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LAO PEOPLE'S DEMOCRATIC REPUBLIC

Peace Independence Democracy Unity Prosperity

National Assembly

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Mining Law

CHAPTER I
GENERAL PROVISIONS

Article 1 Purposes of the Mining Law

The Mining Law aims at defining the system of management, preservation, exploration, exploitation and processing of minerals for local consumption and export with the use of natural resource potentials in the industrial process and upgrading the population's quality of life.

Article 2 Minerals

Minerals are natural resources with specific locations which may not be renewed, in the form of solid, liquid or gas composed of chemical and physical substances, such as gold, silver, iron, precious stones, sand, construction soil, construction stones, coal, gas and natural petroleum, including mineral waters, and natural warm and hot spring water.

Article 3 Ownership of Mineral Resources

All mineral resources above, under land and water within the territory of the Lao PDR are the property of the national community and under centralized and unified management by the State.

Article 4 The Promotion, Preservation and Development of Mineral Resources

The State applies a policy of promotion towards persons and organizations both domestic and foreign in efficiently preserving and developing mineral resources.

Article 5 Environmental Protection

Persons licensed to conduct commercial mineral operations shall abide by the procedures and measures for he mitigation of natural resource loss and negative environmental impacts.

Article 6 Protection of the Rights and Interest of the Mineral Business Operators and the Local Population

The State protects the interest of the mineral business operators and of the local population in compliance with the laws of the Lao PDR.

Article 7 Scope of the Law's Effectiveness

This Law is effective upon mineral management and exploitation starting from its reconnaissance, basic geological survey of natural; resources to mineral exploitation and processing of minerals in the Lao PDR, except for oil and gas which will be governed by separate regulations.

CHAPTER II
BASIC GEOLOGICAL SURVEY AND PRESERVATION OF MINERAL RESOURCES

Article 8 Basic Geological Survey

Basic geological reconnaissance refers to the initial gathering of information on mineral outcrops and geological structures for the production of basic geological maps.

The Government entrusts the Ministry of Industry-Handicraft to conduct nationwide basic geological reconnaissance surveys in coordination with the concerned agencies and local administrative authorities.

Article 9 Categories of Minerals

To promote the development of the minerals industry, the Government has classified minerals in the following 4 categories:

1. Metallic Minerals;
2. Non-metallic Minerals;
3. Combustible Minerals;
4. Liquid Minerals.

Metallic Minerals include:

> Gold, silver, copper, zinc, iron, lead, tin and others.

Non-metallic Minerals include:

> Diamond, ruby, emerald, limestone, gravel, sand, gypsum, construction soil, construction stone and others.

Combustible Minerals include:

> Coal, natural gas and petroleum.

Liquid Minerals include:

Article 14 Mineral Concessions

Mineral concessions are areas determined by the Government as areas where mineral operations may take place.

Article 15 Reserved Areas

Reserved areas are mineral resource areas reserved for the extraction of a specific mineral.

Article 16 Restricted Areas

Restricted areas are mineral resource areas where mineral operations are forbidden, such as areas with cultural significance, protected forest areas, areas with importance for national defense, order and others.

Article 17 Poisonous Areas

Poisonous areas refer to mineral resource areas containing poisonous substances or poisonous minerals which shall be notified by the Ministry of Industry-Handicraft to the local administrative authorities for the application of safety and health measures for the population in coordination with the concerned agencies.

CHAPTER IV
COMMERCIAL MINERAL OPERATIONS

Article 18 Mining Activities

Mining activities refer to activities composed of prospection, exploration, exploitation, processing and transaction of minerals.

Mining activities take place under the following two forms:

1. Mechanized commercial mineral operations;
2. Professional and non-professional manual mining activities.

Article 19 Mines

Mines are natural mineral reserves holding economic importance and located above and under the ground or water.

Article 20 Forms of Mechanized Commercial Mining Activities

Forms of mechanized commercial mining activities are divided into three scales as follows:

1. Large scale commercial mining operations;
2. Medium scale commercial mining operations;
3. Small scale commercial mining operations.

Each scale of mining activities shall be determined in detail by the Government based on the capital, type of minerals, area and mineral reserves.

Article 21 Investment in Mining Activities

Investment in mining activities in the Lao PDR shall take place under the following forms:

1. Sole investment by the State;
2. Joint investment between the State and domestic or foreign parties;
3. Collective or private investment from domestic parties.

Article 22 Mining Operation Procedures

Mining procedures include the stage of prospection, exploration, exploitation, processing and transaction of minerals.

The prospection, exploration and exploitation shall be authorized specifically in areas where no mining activities for the same minerals are being conducted.

Article 23 Methods of Mining Operations

Persons or organizations intending to conduct mining operations shall apply for the mineral reconnaissance and data gathering. When information is sufficient, exploration shall be authorized.

At the exploration's completion and if intending to conduct exploitation, feasibility studies shall be required, economic cost-effectiveness computed, environmental, ecological and social impacts assessed to apply for the grant of concessions from the Government.

Simultaneously with the grant of exploitation concession, the Government shall jointly invest in the mining operations.

Mining operations licensees shall establish and register their enterprise in compliance with the laws of the Lao PDR.

Article 24 Mineral Prospection

Mineral prospection refers to field observations to determine the area's geological conditions, mineral outcrops above ground to evaluate the quality of minerals distributed in the nature.

Mineral prospection shall require approval from the Government.

The period of mineral prospection shall not exceed two years, but may be extended two times, each time for no more than one year as approved by the Government.

Article 25 Mineral Exploration

Mineral exploration refers to geological and geophysical studies within a determined area for the acquisition of further detailed data on the geology and geological structures through testing, trenching, exploration drilling and analysis of minerals' physical and chemical features and assess economic potentials.

Mineral exploration shall require approval from the Government.

The period of mineral exploration shall not exceed three years, but may be extended two times, each time for no more than two years as approved by the Government.

Simultaneously with the feasibility study, investors shall elaborate an environmental impact assessment which shall contain the following major content:

1. Projection of environmental assessments in each case by proposing solutions and mitigation methods and measures against such environmental, ecological and social impacts;
2. Assessment of loss to be incurred and the population's resettlement, including assistance in upgrading the living conditions of the population affected by the mineral exploitation's impacts: provision of adequate settlements and livelihood.

Article 32 Criteria for Mining Concessions

Eligibility to obtain mining concessions shall meet the following conditions:

1. Financial technical capacities;
2. Good and reliable mining profile;
3. Mining concessions are efficient, appropriate with the national socio-economic development plan and void of serious environmental assessment.

Where applicants for concessions meet all conditions, the Government shall consider approving mining concessions.

Article 33 Exploitation

Exploitation refers to clearing, exploitation, removal, processing, grinding, selection and storage of minerals.

The period of exploitation concession shall not exceed thirty years from the concession's grant, but may be extended two times, each time for no more than ten years as approved by the Government on a case by case basis and based on the mining scale.

Article 34 Handover of Mining Enterprises

At the expiration of the mineral exploitation concession, mining business operators shall hand over mining enterprises in full inclusive of vehicles and equipment constituting the mining business' assets to the Government of the Lao PDR without any compensation, except if the Government refuses to accept such business assets.

Article 35 Professional or Non-Professional Manual Mineral Exploitation

Manual mineral exploitation refers to mineral exploitation with archaic tools as occupation.

Minerals exploiting persons with handicraft tools as occupation shall be Lao citizens and be conducted with their own funds.

6. Apply for the extension of mining licenses;
7. Build constructions and erect equipment for the conduct of mining activities in compliance with the regulations outlined by concerned sectors.

Manual mineral exploiters as occupation shall be entitled to devolve their operations to members of their families, but may not transfer such operations to other persons.

Article 39 Scope of Rights of Persons Conducting Mining Activities

Persons conducting mining activities shall be entitled to transfer or inherit mining activities as approved by the Government, except if such mining activities are in the stage of prospection.

Article 40 Right to Mining Activities

In mining activities, licensees shall be entitled to lease land from the Government based on contracts, enter contracts for the supply of electricity and water for the processing of minerals provided such water is recycled and the quality of waste water is guaranteed for the population and the environment. Certain types of minerals containing poisonous substances shall declared as specific mining areas.

The use of wood in mining areas shall require approval and compensation of such wood.

In case mining activities cover land, constructions, crops and others belonging to persons or organizations, licensees shall make appropriate compensation for their removal and damage.

Article 41 Priority of Mining Areas

In case mining concession operators discover other minerals in the mining area outside of the authorized minerals, such operators shall have priority in applying for mining activities in relation with the discovered minerals in addition from the Government, except if such mineral belong the category of reserved or restricted minerals.

Article 42 Obligations of Mining Businesses

Operators of mining businesses shall have the following obligations:

1. Conduct of mining activities in compliance with any or all procedures and within the authorized timeframe;
2. Perform a deposit in accordance with the regulations outlined by the State Bank of the Lao PDR;
3. Conduct mining activities as licensed, based on feasibility studies and exploitation programs;
4. Preserve and improve the environment in exploitation and after exploitation, guarantee that the national safety or health shall not be severely affected and shall make appropriate compensations in case of casualty in terms of life and assets of the population and of the public;

5. Record and report results of mining activities at each stage and expenses at each stage in detail and in due time;
6. Ensure training and the development of skills for Lao workers, including guarantee their welfare, health and security;
7. Keep accounts as provided by the Enterprise Accounting Law;
8. Properly perform their custom, tax and other obligations related to mining activities in full and in due time;
9. In case of road construction for mining activities, such roads shall be open for use by others;
10. Strictly abide by the Laws of the Lao PDR.

Operators of manual mining activities as occupation or not shall have the obligation to pay taxes in compliance with the law and the obligation to preserve the environment and strictly abide by the laws of the Lao PDR.

Article 43 Relationship with the Local Administrative Authorities

In the performance of mining activities in each stage, the mining entrepreneurs shall contact the local administrative authorities of their area for facilities in conducting mining activities.

Article 44 Termination of Mining Activities

Mining activities shall terminate in the following conditions:

1. Expiration of the term of mining activities in any or all stages;
2. Voluntary termination of mining activities before term,
3. Withdrawal of mining license due to severe breach to contracts or laws of the Lao PDR.

Article 45 Technical and Technological Standards

In the performance of mining activities, the mining concession licensee shall apply technique and technology meeting international standards recognized by the Ministry of Industry-Handicraft and other concerned agencies with the view of ensuring efficiency, safety and environmental protection.

Article 46 Relinquishment and Improvement of Exploitation Area

Mining licensees shall relinquish mining areas to the Government, including leased land in the following cases:

1. The use of such land is no longer required;
2. Withdrawal of mining license due to the non-performance of contracts or severe violations of the laws of the Lao PDR;
3. Expiration of mining license.

Relinquishment of mining area shall be notified to the concerned agencies within the determined timeframe.

In case of changes to the ground, prior to relinquishing such area, it shall be improved and rehabilitated: filled, graded, cleared from chemicals and planted with trees in compensation.

Article 47 Compensation

Mining operators shall perform the following compulsory expenses:

1. Resettlement of the population from the mining and ensure their livelihood;
2. Compensation of damage to land, constructions and crops;
3. Rental of land;
4. Environmental protection;
5. Improvement and rehabilitation of the mining area.

Such funds shall be included in the capital of the mining projects.

CHAPTER VI
MINING ACTIVITIES MANAGING AND CONTROLLING AGENCIES

Article 48 Mining Management and Control Agencies

Mining management and control agencies include:

1. Ministry of Industry-Handicraft;
2. Province, Municipality or special zone Industry-Handicraft Services;
3. District Industry-Handicraft Offices;
4. Village administrative authorities.

Article 49 Rights and Tasks of the Ministry of Industry-Handicraft

In the management and control of mining activities, the Ministry of Industry-Handicraft shall have the following rights and tasks:

1. Assist the Government in elaborating strategic plans pertaining to minerals into detailed plans, project and mining management an control regulations;
2. Conduct scientific and technical research on geology and mining; Establish a network of national statistics and information center related to geology and mining;
3. Coordinate with other parties and local administrative authorities concerned;
4. Study and present technical opinions on mining activities;
5. Issue prospection, exploration, exploitation or mineral processing licenses to investments licensed by the Government;
6. Train, foster and upgrade geological-mining skills among Lao personnel and workers;
7. Grant technical approval on the export or import of minerals in compliance with the regulations of the concerned ministries;
8. Control geological-mining activities;
9. External cooperation in geology-mining.

Article 50 Rights and Tasks of the Industry-Handicraft Services

In the management and control of mining activities, the provincial, municipal and special zone Industry-Handicraft Services shall have the following rights and tasks:

1. Act as direct staff to the Ministry of Industry-Handicraft and the provincial, municipal or special zone administration in guiding and managing mining activities under their responsibilities;
2. Coordinate with other sectors and concerned administrative authorities;
3. Study and present opinions on mining activities within their area of management;
4. Issue licenses and register manual mining activities as occupation;
5. Control mining activities within their area of management;
6. Perform the rights and tasks pertaining to mining activities as assigned by the Ministry of Industry-Handicraft.

Article 51 Rights and Tasks of the District Industry-Handicraft Offices

In the management and control of mining activities, District Industry-Handicraft Offices shall have the following rights and tasks:

1. Act as staff to the provincial, municipal or special zone Industry-Handicraft Services and the District administrative authorities in the implementation of plans, projects, regulations and instructions of the provincial, municipal or special zone Industry-Handicraft Services in relation with mining activities;
2. Coordinate with other sectors and concerned administrative authorities;
3. Authorize and control non-occupational manual mining activities within their districts;
4. Provide facilities to lawful mining activities;
5. Perform other rights and tasks on mining activities as assigned by the Industry-Handicraft Services.

Article 52 Rights and Tasks of the Village Administrative Authorities

In monitoring mining activities, the village administrative authorities shall have the following rights and tasks:

1. Monitor and control occupation or non-occupational manual mineral exploitation within the village area;
2. Submit ad report mining activities affecting the rights and interest of the population, fine traditions and laws;
3. Preserve and report mineral outcrops within the village area;
4. Provide facilities to mining activities within the village area;
5. Coordinate with mining parties in the preservation of order within the village area;
6. Control the performance of their obligations by occupation or non-occupational manual mineral exploitation.

Article 53 Control of Mining Activities

The **control of mining activities** refers to the monitoring of mining activities throughout the stages of prospection, exploration, exploitation, processing, transaction, including after the mining activities' termination to ensure the proper implementation of mining operators of contracts, the Mining Law and other laws of the Lao PDR.

The main content of control includes:

1. Implementation of mining procedures;
2. Performance within the timeframe;
3. Elaboration of feasibility studies;
4. Implementation of outlined plans;
5. Implementation of occupational safety;
6. Implementation of environmental impact mitigation measures;

In case of disputes between foreign investors or between a foreign investor and a Lao investor, Article 21 of the Law on the Promotion and Management of Foreign Investment in the Lao PDR shall apply.

Article 56 Awards

Persons or organizations with prominent achievements in the management, preservation of mineral resources with efficiency and in compliance with the laws of the Lao PDR will be awarded and granted benefits outlined by the Government: credit policy, extension of mining license and others.

Article 57 Sanctions

Persons or organizations breaching this Law shall be subject to measures such as education, fines or criminal penalties depending on the nature of the offense. In addition, sentences may be imposed.

Article 58 Educational Measures

Persons or organizations committing minor or severe first offense under this Law, such as failure to report in due time, failure to meet technical requirements in works, failure to obtain mining licenses for occupational or non-occupational manual mineral exploitation, shall be warned and educated.

Article 59 Fines

Persons or organizations breaching this Mining Law through any of the following act:

1. Conducting mining activities without license or with an expired license;
2. Improperly transacting minerals in accordance with the regulations;
3. Unduly leasing or transferring mining licenses;
4. Untruthful reports;
5. Breach of the mining principles;
6. Failure to apply environmental impact mitigation measures, disposal of unrecycled waste water, water containing poisonous substances affecting the population's health;
7. Failure to apply technical and labor safety measures;
8. Damage caused to mineral sources due to their own fault;
9. Failure to extend cooperation to management and control officers

Shall be fined from Kip five hundred thousand to Kip three million in case of first offense;

From Kip three million one hundred thousand to Kip five million in case of second offense;

From Kip five million and one hundred thousand to Kip ten million in case of third offense.

Offenses mentioned under Article 58 committed over three times shall be fined from Kip fifty thousand to Kip two hundred thousand.

In case of occupational or non-occupation manual mineral exploitation, fines from Kip ten thousand to Kip twenty thousand shall be imposed.

Article 60 Criminal Sanctions

In case violations of the Mining Law represents a criminal offenses: falsification of mining licenses, failure to apply technical safety measures causing death or injuries shall be sanctioned as provided by the Criminal Law.

Civil servants committing criminal offices: receiving bribes, abuse of power, forging documents, abusing their position for personal interest from mining activities shall be punished as provided by the Criminal Law.

CHAPTER VIII
FINAL PROVISIONS

Article 62 Implementation

The Government of the Lao People's Democratic Republic shall implement this Law.

Article 63 Effectiveness

This Law shall become effective within ninety days after its promulgation by the President of the Lao People's Democratic Republic.

Persons and organizations receiving mining licenses prior to this Law's date of effectiveness shall be entitled to continue their mining activities.

Where contracts have been signed but inappropriately with this Law, the concerned agencies shall be notified within one hundred and twenty days to consider their amendments from this Law's date of effectiveness.

Any regulations and decrees inconsistent with this Law are superseded.

Vientiane, 12/04/1997
President of the National Assembly
Saman Vignaket