, the mining enterprise concerned shall adopt measures for reclamation or other measures to restore and utilize the land in accordance with local conditions.

Article 14 — Any unit or individual discovering mineral resources that are important for the state economy and national defense, or valuable and rare mineral resources, or mineral resource clues showing signs of important minerals discovered in the process of geological work, shall protect them and promptly report the same to the relevant competent departments.

Article 15 — The exploration of mineral resources shall adopt a reasonable exploration procedure and method, and shall carry out comprehensive exploration and evaluation in the exploration area. The mining of mineral resources must adopt a reasonable mining sequence, mining method, and mineral processing technology. The mining recovery rate, dilution rate, and mineral processing recovery rate of mining enterprises shall meet the design requirements.

Article 16 — In mining mineral resources, the mining enterprise must comply with the state's provisions on labor safety and health, and must have the necessary safety production conditions to ensure safe production. Where rare and valuable minerals are discovered during the mining process, they shall be protected and promptly reported to the relevant competent departments.

Chapter V — Collective Mining Enterprises and Individual Mining

Article 17 — The state shall implement a policy of active support, reasonable planning, correct guidance, and strengthened management for collective mining enterprises and individual mining. Collective mining enterprises and individual mining shall engage in mining in the areas designated by the state, and shall mine scattered and dispersed mineral resources and minerals that can only be used as ordinary building materials, such as sand, stone, and clay.

Article 18 — Collective mining enterprises and individual mining shall improve their technical level and enhance the recovery rate of mineral resources. It is prohibited for collective mining enterprises and individual mining to mine mineral resources that are reserved or protected by the state for mining and that are subject to protective mining of specific types of minerals.

Article 19 — The competent departments of geology and mineral resources of the people's governments at or above the county level shall guide and assist collective mining enterprises and individual mining in continuously improving their technical level, resource utilization rate, and economic efficiency.

Chapter VI — Legal Liability

Article 20 — Anyone who mines mineral resources without a mining permit, enters another person's mining area to mine mineral resources without authorization, or mines minerals subject to protective mining as prescribed by the state without authorization, shall be ordered to cease mining, the minerals mined and the illegal gains shall be confiscated, and a fine may be imposed concurrently. Where damage is caused to mineral resources, the offender shall also be liable for compensation. Where the circumstances are serious, criminal liability shall be pursued in accordance with the law.

Article 21 — Anyone who mines mineral resources beyond the approved mining area shall be ordered to return to the original mining area, the minerals mined beyond the boundaries and the illegal gains shall be confiscated, and a fine may be imposed concurrently. Where the offender refuses to return to the original mining area and causes damage to mineral resources, the mining permit shall be revoked.

Article 22 — Anyone who commits any of the following acts shall be ordered to cease the illegal act, compensate for the losses, and the minerals mined and illegal gains shall be confiscated, and a fine may be imposed concurrently. Where the circumstances are serious, the mining permit shall be revoked; where a crime is constituted, criminal liability shall be pursued in accordance with the law: (1) transferring mineral resources or mining rights by means of sale, lease, or other forms; or (2) trading in or leasing mining permits.

Article 23 — If a party concerned refuses to accept an administrative penalty decision, it may apply for administrative reconsideration or file an administrative lawsuit with the people's court in accordance with the law within 15 days from the date of receipt of the penalty notification. If the party concerned neither applies for reconsideration nor files a lawsuit with the people's court, nor complies with the penalty decision, the organ that made the penalty decision shall apply to the people's court for compulsory enforcement.

Chapter VII — Supplementary Provisions

Article 24 — The exploration and mining of petroleum and natural gas shall be governed by separate provisions to be formulated by the State Council. The exploration and mining of radioactive minerals shall be governed by separate provisions to be formulated by the State Council. The State Council shall formulate the detailed rules for the implementation of this Law.

Article 25 — The provisions of this Law shall apply, with appropriate modifications, to the exploration and mining of mineral resources by foreign-invested enterprises. Enterprises with foreign investment that explore and mine mineral resources within the territory of the People's Republic of China shall comply with the provisions of this Law and the relevant laws and administrative regulations.

Article 26 — This Law shall enter into force on October 1, 1986. The Regulations of the People's Republic of China on the Protection of Mineral Resources promulgated in 1965 shall be repealed on the same date.

Disclaimer: This English translation is provided for reference and informational purposes only. While every effort has been made to ensure accuracy and completeness, this translation is not an official version and carries no legal authority. In the event of any discrepancy between this English translation and the original Chinese text, the Chinese text shall prevail. This translation does not constitute legal advice. Readers should consult qualified legal professionals for advice on specific legal matters. Dan Young Business Consultancy assumes no liability for any reliance placed on this translation.