

Mineral Resources Law of the People's Republic of China

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Chapter I General Provisions

Article 1 This Law is enacted in accordance with the Constitution of the People's Republic of China, with a view to developing the mining industry, promoting the exploration, development, utilization and protection of mineral resources and ensuring the present and long-term needs of the socialist modernization programme.

Article 2 This Law must be observed in exploring and mining mineral resources within the territory of the People's Republic of China and the marine areas under its jurisdiction.

Article 3 Mineral resources belong to the State. The rights of State ownership in mineral resources is exercised by the State Council. State ownership of mineral resources, either near the earth's surface or underground, shall not change with the alteration of ownership or right to the use of the land which the mineral resources are attached to.

The State safeguards the rational development and utilization of mineral resources. Seizing or damaging mineral resources by any means and by any organization or individual shall be prohibited. People's governments at various levels must make serious efforts to protect mineral resources.

Anyone who wishes to explore or mine mineral resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. The State protects the right of exploration and of mining from encroachment and protects the order of production and other work in the mining and exploration areas from interference and disruption.

Anyone engaged in exploring and mining of mineral resources shall meet the prescribed qualifications.

Article 4 The State protects the lawful rights and interests of mining enterprises, established in accordance with law, in mining of mineral resources.

The State-owned mining enterprises are the mainstay in mining mineral resources. The State guarantees the consolidation and expansion of State-owned mining enterprises.

Article 5 The State practises a system wherein the exploration right and mining right shall be obtained with compensation; however, the State may, in light of specific conditions, prescribe reduction of or exemption from the compensation for acquiring the exploration right and mining right. Specific measures and implementation procedures shall be formulated by the State Council.

Anyone who mines mineral resources must pay resource tax and resource compensation in accordance with relevant regulations of the State.

Article 6 Exploration right and mining right shall not be transferred except for the transfers made according to the following provisions:

(1) The exploration licensees shall have the right to carry out specified explorations within the designated exploration areas and have the priority to obtain the right to mine the mineral resources in the exploration areas. The exploration licensees, after fulfilling the specified minimum input to exploration and obtaining approval in accordance with law, may transfer the exploration right to another.

(2) A mining enterprise that has obtained the mining right but needs to change the subject of the mining right, because of merger, division, forming of an equity joint venture or contractual joint venture, sale of its assets, or change of ownership of its assets in other manners, may transfer its mining right to another, subject to approval in accordance with law.

The specific measures and implementation procedures concerning the provisions in the preceding paragraph shall be stipulated by the State Council.

Profiteering in exploration right or mining right shall be prohibited.

Article 7 With regard to the exploration and development of mineral resources, the State applies the principles of unified planning, rational geographical distribution, multi-purpose exploration, rational mining and multi-purpose utilization.

Article 8 The State encourages scientific and technological research on the exploration and development of mineral resources, promotes advanced technology so as to raise the scientific and technological level of mineral exploration and development.

Article 9 Any organization or individual that has achieved outstanding successes in the exploration, development and protection of mineral resources and in scientific and technological research shall be awarded by relevant people's government.

Article 10 In mining mineral resources in national autonomous areas, the State should give consideration to the interests of those areas and make arrangements favourable to the areas'

economic development and to the production and well-being of the local minority nationalities.

Self-government organs in national autonomous areas shall, in accordance with legal provisions and unified national plans, have the priority to develop and utilize in a rational manner the mineral resources that may be developed by the local authorities.

Article 11 The department in charge of geology and mineral resources under the State Council shall be responsible for supervision and administration of the exploration and mining of the mineral resources throughout the country. Other relevant competent departments under the State Council shall assist the department in charge of geology and mineral resources under the State Council in supervising and administering the exploration and mining of the mineral resources.

The departments in charge of geology and mineral resources under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall be in charge of supervision and administration of the exploration and mining of the mineral resources within their respective administrative areas. Other relevant departments under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall assist the departments in charge of geology and mineral resources at the corresponding levels in supervising and administering the exploration and mining of the mineral resources.

Chapter II Registration for Exploration of Mineral Resources and Examination and Approval of Mining

Article 12 The State practises a unified regional registration system for exploration of mineral resources. The department in charge of geology and mineral resources under the State Council shall be responsible for the registration of exploration of mineral resources. The State Council may authorize other relevant competent departments to handle the registration of exploration of specified minerals. Measures for regional registration of exploration of mineral resources shall be formulated by the State Council.

Article 13 The department in charge of examination and approval of mineral reserves under the State Council or departments in charge of examination and approval of mineral reserves of provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for the examination and approval of the prospecting reports to be used for mining construction designing and shall, within the prescribed time limit, give official replies to the units that submitted the reports. Unless it is approved, a prospecting report may not be used as the basis for mining construction designing.

Article 14 Archives of mineral exploration results and statistical data of reserves of various minerals shall be subject to unified management, and shall be collected or compiled for submission in accordance with the regulations of the State Council.

Article 15 Anyone who wishes to establish a mining enterprise must meet the qualifications prescribed by the State, and the department in charge of examination and approval shall, in accordance with law and relevant State regulations examine the enterprise's mining area, its mining design or mining plan, production and technological conditions and safety and environmental protection measures. Only those that pass the examination shall be granted approval.

Article 16 Anyone who wishes to mine the following mineral resources shall be subject to examination and approval by the department in charge of geology and mineral resources under the State Council, which shall also issue a mining license:

- (1) those within the mining areas embraced in State plans or within the mining areas which are of great value to the national economy;
- (2) those outside the areas mentioned in the preceding sub-paragraph, and where the mineable mineral reserves are at least of a large quantity;
- (3) specified minerals of which protective mining is prescribed by the State;
- (4) those in the territorial seas and other sea areas under China's jurisdiction; and
- (5) other mineral resources as prescribed by the State Council.

The competent departments authorized by the State Council may conduct examination of and grant approval to mining of such specified minerals as oil, natural gas, radioactive minerals and issue mining licenses.

The mining of mineral resources that are not covered by the provisions of paragraphs 1 and 2 and the mineable reserves of which are of medium quantity shall be subject to examination and approval by the departments in charge of geology and mineral resources under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government, which shall issue mining licenses.

Measures for the administration of the mining of mineral resources not covered by the provisions of paragraphs 1, 2 and 3 shall be formulated by the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government according to law.

Where examination and approval are conducted and mining licenses are issued under the provisions of paragraph 3 and paragraph 4, the departments in charge of geology and mineral resources under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall collect the cases and submit them to the department in charge of geology and mineral resources under the State Council for the record.

The standards for large and medium quantities of mineral reserves shall be formulated by the department in charge of examination and approval of mineral reserves under the State Council.

Article 17 The State institutes a policy of planned mining with regard to mining areas that are embraced in State plans, mining areas that are of great value to the national economy and the specified minerals of which protective mining is prescribed by the State. Unless approved by the competent department under the State Council, no unit or individual may carry out such mining.

Article 18 After the limits for the mining areas that are embraced in State plans, the limits for mining areas that are of great value to the national economy, and the limits for mining areas of mining enterprises have been defined according to law, the competent departments

that defined the limits of the mining areas shall notify the relevant people's governments at the county level to announce them.

If a mining enterprise wishes to change the limits of its mining area, it must apply to the department that examined or approved of the limits for approval and apply to the department that issued the mining license for reissue of a mining license after verification.

Article 19 The local people's governments at various levels shall adopt measures to maintain normal order in the mining areas of State-owned mining enterprises and other mining enterprises within their respective administrative areas.

No unit or individual may enter and carry out mining in the mining areas of a State-owned mining enterprise or other mining enterprise that was established according to law.

Article 20 Unless approved by the competent departments authorized by the State Council, no one may mine mineral resources in the following places:

- (1) within delimited areas of harbours, airports and national defence projects or installations;
- (2) within a certain distance from important industrial districts, large-scale water conservancy works or municipal engineering installations of cities and towns;
- (3) within certain limits on both sides of railways and important highways;
- (4) within certain limits on both sides of important rivers and embankments;
- (5) nature reserves and important scenic spots designated by the State, major sites of immovable historical relics and places of historical interest and scenic beauty that are under State protection; and
- (6) other areas where mineral mining is prohibited by the State.

Article 21 If a mine is to be closed down, a report must be prepared with information about the mining operations, hidden dangers, land reclamation and utilization, and environmental protection, and an application for examination and approval must be filed in accordance with relevant State regulations.

Article 22 If, in the course of mineral exploration or mining, rare geological phenomena or ancient cultural remains of significant scientific and cultural value are discovered, they shall be protected and reported immediately to the relevant departments.

Chapter III Exploration of Mineral Resources

Article 23 Regional geological surveys shall be carried out in accordance with the unified State plan. Reports on regional geological surveys and the appended maps and other data shall be examined for acceptance in accordance with State regulations and then provided to relevant departments for use.

Article 24 In conducting a general survey of mineral resources, after completing survey of the major minerals, a preliminary comprehensive assessment shall be made of the minerogenetic conditions involving all paragenetic or associated minerals and of the industrial perspective of the mineral deposits in the area being surveyed.

Article 25 In prospecting for mineral deposits, a comprehensive assessment of the paragenetic and associated minerals of commercial value within the mining area must be made and their reserves calculated. Any prospecting report without such comprehensive assessment shall not be approved. However, an exception shall be made of those mineral deposits for which the planning department under the State Council has made other stipulations.

Article 26 In conducting general surveys and prospecting for special fragile nonmetallic minerals, fluid minerals, combustible, explosive and soluble minerals and minerals containing radioactive elements, methods prescribed by the relevant departments under the people's governments at or above the provincial level must be used, and necessary technical installations must be provided and safety measures applied.

Article 27 The original geological record, maps and other data of mineral exploration, rock cores, test samples, specimens of other material objects, and various exploration marks shall be protected and preserved in accordance with relevant regulations.

Article 28 Prospecting reports on mineral deposits and other valuable exploration data shall be provided for use with compensation in accordance with the regulations of the State Council.

Chapter IV Mining of Mineral Resources

Article 29 In mining mineral resources, a mining enterprise must adopt rational mining sequence and methods and proper ore-dressing technique. It shall see to it that the recovery rate and impoverishment rate in mining and recovery rate in ore-dressing meet the design requirements.

Article 30 While mining major minerals, a mining enterprise shall, in accordance with a unified plan, carry out comprehensive mining and utilization of paragenetic and associated minerals that are of industrial value, so as to avoid waste. It shall adopt effective protective measures to avoid loss and damage to ores that cannot be mined in a comprehensive way or that must be mined simultaneously but cannot be comprehensively utilized for the time being, and to tailings containing useful components.

Article 31 In mining mineral resources, a mining enterprise or individual must abide by State regulations regarding labour, safety and health and have the necessary conditions to ensure safety in production.

Article 32 In mining mineral resources, a mining enterprise or individual must observe the legal provisions on environmental protection to prevent pollution of the environment.

In mining mineral resources, a mining enterprise or individual must economize on the use of land. In case cultivated land, grassland or forest land is damaged due to mining, the mining enterprise concerned shall take measures to utilize the land affected, such as by reclamation, tree and grass planting, as appropriate to the local conditions.

Anyone who, in mining mineral resources, causes losses to the production and well-being of other persons shall be liable for compensation and shall adopt necessary remedial measures.

Article 33 Before the construction of railways, factories, reservoirs, oil pipelines, transmission lines and various large structures or architectural complexes, the units

responsible for the construction must obtain information from the departments in charge of geology and mineral resources under the local people's governments of provinces, autonomous regions, or municipalities directly under the Central government about the geographical distribution and mining of the mineral resources in the areas where the construction projects are to be built. Those projects shall not be constructed over important mineral deposits unless approved by departments authorized by the State Council.

Article 34 Mineral products to be purchased exclusively by designated units, as prescribed by the State Council, may not be purchased by any other units or individuals; mining enterprises and individuals shall not sell their products to non-designated units.

Chapter V Collectively-owned Mining Enterprises and Privately-owned Mining Undertakings

Article 35 The State applies the principles of vigorous support, rational planning, correct guidance and effective administration with regard to collectively-owned mining enterprises and privately-owned mining undertakings. It encourages collectively-owned mining enterprises to mine mineral resources within the areas designated by the State, and permits individuals to mine scattered and dispersed mineral resources, as well as sand, stone and clay that can only be used as ordinary building materials, and small amounts of minerals for their own use in daily life.

Mineral resources that are suited to mining by mining enterprises in terms of the quantity of reserves, specified minerals of which protective mining is prescribed by the State, and other mineral resources of which mining by individuals is prohibited by the State shall not be mined by individuals.

The State provides guidance and assistance to collectively-owned mining enterprises and privately-owned mining undertakings in unceasingly raising their technical level and in increasing utilization rate of the mineral resources and the economic results.

Departments in charge of geology and mineral resources, geological units and State-owned mining enterprises shall, on the principles of vigorous support and mutual benefit, provide, with compensation, geological data and technical services to collectively-owned mining enterprises and privately-owned mining undertakings.

Article 36 Existing collectively-owned mining enterprises, located within the mining area of a mining enterprise to be established with the approval of the State Council or the relevant competent departments under the State Council, shall be closed down or shall conduct mining in other designated areas. The unit that undertakes to open the mine shall give rational compensation to the said collectively-owned mining enterprises and make appropriate arrangements for the masses involved. Or else, according to its overall arrangement, the mining enterprise may also enter into joint operation with the said collectively-owned mining enterprises.

Article 37 Collectively-owned mining enterprises and privately-owned mining undertakings shall raise their technical level and increase the recovery rate of the mineral resources. Unauthorized and wasteful mining, which is destructive to mineral resources, shall be prohibited.

Collectively-owned mining enterprises must survey and draw maps showing the correlation between surface and underground workings.

Article 38 People's governments at or above the county level shall provide guidance and assistance to collectively-owned mining enterprises and privately-owned mining undertakings in carrying out technological updating, improving business management and ensuring safety in production.

Chapter VI Legal Liabilities

Article 39 If a person, in violation of the provisions of this Law, mines without a mining license, enters and mines without authorization in a mining area that is embraced in State plan or a mining area that is of great value to the development of the national economy or mines without authorization specified minerals of which protective mining is prescribed by the State, he shall be ordered to stop mining, compensate for the losses caused, and his mineral products and unlawful proceeds shall be confiscated, and he may also be fined. If he refuses to stop mining and thus causes damage to the mineral resources, the persons who are directly responsible shall be investigated for criminal responsibility in accordance with the provisions of Article 156 of the Criminal Law.

Any units or individuals who enter and mine in the mining areas of State-owned mining enterprises and other mining enterprises established by others in accordance with law shall be punished in accordance with the provisions of the preceding paragraph.

Article 40 If a person mines beyond the approved limits of his mining area, he shall be ordered to return to and mine in his own area and compensate for the losses caused, and the mineral products extracted outside his area and his unlawful proceeds shall be confiscated, and he may also be fined. If he refuses to return to his own mining area and causes damage to the mineral resources, his mining license shall be revoked and the persons directly responsible shall be investigated for criminal responsibility in accordance with the provisions of Article 156 of the Criminal Law.

Article 41 If a person steals or plunders mineral products or other property of mining enterprises or exploration units, damages mining or exploration facilities, or disrupts order in production and other work in mining areas or areas under exploration, he shall be investigated for criminal responsibility in accordance with relevant provisions of the Criminal Law; if the case is obviously minor, he shall be punished in accordance with relevant provisions of the Regulations on Administrative Penalties for Public Security.

Article 42 If a person purchases, sells or leases mineral resources or transfers them by other means, his unlawful proceeds shall be confiscated and he shall be fined.

If a person, in violation of the provisions of Article 6 of this Law, profiteers in exploration right or mining right, his exploration or mining license shall be revoked and his unlawful proceeds confiscated, and he shall be fined.

Article 43 If a person, in violation of the provisions of this Law, purchases or sells mineral products which are to be purchased exclusively by the State, such products and his unlawful proceeds shall be confiscated, and he may also be fined. If the case is serious, criminal responsibility shall be investigated in accordance with the provisions of Articles 117 and 118 of the Criminal Law.

Article 44 If a person, in violation of the provisions of this Law, mines mineral resources in a destructive way, he shall be fined and his mining license may be revoked; if serious damage is caused to the mineral resources, the person who are directly responsible shall be

investigated for criminal responsibility in accordance with the provisions of Article 156 of the Criminal Law.

Article 45 The administrative penalties prescribed in Articles 39, 40 and 42 of this Law shall be meted out by the department in charge of geology and mineral resources under the people's government at or above the county level in accordance with the limits of authority stipulated by the department in charge of geology and mineral resources under the State Council. The administrative penalties prescribed in Article 43 shall be meted out by the administrative department for industry and commerce under the people's government at or above the county level. The administrative penalties prescribed in Article 44 shall be meted out by the department in charge of geology and mineral resources under the people's government of a province, autonomous region or municipality directly under the Central Government. The punishment of revoking the exploration or mining license shall be decided by the department that issued such licenses.

If a department fails to impose administrative penalties that should be imposed in accordance with the provisions of Article 39, 40, 42 or 44, the department in charge of geology and mineral resources under the people's government at a higher level shall have the authority to order a correction of such failure or impose the relevant administrative penalties directly by itself.

Article 46 If a party refuses to accept the decision on administrative penalty, it may, in accordance with law, apply for reconsideration or file a suit with the People's Court directly.

If a party, within the time limit neither applies for reconsideration nor files a suit with the People's Court, or complies with the decision on punishment, the department that made the decision shall request the People's Court to enforce the decision.

Article 47 State functionaries in charge of supervision and administration of exploration and mining of mineral resources or other relevant State functionaries who commit malpractices for personal gain, abuse their power or neglect their duties, approve exploration and mining of mineral resources or issue exploration or mining licenses, in violation of this Law, or does not stop illegal mining activities and punish illegal miners, which constitutes a crime, shall be investigated for criminal responsibility; if their acts do not constitute a crime, administrative penalties shall be given. The department in charge of geology and mineral resources under the people's government at a higher level shall have the authority to revoke the exploration and mining licenses illegally issued.

Article 48 If anyone resorts to violence or intimidation when obstructing State functionaries engaged in supervision and administration of exploration and mining of mineral resources from performing their duties according to law, he shall be investigated for criminal responsibility in accordance with the provisions of Article 157 of the Criminal Law. If he does not resort to violence or intimidation when obstructing State functionaries engaged in supervision and administration of exploration and mining of mineral resources from performing their duties according to law, he shall be punished in accordance with relevant provisions of the Regulations on Administrative Penalties for Public Security.

Article 49 Disputes over the limits of mining areas between mining enterprises shall be settled by the parties involved through consultation; if consultation fails, the relevant local people's government at or above the county level shall handle the matter on the basis of the limits that are verified and fixed according to law. Disputes over the limits of mining areas

that straddle provinces, autonomous regions, or municipalities directly under the Central Government shall be settled by the people's governments of the relevant provinces, autonomous regions or municipalities directly under the Central Government through consultation. If consultation fails, the disputes shall be settled by the State Council.

Chapter VII Supplementary Provisions

Article 50 Where laws or administrative rules and regulations provide otherwise on foreign-funded exploration and mining of mineral resources, such provisions shall prevail.

Article 51 Before this Law goes into effect, anyone who mined mineral resources without going through approval procedures, without having the mining area delimited and without obtaining a mining license shall apply for completion of the formalities in accordance with relevant provisions of this Law.

Article 52 Specific rules for the implementation of this Law shall be formulated by the State Council.

Article 53 This Law shall go into effect on October 1, 1986.