



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

National Assembly

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MINING LAW

CHAPTER I

General Provisions

Article 1. Function of the Mining Law

The mining law has function to determine the system of management, preservation, exploration, exploitation and processing of minerals into goods by using the natural resource potentials for local consumption and export in order to contribute to the industrializing process and to improve the people's living conditions.

Article 2. Minerals

The minerals are natural resources with specific locations which may not be renewed, are chemical and physical substances, s in solid, liquid or gas forms: gold, silver, iron, precious stones, sand, construction soil, construction stones, coal, gas and natural oil, including mineral water, natural warm and hot spring water.

Article 3. Ownership of mineral resources

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

Article 4. Promotion, preservation and development of mineral resources

State applies a policy of promotion towards persons and organizations both domestic and foreign in preserving and developing the mineral resources with efficiency.

Article 5. Environmental protection.

Persons licensed to conduct commercial mineral operations adopt the procedures and take the measures for limiting of natural resource loss and negative environment impacts.

Article 6. Protection of the Rights and Interests of the mineral business Operators and the interests of local people

State protects the rights and the interests of the mineral business operators and the interests of the local people in compliance with the Laws of the Lao PDR.

Article 7. Scope of the law's application

This law is applied to the mineral management and exploitation, starting from prospection, basic geological survey of natural resources to mineral extraction and

processing of minerals in the Lao PDR, except for gas and natural oil which will be governed by separate regulation

CHAPTER II

Basic geological survey and preservation of mineral resources

Article 8. Basic geological survey
Basic geological survey 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 surveys in coordination with the concerned agencies and local administrative authorities.

Article 9. Categories of minerals
To promote the development of the mineral industry, the Government has classified minerals into 4 categories as follows:

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 natural petroleum.

Liquid minerals include:

- Mineral water, natural warm and hot spring water.

The government shall provide details on each category of minerals.

Article 10. Protected or restricted minerals
For efficient and sustainable use, the government shall issue a periodical list of protected or restricted minerals from export, import or for which export under the form of raw material is limited.

Article 11. Safeguarding and Use of information on mineral resources
The safeguarding and use of information and samples of mineral resources must be done in conformity with specific regulations governing minerals.

Persons or organization report data and information on and samples of mineral resources of scientific significance or high value and rare to the concerned agencies.

Persons organizations are forbidden to illegally conceal, reduce the value or conduct transactions such samples, and only State is entitled to purchase samples of scientific value, or high value or rare.

The government shall establish a list and details of the above natural resources samples.

Article 12. Preservation of Sources of Mineral Resources

The government entrusts the Ministry of Industry-Handicraft with the preservation of sources of mineral resources nationwide in coordination with the concerned agencies by outlining specific regulations.

CHAPTER III

Classification of Mineral Resource Areas

Article 13. Mineral Resource Areas

Mineral resource areas refer to areas where basic geological reconnaissance surveys have been conducted and where commercial mineral deposits have been observed for further detailed investigation.

There are four mineral resource areas:

1. Mineral business licensed areas;
2. Reserved areas ;
3. Restricted areas;
4. Poisonous areas.

Article 14. Mineral business licensed areas

Mineral business licensed areas are mineral resource areas determined by the Government as areas where mineral business operations may take place.

Article 15. Reserved areas

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

Article 16. Restricted areas

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

Article 17. Poisonous areas

Poisonous areas refer to mineral resource areas containing poisonous substances or other poisonous mineral 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 exploitation

Mining exploitation refer to activities composed of prospection, exploration, extraction 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 operations

Forms of mechanized commercial mining operations 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 operations shall be determined in detail by the Government based on the Government based on the capital, type of minerals, area and mineral reserves.

Article 21. Investment in Mining operations

Investment in mining operations 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 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 prospection 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 be each time for no more than one year 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.

Article 26. Assessment of Mineral Reserves

The assessment of mineral reserves refers to the evaluation of each type of explored mineral reserves' scope and volume.

Article 27. Testing and analysis of Samples

Mining operation licensees are entitled to send mineral samples and other mineral related items for testing and analysis, whether within or outside the country, in accordance with the regulations outlined by the Government.

Article 28. Area Relinquishment and Addition

After prospection and exploration, licensees shall relinquish the undesired prosection or exploration area in part or in total, together with all data acquired from such prospection or exploration.

If it is discovered that a mineral vein extend beyond the licensed area, licensees are entitled to apply for the addition of such area based on acquired data.

Article 29. Evaluation of Exploitation Feasibility

The evaluation of exploitation feasibility refers to the evaluation of the socio-economic potentials of the mineral reserves and negative impacts on the environment.

Article 30. Feasibility Studies

Feasibility studies for the application of mining operations shall include the following major contents:

1. Plans and procedures of mineral exploitation: technical exploitation system, exploitation volume;
2. Socio-economic effectiveness of the mineral exploitation.

The time frame for the elaboration of the feasibility studies shall not exceed one year but may be extended for no more than one year as approved by the Government.

Article 31. Environmental Impact Assessment

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

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

Applicants for mining concessions shall meet the following criteria:

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.

When applicants for concessions meet all criteria, the Government shall consider approving mining concessions.

Article 33. Mineral exploitation

Mineral exploitation refers to clearing, extraction, removal, washing, 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.

Mineral exploiting persons with handicraft tools as occupation shall be Lao citizens and shall conduct the mineral activities with their own funds.

Exploitation with the use of handicraft tools as occupation shall require approval from the provincial, municipal or special zone Industry-Handicraft Services which shall report to the Ministry of Industry- Handicraft.

In case of manual exploitation as occupation includes the use of plants or employment of labor, such exploitation shall be considered as mechanized mining business operations.

Non-occupational manual exploitation of minerals refers to the occasional exploitation.

Non-occupational manual exploitation of minerals shall require approval from the District industry-Handicraft Offices which shall report to the provincial, municipal or special zone Industry-Handicraft Services.

Article 36. Processing of Minerals

The processing of minerals refers to the upgrading of minerals' quality through industrial processes or additional processing of minerals, such as by washing, forging, transforming, polishing and processing to reach economic value.

Processing to upgrade minerals' quality shall require specific approvals from concerned agencies.

Article 37. Transactions of Minerals

Mining business operators shall be entitled to sell extracted minerals provided mineral transaction approvals are granted. Persons operating solely on the transaction of minerals shall require specific minerals transaction licenses.

Minerals in this Law refer to minerals which have been washed, ground, selected and processed.

CHAPTER V
Rights and Obligations of Mining Business operators

Article 38. Rights and Obligations of Mining Business operator

Mining business operator shall have the right to:

1. Be protected by law;
2. Conduct the sole mining activities along with approved procedures within the licensed area;
3. Receive priority in conducting further mining activities based on assessment performed by the mining activities managing and controlling agency and approval from the Government.
4. Own assets and returns from mining activities as provided by contract;
5. Receive technical and technological recommendations from the Government on the conduct of mining businesses;
6. Apply for the extension of mining licenses;
7. Build construction 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 businesses

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

Article 40. Right to Mining businesses

In mining businesses, licensees shall be entitled to lease land from the Government based on contracts, enter into 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 by State.

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

In case mining businesses 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 business 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 businesses in relation with the discovered minerals in addition from the Government. except if such minerals belong the category of reserved or restricted minerals.

Article 42. Obligations of mining business operators

Operators of mining businesses shall have the following obligations:

1. Conduct mining businesses 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 businesses as licensed, based on feasibility studies and mineral 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 life and assets of the population and of the public affected;
5. Record and report result of mining businesses at each stage and expenses at each stage in detail and in due time;
6. Ensure training and 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 and completely perform their custom, tax and other obligations related to mining businesses in due time;
9. In case of road construction for mining businesses, such roads shall be open for use by others;
10. Strictly abide by the laws of the Lao PDR.

Operators of manual mining exploitation 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 businesses in each stage, the mining entrepreneurs shall contact the local administrative authorities of their area for facilities in conducting mining businesses.

Article 44. Termination of mining businesses

Mining businesses shall terminate in the following conditions:

1. Expiration of the term of mining businesses in any or all stages;
2. Voluntary termination of mining businesses 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 businesses, the mining concession licensee shall apply technique and technology with international standards recognized by the Ministry of Industry-Handicraft and other concerned agencies in the view of ensuring efficiency, safety and environment 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 in advance 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 fund

Mining operators shall have a fund for performing the necessary expenses, as follows:

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 businesses Managing and Controlling Agencies

Article 48. Mining businesses Management and Control Agencies

Mining businesses 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 businesses, the Ministry of Industry-Handicraft have the following rights and tasks:

1. Assist the Government in elaborating strategic plans pertaining to minerals into detailed plans, project and mining management and control regulation ;
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 businesses;
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 businesses, the provincial, municipal and special zone Industry-Handicraft Services 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 businesses under their responsibilities;

2. Coordinate with other sectors and concerned administrative authorities;
3. Study and present opinions on mining businesses within their area of management;
4. Issue licenses and register manual mining exploitation occupation;
5. Control mining businesses within their area of management;
6. Perform other rights and tasks pertaining to mining businesses 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 businesses, District Industry-Handicraft Offices 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 businesses;
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 mining exploiters, as prescribed by regulations;
5. Perform other rights and tasks on mining businesses as assigned by the Industry-Handicraft Services.

Article 52. Rights and Tasks of the Village Administrative Authorities

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

1. Monitor and control occupation or non-occupational manual mineral exploitation within the village area;
2. Submit and report mining activities affecting the rights and interests of the population, fine traditions and laws;
3. Preserve and report mineral outcrops within the village area to the district industry-handicraft and district administrative authorities;
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 the obligations of occupation or non-occupational manual mineral exploiters.

Article 53. Control of Mining businesses

The control of mining businesses 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 contents of control include:

1. Implementation of mining procedures;
2. Performance within the timeframe;
3. Implementation of feasibility studies;
4. Implementation of outlined plans;
5. Implementation of occupational safety measures;
6. Implementation of environmental impact mitigation measures;
7. Necessary document for the management of mining businesses;

8. Assets of the mining projects;
9. Implementation of obligations and other regulations pertaining to mining businesses.

The control of mining businesses shall be coordinated with concerned agencies and the local administrative authorities.

Article 54. Mining businesses Control Procedures

The control mining businesses may take several forms, as follows: regular control, control with or without advance notification depending on the case.

Regular control refers to control regularly performed and at fixed times which shall be once a year at least.

Control with advance notification refers to control deemed necessary whereby the mining project is given advance notification.

Sudden control refers to control performed without giving any advance notification.

Control may include both documentary control and field control.

CHAPTER VIII Arbitration, Awards and Sanctions

Article 55. Arbitration

When disputes occur between mining contract parties, an amicable settlement shall be sought, Otherwise, the contract parties may submit the matter in dispute to the Arbitration Committee or the court of the Lao PDR for further proceedings.

In case of disputes between employers and employees, the labor law of the Lao PDR shall apply.

In case of disputes between foreign investors or between a foreign investor and a Lao investor, the 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. furthermore, an additional penalty may be imposed.

Article 58. Educational measures

Persons or organizations committing minor or 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 by committing any of the following acts:

1. Conducting mining businesses without license or with an expired license;
2. Illegally transacting minerals;
3. Unduly leasing or transferring mining licenses;
4. Untruthful reports;
5. Breach of the mining exploitation principles;
6. Failure to apply environmental impact mitigation measures, disposal of unrecycled waste 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 third offense.

Offenses above mentioned under article 58 committed three times or more shall be fined from Kip fifty thousand to Kip two hundred thousand.

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

Article 60. Criminal Sanctions

In case of violation of the Mining Law represents a criminal offense: 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 businesses shall be punished as provided by the Criminal Law.

Article 61. Additional sanctions

Apart from the sanctions above mentioned under the articles 59 and 60, the additional sanctions could be imposed to the offender: suspension of mining exploitation, license withdrawal, confiscation of the offender's assets.

**CHAPTER VIII
Final Provisions**

Article 62. Implementation

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

Article 63. Law enforcement

This Law comes into force after ninety days counting from the day its promulgation by the President of the Lao People's Democratic Republic.

Persons and organizations receiving mining licenses prior to the day of coming into force of this law shall be entitled to continue their mining businesses.

In case of contracts having been signed but inappropriately with this law, the concerned agencies shall be notified within one hundred and twenty days to consider their amendments from the day of coming into force of this law.

Any regulations and provisions inconsistent with this law are repealed.

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

Saman Vignaket