

The State Law and Order Restoration Council
The Myanmar Mines Law
(The State Law and Order Restoration Council Law No 8/94)
The 2nd Waxing of Tawthalin, 1356 ME
(6th September, 1994)

The State Law and Order Restoration Council hereby enacts the following Law :

CHAPTER I

TITLE AND DEFINITION

1. This Law shall be called the Myanmar Mines Law.
2. The following expression contained in this Law shall have the meanings given hereunder :
 - a. Mine Means place, excavation or worksite where mining is carried on or various operations, building, land, machinery and equipment connected with mining or mineral processing at any place contiguous to such place of mining, excavation or worksite. The said expression also includes quarries where industrial mineral and stone are mined ;
 - b. Mineral means gemstone, metallic mineral, industrial mineral and stone obtained from the earth by mining or by any other operation ;
 - c. Gemstone means ruby, sapphire, jade, diamond, spinel, peridot, chrysoberyl, tourmaline, danburite, aquamarine, zircon, topaz, phenakite, garnet, moonstone, iolite, apatite, epidote, lapislazuli, diopside, amber, fluorspar, nephrite, or stones of gem quality of the quartz group, which has not been processed. The said expression also includes substances which may be declared by Ministry by notification with the approval of the Government from time to time to be gemstone ;
 - d. Metallic Mineral means gold, silver, platinum, indium, osmium, palladium, ruthenium, rhodium, tantalum, columbium, niobium, uranium, thorium, iron, zinc, copper, lead, tin, tungsten, nickel, antimony, aluminium, niobium, uranium, thorium, iron, zinc, copper, lead, tin, tungsten, nickel, antimony, aluminium, arsenic, bismuth, cadmium, chromium, cobalt, or manganese. The said expression also includes substances which may be declared by the Ministry by notification with the approval of the Government from time to time to be an industrial mineral ;
 - e. Industrial Mineral means coal, limestone, gypsum, baryte, graphite, manganese dioxide, dolomite, fluorite, fire clay, ball clay, industrial clay, feldspar, magnesite, red ochre, yellow ochre, soap stone, bentonite, asbestos, zinc carbonate, muscovite, or biotite. The said expression also includes substances which may be declared by the Ministry by notification with the approval of the Government from time to time to be an industrial mineral ;
 - f. Stone means limestone, quartz, granite, marble, pegmatite, or gneiss that are of the quality to produce decorative stone. The said expression also includes substances which may be declared by the Ministry by notification with the approval of the Government from time to time to be stone of decorative stone quality, but does not include stones which are not of the decorative stone quality and are usually used for road making ;
 - g. Permit means a permit issued under this Law for the purpose of mineral prospecting, exploration or production issued separately or as an integrated permit ;
 - h. Mineral Prospecting means searching for minerals and mineral deposits. The said expression also includes the process of testing mineral bearing qualities of the land.
 - i. Mineral Exploration means defining and gaining knowledge of the size, shape, location, quality and quantity of a mineral deposit ;
 - j. Mineral Production means all stages of operation for obtaining minerals. The said expression also includes any or all stages of mining and mineral processing activity.
 - k. Large Scale Production means commercial production of mineral which requires substantial investment and expenditure or special technical know-how and methods ;
 - l. Small Scale Production means commercial production of mineral which does not require substantial investment and expenditure or special technical know-how and methods ;
 - m. Subsistence Production means production of mineral using ordinary handtools ;
 - n. Mineral Processing means the beneficiation of ore or mineral to improve their grade or their value. The said expression includes operation of mineral dressing, concentration, smelting, refining to obtain mineral concentrates and refined metals and cutting, polishing of raw gemstones to obtain finished products, but does not include cutting, polishing of raw gemstones on a small scale prescribed by the Ministry by notification with the approval of the Government from time to time ;
 - o. Ministry means the Ministry of Mines ;
 - p. Department means the Planning and Work Inspection Department of the Ministry of Mines ;
 - q. Director General means the Director General of the Planning and Work Inspection Department of the Ministry of Mines.

CHAPTER II

OBJECTIVES

3. The objectives of this Law are as follows :
 - a. to implement the Mineral Resources Policy of the Government ;
 - b. to fulfil the domestic requirements and to increase export by producing more mineral products ;
 - c. to promote development of local and foreign investment in respect of mineral resources ;
 - d. to supervise, scrutinize and approve applications submitted by person or organization desirous of conducting mineral prospecting, exploration or production ;
 - e. to carry out for the development of, conservation, utilization and research works of mineral resources ;
 - f. to protect the environmental conservation works that may have detrimental effects due to mining operation.

CHAPTER III

APPLICATION AND GRANTING OF PERMIT

4. A person or organization, desirous of carrying out any of the following operations shall apply to the Ministry in accordance with the stipulations for obtaining a permit :
 - a. prospecting, exploration, large scale production or small scale production of gemstone ;
 - b. prospecting, exploration, large scale production or small scale production of metallic mineral ;
 - c. large scale production of industrial minerals ;
 - d. large scale production of stones.
5. A person or organization, desirous of carrying out any of the following operations shall apply to the Department in accordance with the stipulations for a permit :
 - a. prospecting, exploration, or small scale production of industrial mineral,
 - b. prospecting, exploration, or small scale production of stone.
6. A person or organization, desirous of carrying out subsistence production of gemstone, metallic mineral, industrial mineral or stone, prescribed in the notification by the Ministry shall apply to the respective Mining Enterprise or to the officer authorized by the Ministry in accordance with the stipulations for obtaining a permit.
7. The Ministry may, with the approval of the Government, grant permit for any of the following operations.

- a. prospecting, exploration, large scale production or small scale production of gemstone, metallic mineral, industrial mineral or stone involving foreign investment.
 - b. prospecting, exploration, large scale production or small scale production of gemstone with local investment.
 - c. prospecting, exploration, large scale production or small scale production of metallic mineral with local investment.
8. The Ministry may grant permit for the following operations :
- a. large scale production of industrial mineral or stone with local investment :
 - b. integrated prospecting, exploration, large scale production or small scale production of industrial mineral or stone with local investment.
9. The Department may, with the approval of the Ministry, grant permit for any of the following operations :
- a. prospecting, exploration or small scale production of industrial mineral with local investment ;
 - b. prospecting, exploration or small scale production of stone with local investment.
10. The respective Mining Enterprise or the officer authorized by the Ministry may issue permit in respect of subsistence production of gemstone, metallic mineral or stone, specified in the notification by the Ministry.
11. The Ministry shall determine the classification of large scale production, small scale production or subsistence production as defined in sub-section (k), (l), (m) of section 2.

CHAPTER IV

DUTIES OF THE HOLDER OF PERMIT

12. The holder of permit shall :
- a. abide by the provisions of this Law, rules, orders and directives made thereunder ;
 - b. abide by the conditions contained in the permit ;
 - c. pay rent for the land related to the permit calculated in accordance with the rates prescribed by the rules made under this Law ;
 - d. pay rent for the land for each permit separately ;
 - e. pay security deposit or advance payment or both security deposit and advance payment ;
 - f. pay prescribed royalty and other fees payable under this Law either in Myanmar currency or foreign currency, or both Myanmar and foreign currencies.
13. The holder of permit shall comply with the rules prescribed under this Law in respect of the following matters :
- a. appointment of mine personnel and workers, assignment of work, prescribing of age, wages, salaries and other fees ;
 - b. fixing of working days and working hours for the above and under ground workers in a mine ;
 - c. making provisions for safety and the prevention of accidents in a mine and their implementation ;
 - d. making and implementation of plans relating to the welfare, health, sanitation and discipline of personnel and workers in a mine ;
 - e. making provision for the environmental conservation works that may have detrimental effects due to mining operation ;
 - f. reporting of accidents, loss of life and bodily injury received due to such accidents in the mine ;
 - g. submission to the inspection of the Chief Inspector and inspectors.

CHAPTER V

RIGHT OF UTILIZATION OF LAND AND WATER FOR MINERAL PRODUCTION

14. The holder of permit for mineral production within an area under the Ministry's administrative control or which does not lie within the Mineral Reserve Area or Gemstone Tract, shall carry out such production only after co-ordinating and receiving agreement from the individual or organization having the right of cultivation, right of possession, right of use and occupancy, beneficial enjoyment, right of succession or transfer of the said land.
15. If, in the interest of the State, it is necessary to acquire the land where mineral production could be undertaken on commercial scale, the Ministry shall co-ordinate with the relevant Ministry for the acquisition of such land in accordance with the existing Law.
16. If the holder of mineral production permit requires the use of public water for mineral production he shall first and foremost inform the Department of such requirement in accordance with the prescribed manner.
17. If the Department, after scrutinizing the requirement submitted under section 16 finds that the use of public water is really necessary for the holder of mineral production permit, it shall co-ordinate with the relevant government department and organization for obtaining permission to use water in accordance with the existing Law.

CHAPTER VI

ROYALTY

18. The holder of mineral production permit shall pay royalty on the mineral sold when the sale is affected on the mineral produced by him within the rates mentioned below as determined by the Ministry :
- a. for gemstone at the rate of 5% to 7.5% ;
 - b. for gold, silver, platinum, iridium, osmium, palladium, ruthenium, rhodium, tantalum, columbium, niobium, uranium, thorium and other precious metallic minerals that the Ministry may, with the approval of the Government prescribe and publish by notification from time to time at the rate of 4% to 5%.
 - c. for iron, zinc, copper, lead, tin, tungsten, nickel, antimony, aluminium, arsenic, bismuth, cadmium, chromium, cobalt, manganese and other metallic mineral that the Ministry may, with the approval of the Government prescribe and publish by notification from time to time at the rate of 3% to 4% ;
 - d. for industrial mineral or stone at the rate of 1% to 3%.
19. When calculating the value of mineral sold under section 18, the Department shall calculate in the prescribed manner based upon the prevailing international price of that mineral at the time of the sale.
20. The Ministry may
- a. prescribe by notification from time to time, royalty to be paid for the mineral obtained from mineral prospecting or mineral exploration ;
 - b. exempt in whole or in part, any royalty payable on any mineral by the holder of a permit for such period as may be determined with a view of promoting production of mineral ;
 - c. exempt payment of royalty, on mineral samples obtained by the government department concerned or government or organization for the purpose of assay analysis or other examinations ;
 - d. defer payment of royalty due for such period it may determine ;
 - e. assess provisional royalty during the period where for any reason it is impracticable to assess the exact amount of the royalty due.

CHAPTER VII

DESIGNATION OF MINERAL RESERVE AREA AND GEMSTONE TRACT

21. The Ministry :
- a. may designate an area where mineral can be produced on commercial scale as Mineral Reserve Area by notification with the approval of the Government ;
 - b. shall, before designating any area as Mineral Reserve Area, declare in the manner prescribed, which area is intended to be declared as such ;

- c. shall, in designating the Mineral Reserve Area, from and assign duties to a committee consisting of skilled personnel with the Director General as the head of the Committee to inquire into the affected rights of the public in the relevant area and to enable them to receive reasonable rights and benefits and to carry out the demarcation of the Mineral Reserve Area ;
- d. if desirous of designating land under the administration of any government department or any organization as the Mineral Reserve Area under sub-section (a), shall do so after co-ordination with the relevant government department or organization ;
- e. if desirous of designating Area under sub-section (a) any land in which an individual or an organization had the right of cultivation, right of possession, right of use and occupancy beneficial the relevant Ministry for acquiring land in accordance with the existing Law.

22. The Ministry :

- a. may, when information is received of the existence of gemstone for production on a commercial scale or the area where such gemstone is discovered, designate such area as Gemstone Tract by notification with the approval of the Government ;
- b. shall form and assign duties to a committee consisting of skilled personnel with the Director General as the head of the committee to inquire into the affected rights of the public in the area already designated as Gemstone Tract and to enable them to receive reasonable rights and benefits and to carry out the demarcation of the Gemstone Tract.

23. The Ministry may, with the approval of the Government, cause the whole or a portion of the Mineral Reserve Area or Gemstone Tract, for the revision of the demarcation or cessation thereof.

24. All naturally occurring minerals found either on or under the oil of any land, in which an individual or an organization had the right of cultivation, right of possession, right of use and occupancy, beneficial enjoyment, right of succession or transfer or all naturally occurring minerals found in the Continental Shelf shall under the existing law be deemed to be owned by the State.

CHAPTER VIII

DUTIES OF THE CHIEF INSPECTOR

25. The Director General shall be the Chief Inspector for the purpose of this Law.

26. The duties of the Chief Inspector are as follows :

- a. inspecting in order to ascertain as to whether or not the provisions of this Law and the rules, orders and directives made thereunder are observed and conditions contained in the licence are complied with by the holders of licence.
- b. inspecting the health, sanitation, safety, prevention of accident, welfare, disciplinary measures of the personnel and workers in the mine ;
- c. determining the duties of the inspectors and supervising the same ;
- d. carrying out the duties as may be assigned from time to time by the Ministry.

27. The Chief Inspector may :

- a. assign any suitable officer from the Department as an inspector for the purpose of this Law ;
- b. delegate his powers to the inspectors.

CHAPTER IX

TAKING OF ACTION BY ADMINISTRATIVE MEANS

28. If the holder of permit or a person managing on his behalf or any of the worker fails to comply with any of the orders or directives made under this Law, or contravenes any of the terms of the permit, the person issuing the permit may pass any of the following administrative orders : -

- a. suspending all or portion of the operations carried out under the permit ;
- b. allowing continuation of the operation, after causing the payment of fine ;
- c. cancelling the permit ;
- d. cancelling the permit and confiscating the security deposit and the advance, payment and also causing the payment of fine in addition, if deemed necessary.

CHAPTER X

ISSUE OF PROHIBITION

29. The Ministry may with the approval of the Government issue prohibitions in respect of purchasing obtaining, storing, possessing, transporting, selling, transferring of any mineral obtained from mineral production.

CHAPTER XI

OFFENCES AND PENALTIES

30. Whoever carries out any of the following operations without the permit issued under this Law shall, on conviction be punished with imprisonment for a term which may extend to 7 years or with both :

- a. prospecting exploration or production of gemstone ;
- b. prospecting exploration or production of metallic mineral ;
- c. prospecting, exploration or production of industrial mineral ;
- d. prospecting, exploration or production of stone.

31. Whoever violates any of the prohibitions prescribed under section 29 shall, on conviction be punished with imprisonment for a term which may extend to 3 years or with fine which may extend to Kyats 20,000 or with both.

32. The holder of a permit who violates any of the rules relating to section 13 shall, on conviction be punished with imprisonment for a term which may extend to 1 year or with fine which may extend to Kyats 10,000 or with both.

33. Whoever trespasses the Mineral Reserve Area or Gemstone Tract demarcated under this Law without permission shall on conviction be punished with imprisonment for a term which may extend to 6 months or with fine which may extend to Kyats 5,000 or with both.

34. The Court shall in respect of any legal proceeding instituted under section 30 or section 31, if found guilty, enforce punishment for the relevant offence, and in addition

- a. shall pass an order for confiscation of the mineral involved in the offence ;
- b. may pass an order for confiscation of the vehicle, animal and, other machinery, tools and implements used in commission of the offence.

CHAPTER XII

MISCELLANEOUS

35. The licence or permit granted under any of the existing laws before the enactment of this Law, for prospecting, exploration or production of minerals shall be valid until the date of expiry.

36. The existing Gemstone Tracts designated by notification before the promulgation of this Law shall be deemed to be Gemstone Tract designated by this Law.

37. If exhibit relating to any legal proceeding instituted under this Law cannot be produced easily before the court, such exhibit need not be produced before the court, but the report or other relevant documentary evidence as to the manner of custody of the same may be submitted. Such submission shall be deemed as if it were submission of the exhibit before the court and the relevant court may dispose of the same in accordance with the law.

38. The rules, regulations, orders and directives issued under the laws repealed by this Law may continue to be complied so far as they are not inconsistent with the provisions of this Law.

39. For the purpose of carrying out the provisions of this Law

- a. the Ministry may with the approval of the Government issue such rules and procedures as may be necessary ;
- b. the Ministry or the Department may issue such orders and directives as may be necessary.

40. The following laws are hereby repealed -

- a. The Upper Myanmar Ruby Regulation, 1887,
- b. The Mines Act, 1923,
- c. The Union of Myanmar Mines and Minerals Act, 1961.

(Sd) Than Shwe

Senior General

Chairman

The State Law and Order Restoration Council

THE GOVERNMENT OF THE UNION OF MYANMAR

MINISTRY OF MINES

SECOND ROUND INVITATION FOR BIDS TO CONDUCT MINERAL

PROSPECTING, MINERAL EXPLORATION AND

FEASIBILITY STUDY IN MYANMAR.

1. Ministry of Mine's after conclusion of contracts for First Round Bids is desirous of expanding its activities in developing the gold and copper, lead and zinc mineral resources in Myanmar and have therefore decided to open up further opportunities to foreign companies to conduct prospecting and exploration activities in Myanmar.
2. Ministry of Mine's is pleased to invite Sealed Bids for mineral prospecting and exploration operations in Myanmar for the blocks shown on the map in Annexure "A", located in Myanmar.
3. All interested parties are cordially invited to submit sealed bids and have discussion on relevant matters regarding the mineral prospecting and exploration before submitting the bids. Sealed bids in five copies are to be submitted and should be addressed to the Minister, Ministry of Mines, Kanbe, Yankin, Yangon, Union of Myanmar not later than (16 : 00) hrs, local time on 31st December, 1995. Summary of the general terms and conditions, instructions and information for bidders are enclosed with this document.
4. Exploration and Mining Companies may bid for one of the blocks or up to three blocks shown on the map.
5. Your bids shall include, but not limited to the points mentioned in Annexure "B". Content of bid submitted, technical and financial competency and if necessary other factors considered of importance to the Government of the Union of Myanmar will be taken into consideration in the final award. General Terms and Conditions preferred by the Ministry of Mines are mentioned in Annexure "C".
6. The Ministry of Mine's reserves the right to reject the bid which does not meet the conditions required.
7. The Ministry of Mine's decision on awarding the contract to the winner shall be final and is not subject to further discussions.

U Myint Thein

Deputy Minister

Ministry of Mines

ANNEXURE "B"

INVITATION TO BID

INSTRUCTIONS AND INFORMATION FOR BIDDERS

1. General Instructions

These instructions are intended to serve as a guide in the preparation of bids for the blocks mentioned in Annexure "A".

With the submission of a bid the bidder acknowledges that he has carefully examined in detail all the bid information.

2. Bidder's Qualifications

All prospective bidders shall -

1. be a Firm or Company and must submit its registered name, address and place of business incorporation, and if there is a share capital, particulars of its authorised and paid-up capital.
2. submit experience and past performance for similar work giving details of any mineral rights held in own country or other countries within the preceeding four years.
3. submit a statement giving particulars of the financial, technical resources available to the bidder together with the latest report of the directors, balance sheet and profit and loss account of the Firm or Company.
4. Submit a programme of proposed work covering the Mineral Prospecting, Mineral Exploration, and Feasibility Study indicating methods of prospecting and exploration to be applied, number of experts and technicians that would be engaged, kinds of equipment that would be brought in, stages of works and estimated time for each stage etc.

3. Preparation of Bid

The Bidder shall mention the mineral or minerals and the block or blocks, for which the permit is sought:

Separate bidding should be submitted for each block and must mention whether the bid is only for prospecting of minerals or for both prospecting, exploration of minerals and feasibility study.

The Bidder shall submit a proposed programme for prospecting or if the bid is for both prospecting, exploration and feasibility study proposed programme for prospecting, exploration and feasibility study together with "Minimum expenditure commitment" in United States Dollars per square kilometer for Mineral Prospecting, Mineral Exploration and estimated expenditure for Feasibility Study. Minimum expenditure commitment will be one of the major factors for consideration of selection of bids. "Dead Rent" proposed for each stage of operation will be another important factor that will be considered. Rate of Dead Rent proposed for various stages of activities after the initial stage shall be at increased rates for each stage of activity.

Mention the proposed "Security Deposit" or Performance Bank Guarantee in United States Dollars for the due performance of the contract for each stage of operation if the contract is signed.

The Bidder shall also mention the prospecting and or exploration "Bonus" that the bidder propose to give after signing of the Contract. The bonus or bonuses proposed must be competitive.

General Terms and Conditions preferred by the Ministry of Mines are mentioned in Annexure "C". The bidder may propose the best form of Joint Venture which will be competitive.

Use Myanmar personnel from Department and Enterprises under the Ministry of Mines for the prospecting, explorations and feasibility study operations wherever possible and give particulars regarding their training.

Include any other matter which the bidder wishes the Minister to consider.

Bids and all supporting documents shall be submitted in English. An original and four copies shall be submitted. Bidder may reproduce additional copies as required for their own use. The copy marked original shall be given precedence and shall govern should there be any difference between the copies. The bid forms are to be type written. Bidders may attach supplemental information with their bids as appropriate. The bidder shall sign and print or type his name on the forms.

Bids submitted by an agent are to be accompanied by evidence of his authority to bid for his principal.

Exploration and Mining Companies may bid for one of the blocks or up to three blocks shown on the map. Separate bid should be submitted for each block.

4. Currency of Bid

Currency shall be in U.S. dollars.

5. Modifications or Withdrawal of Bids

No bid can be modified, corrected after submission or withdrawn after the deadline set for receipt of bids.

6. General

Obligation during Prospecting and Exploration.

- a. Conduct prospecting and exploration within the permit area or areas.
- b. Meet annual work and expenditure requirement.
- c. Pay relevant fees.
- d. Observe good prospecting and exploration practices.
- e. Compensate legitimate land uses for any disturbance or damage.
- f. Keep records and submit information or report to the Department / Enterprise concerned.
- g. Respect environmental protection obligation.

Bidder shall all expenses in the preparation and delivery of the bids. No claim will be entertained for the refund of such expenses.

Ministry of mines reserves the right to reject a bid which does not meet the conditions required.

Ministry of mines decision on awarding the contract to the winner shall be final and is not subject to further discussions.

7. Selection of Bid and Entering into Contract

Bidders selected shall enter into negotiation for signing of contract with the Enterprise or Department concerned under the Ministry of Mines.

Agreed draft contract will then be initialed and sent to the Attorney General's office for comment.

After getting the attorney General's comment and renegotiation if any, the negotiated contract will be sent to the Myanmar Investment Commission for approval.

Agreement for Mineral Prospecting, Mineral Exploration and Feasibility Study as the case may be, will be signed after getting the Government's approval and relevant permit will be issued.

A firm or Company which has been awarded the Contract, shall have a registered Branch Office in the Union of Myanmar or be incorporated in Myanmar under the Myanmar Companies Act.

During the prospecting, exploration and feasibility study stage all expenses incurred shall be borne by the Company.

Technical papers on the Geology of the intended block or blocks will be made available on request to the Director General, Department of Geological Survey and Mineral Exploration, 90 Kanbe Road, Yankin, Yangon, Telex No. 21511 MCTWO BM, Fax Nos. 095-01-57455 or 095-01-57309 and appointment could be made to discuss with the Department's Geologists. We shall be pleased to answer any queries that you may have before the closing date of the bid.

ANNEXURE "C"

GENERAL TERMS AND CONDITIONS PREFERRED BY MINISTRY OF MINES FOR MINERAL PROSPECTING, MINERAL EXPLORATION AND FEASIBILITY STUDY IN THE UNION OF MYANMAR

BLOCK

As shown on the attached map.

TYPE OF AGREEMENT

Agreement for Mineral Prospecting, and Mineral Exploration and Feasibility Study.

TERMS

Prospecting Period -

Maximum two years. At the end of one year prospecting period, the company shall appraise and evaluate the data obtained and may in its absolute discretion withdraw from the contract without incurring further costs, if all the obligations were complied with.

If at any time during the prospecting period the company discovers minerals in the contract area and decide to proceed with exploration thereof, it shall advise the Ministry to such effect, and apply for exploration permit if the original permit is only for prospecting.

Relinquishment -

Shall relinquish a minimum of 25% of the contract area if the company decide to conduct exploration operation.

Exploration Period -

Initial term one year.

At the end of the exploration period, the company shall appraise and evaluate the data obtained and may in its absolute discretion :

- a. withdraw from the contract without incurring further costs, if all the obligations were complied with, or
- b. may conduct Feasibility Study for any part of the area based upon the encouraging results achieved during the exploration period.

Extension Period -

One year x 2 times.

In principle the Government would only grant extension of exploration period to the Company if the Company has satisfactorily performed its exploration work.

Mandatory Relinquishment -

End of Initial one year term of exploration period, a minimum of further 50% of the remaining area must be relinquished. This retaining 25% of the original area at the start of 2nd year of extension for exploration. After the 2nd year of extension for exploration another 50% of the remaining area must be relinquished ; thus a maximum of 12.5% of the original area will be left for further operation. The relinquished areas must be contiguous. It is conceivable that unconnected areas within the original contract area be the subject of exploitation activities. In the event, if there being more than one area selected for exploitation in the operation stage, which is not contiguous, Company shall show sufficient cause why it should be permitted to work in unconnected areas. The areas selected shall so far as reasonably possible, be, of sufficient size and shape to enable mining operations to be conducted thereon.

Feasibility Study period -

One year.

Development and Production Period -

15 years, if Joint Venture agreement is signed. It may be extended by mutual consent. For production of gold, all gold produced from the contract area must be first offered to the Government with the selling price based on the L.M.B. quotation. In the event that London Gold Market cease to be a suitable reference for pricing, the Government and the Company shall consult together to agree on an acceptable method of determining the price. If it is not purchased by the Government the metal can then be sold freely by the Company.

Cost Recovery -

Company shall provide all funds required to conduct the prospecting, mineral exploration and feasibility study as the case may be. Cost Recovery will be permitted if Joint Venture Agreement for Development and production is signed. No compensation will however be paid by the Government if the company decides not to proceed with exploration work in the case of holder of a prospecting permit and feasibility study and development in the case of holder of an exploration permit. Prospecting, Exploration and Feasibility Study cost recovery will be permitted during the first five years of the production period to the extent of 25% of the total revenue per quarter in any one year.

A proper accounting procedure shall be followed during each period. If the expenses recoverable could not be recovered during the period permitted, the excess shall be carried forward for

recovery in the next succeeding quarter and in each succeeding quarter thereafter until fully recovered, but in no case after termination of the contract.

Equity Share or Production Sharing Joint Venture-

If Joint Venture Contract with equity share is signed for production of the mineral the Government shall own not less than 50% of the total share capital.

The bidder shall propose starting with a minimum of 15% free equity to the Government. The bidder may also propose how the remainder of the Government share capital and its own shall be contributed.

If a Production Sharing type of Agreement is signed sharing shall be 50 : 50 of the nett profit after cost recovery for exploration, investment for development and operating costs. However cost recovery will be limited to a maximum of 80% of the total revenue in a year.

Profit Sharing -

- a. For Joint Venture Contract with equity share, Profit sharing shall be according to the equity share contribution. However if the Government has not fully paid up for shares in the Joint Venture Company at the time the company commences its operation, Government shall nonetheless be entitled to full privileges as if it had paid up in full at that time. The bidder may also propose profit sharing percentage more than the percentage of equity capital which will be treated as premium in competitive bidding.
- b. For Productions Sharing type of Agreement, Sharing may be in kind or in cash after cost recovery as permitted under the Accounting Procedure.

Bonus -

Company shall propose how much bonus will be given at the prospecting stage if the permit sought is only for mineral prospecting and if it is a combined permit for prospecting and exploration how much will be given at the prospecting stage and how much at the exploration stage.

TAXES AND OTHER PAYMENT

Royalty -

According to the rates prescribed for each mineral according to the Myanmar Mining Law at the production stage.

Income Tax -

30% (Exempt for 3 years starting from production)

Dead Rent -

Bidder may propose Dead Rent per square kilometer for various stages of activities. (Prospecting, Exploration, Feasibility Study). Minimum Dead Rent Proposed shall not be less than US\$ 15 per sq km for the Mineral Prospecting Stage. Rate of Dead Rent Proposed for various stages of activities, after the initial stage shall be at increased rates for each stages of activity.

License Fees -

According to rates prescribed by existing laws.

Governing Law -

Prevailing laws of the Union of Myanmar.

[BACK TO CONTENTS](#)