



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Mines and Energy

Ref. 0481/ME
Vientiane Capital, date 20 April 2012

Decision on
Selling and Buying Mines [Ores] and Mining Products

- Pursuant to the Law on Mines, Ref./NA, dated 20 December 2011;
- Pursuant to the Law on Enterprise, Ref. 11/NA, dated 09 November 2005;
- Pursuant to the Law on Industrial Processing, Ref. 01/99/NA, dated 3 April 1999;
- Pursuant to the Prime Minister's Decree, Ref. 114/PM, dated 6/4/2011, on Import and Export of goods;
- Pursuant to the Prime Minister's Decree, Ref. 372/PM, dated 21/10/2011, on the Organization and Activities of Ministry of Mines and Energy.

The Ministry of Energy and Mines issues the following instructions:

Section I
General Provision

Article 1. Objectives

This Decision is to determine the principles, regulations and measures related to the issuance of licenses, the management of selling and buying, exporting, importing, moving mines [ores] and mining products including the fulfilment of loyalty fee obligations in Lao PDR and the buying-selling of mines with other countries so as to manage the selling-and-buying minerals [ores] strictly and effectively.

Article 2. Definitions

- Mineral means ore that have been processed to upgrade its quality to be a semi-processed or finished mining product;
- Semi-processed or finished mining product is the ore primarily or intermediately processed to upgrade its quality;
- Finished mining product is the final mining product of the mining industry.

The selling of minerals in accordance with the concession agreement means the selling of minerals by a legal entity granted the concession for mine excavating by the government, stipulated in Articles 25 and 26 of the Law on Mines, Ref./NA, dated 20 December 2011.

Business related to the selling-buying minerals [ores] and mining products means the business activities of domestic or foreign individuals or legal entities that are allowed

to do business in accordance with this Decree to sell or buy minerals [ores] according to Article 25 of the Law on Mines, Ref./NA, dated 20 December 2011.

The importation of minerals [ores] to be processed in the country means the import of minerals [ores] by individuals or legal entities that are allowed under this Decision to import minerals [ores] for processing purposes by itself or for distribution to domestic producers who are allowed to process minerals [ores] into semi-products or finished mining products to be distributed domestically or exported.

Article 3. Scope of application

This Decision applies to both domestic and foreign individuals and legal entities operating the exploration, movement, processing of minerals [ores] under a concession agreement, business related to selling-buying minerals [ores] and mining products; the importation and exportation of minerals [ores] and mining products.

Section II

The selling-buying minerals [ores] and mining products

Article 4. Types of business activities relating to selling-buying minerals [ores] and mining products

There are two types of business activities related to selling-buying of minerals [ores] and mining products, as follows:

1. Selling-buying minerals [ores] by legal entities with license granted for excavating of minerals [ores] according to a concession agreement signed with the Government;
2. Selling-buying minerals [ores] by those with specific license granted to operate the selling-buying of minerals [ores] and mining products in accordance with this Decision.

Article 5. Conditions to request and issue the license of selling-buying minerals [ores] and mining products for those who hold an exploration license under a concession agreement

Those who are granted a license to explore minerals [ores] under a concession agreement will receive a license to sell and buy minerals [ores] and mining products automatically in accordance with their request with the following conditions:

1. Having a license to explore minerals [ores] issued by the Ministry of Energy and Mines;
2. Having a selling-buying contract with those who are granted exploration rights under the concession agreement, in the case where there is a need to buy minerals [ores] or mining products from other projects;
3. Having a valid business registration;

4. Having premises or a warehouse to keep the minerals [ores] in compliance with technical standards;

In addition to the above-mentioned conditions, those who are granted the license under a concession agreement shall submit documents as follows:

1. A letter to inform of the quantity, characteristics and types of minerals [ores] that they would like to sell-and-buy;
2. A request letter for an export permit for minerals [ores] and mining products with the exploration license attached;
3. The selling contract with the buyer at the destination;
4. The certificate of the initial results of testing approved by the Department of Geology and Mines, Ministry of Natural Resource and Environment.

Article 6. Selling and buying minerals [ores] by those who have been granted a license under a concession agreement

After the applicant who has been granted a concession license for selling-buying minerals [ores] has submitted the complete documents, the Ministry of Energy and Mines will consider issuing the license to the applicant based on the complete documents within fifteen working days.

In case of the Ministry of Energy and Mines deciding not to issue a license to the applicant, the Ministry shall give the reason for such refusal in written form.

The term of the license for selling-buying minerals [ores] and mining products is classified into 3 categories:

- For those who have their own concession area for excavation, the term will be based on the validity of the exploration license;
- For those who have a processing plant or a smelter plant, the term will be based on the validity of the licensed plan;
- For those who operate selling-buying of minerals [ores] and mining products only, the term is one year and can be extended annually in accordance with the above-mentioned conditions.

Article 7. Conditions to request and issue a license for selling-buying minerals [ores] and mining products for those who operates selling-buying of minerals [ores] and mining products only

Individuals or legal entities wishing to request a license to operate the selling-buying of minerals [ores] and mining products shall submit their application to the Ministry of Energy and Mines and shall meet the conditions and submit key documents as follows:

1. Business Registration for the legitimate business operation;
2. Tax Registration Certificate;
3. Buying contract for minerals [ores] with the concession right holder;
4. Selling contract for minerals [ores] with the buyer at the final destination;

5. Having a place or warehouse to keep minerals [ores] in compliance with technical standards.

Article 8. Issuance of selling-buying license for minerals [ores]

After the applicant requesting a license for selling-buying of minerals [ores] has submitted all required documents completely, the Ministry of Energy and Mines will consider issuing the license to the applicant based on the accuracy of the submitted documents within 10 working days.

In the case of the Ministry of Energy and Mines not agreeing to issue a business license to the applicant, it shall respond to the applicant with the reasons for refusal in written form.

A license for selling-buying minerals [ores] and mining products is valid for a term of one year and can be renewed each year in accordance with the above mentioned conditions.

Article 9. Importation of minerals [ores] and mining products transited via Lao PDR in order to export to a third country

A business wishing to import minerals [ores] and mining products to be transited via the territory of Lao PDR for export to a third country shall follow the regulations issued by the Ministry of Industry and Commerce.

Article 10. Price of selling-buying minerals [ores] or mining products

The price for selling-buying metal minerals [ores] or mining products to be exported or sold in the domestic market shall be based on the international market price. As for non-metal minerals [ores] it shall be based on the regional market price at the selling date or exporting date, as a basis to calculate the value of natural resource [loyalty fee] or mining products.

The price for selling-buying minerals [ores] shall be approved by the Ministry of Energy and Mines; as for the loyalty fee this will be determined based on the contract, commitments and the Presidential Edict regarding Natural Resources.

Article 11. Testing of samples

Those who are granted a concession title or who sell and buy mining products may send samples of minerals [ores] to be tested [examined] in a laboratory that is internationally accredited and shall keep the samples following technical instruction and take one-fourth of the samples for sending to the Ministry of Energy and Mines and to keep for testing as needed; all costs shall be borne by those who have been granted the concession or who obtain the license to sell and buy minerals [ores] or mining products.

Article 12. Fees

The issuance, renewal of a license for selling-buying minerals and of a permit to move [transport] minerals [ores] or mining products shall pay the fees in accordance with the Presidential Edict enforced in each period of time.

Article 13. Loyalty fee for natural resources

Individuals who obtain a license for exploration under a concession agreement shall pay a loyalty fee for natural resource in accordance with the law; the payment of the loyalty fee shall be in installments according to the agreement and commitments under the contract. As for those who operate the business of selling-buying minerals [ores] and mining products or importing minerals [ores] for processing into the country or export, shall pay the financial obligations in accordance with the laws and regulations.

**Section III
Transportation**

Article 14. Conditions to request a license for transportation of minerals [ores] and mining products

Individuals or legal entities wishing to transport minerals [ores] or mining products shall request a license from the Ministry of Energy and Mines under the following conditions:

1. Having a business license for selling-buying minerals [ores] (for those who do not have their own concession areas);
2. Having a detailed plan regarding the transportation by specifying the types of vehicles, time, transportation route;
3. Having vehicles [compliant] with technical standards;
4. Having premises or warehouses to keep the minerals [ores] according to technical standards;

Article 15. Issuance of license for the transportation of minerals [ores] and mining products

After the applicant has submitted all complete documents requesting a license for transportation of minerals [ores] and mining products, the Ministry of Energy and Mines will consider issuing the license to the applicant within ten working days, based on the accuracy of the submitted documents.

In case that the Ministry of Energy and Mines does not agree to issue a transportation license to the applicant, it shall give the reasons for refusal in written form. The term of the license for transportation of minerals [ores] and mining products is one year and can be renewed according to the above-mentioned conditions.

**Section IV
Management and inspection of license**

Article 16. Management

The business of selling-buying minerals [ores] or mining products is controlled and only those who obtain a license have the right to sell and buy minerals [ores] or mining products.

The Department of Mines, Ministry of Energy and Mines and the Vientiane Capital and Provincial Department of Energy and Mines are responsible for managing and inspecting the implementation of the terms and conditions of the license for selling-buying minerals [ores] or mining products.

Article 17. Prohibition

1. It is prohibited for individuals or legal entities to sell-buy and transport minerals [ores] that affect national security, radioactive, poisonous minerals [ores] and minerals [ores] that impact on the environment without approval from the Ministry of Energy and Mines ;
2. It is prohibited for individuals, legal entities or organizations to sell-buy minerals [ores] and mining products without permission from the Ministry of Energy and Mines
3. It is prohibited to let other people who are not allowed use a business license for selling-buying minerals [ores] and mining products;
4. It is prohibited to transfer or deposit a license for selling and buying minerals [ores] and mining products;
5. It is prohibited to buy minerals [ores] and mining products from people or [as a result of] illegal extraction.

**Section V
Cancellation of license**

Article 18. Cancellation of license

Individuals or legal entities that possess a license to sell and buy minerals [ores] or mining products will have their license cancelled if they have committed a serious breach of the terms and conditions [criteria] of the license and/or breach the prohibitions stipulated in Article 17 above.

Article 19. Additional measures

In addition to the cancellation of a license under the Article 18 above, those who have had a license cancelled shall be suspended under the administrative procedures or legal procedures in accordance with the relevant laws and regulations.

**Section VI
Final provision**

Article 20. Implementation

The Department of Mines is assigned to coordinate with the relevant agencies at central and local level to disseminate and implement this Decision across the country.

All levels of organizations shall be informed and shall cooperate and implement this Decision strictly.

Article 21. Coming into force

This Decision enters into force from the date of its signature. Other Decisions and other regulations that conflict with this Decision are nullified.

Minister of Mines and Energy

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