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Mineral Resources Law of the People's Republic of China

(This Law was first passed at the 15th session of the Standing Committee of the 6th national People's Congress on 19 March, 1996, and was amended at the 21st Session of the Standing Committee of the 8th National People's Congress on 29 August, 1996.) TABLE OF CONTENTS Chapter 1 general Provisions Chapter 2 Registration for Mineral Exploration and Examining and Approving Mineral Mining Chapter 3 Mineral exploration Chapter 4 Mining Mineral resources Chapter 5 Collectively-owned Mining Enterprises and Mining Individuals Chapter 6 Legal Liability Chapter 7 Supplementary Provisions Chapter 1 General Provisions

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

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 shall be owned by the State. The State's ownership of mineral resources shall be exercised by the State Council. The State's ownership of mineral resources, either near the earth's surface or underground, shall not change with the alteration of ownership of the land or right to use the land which the mineral resources are attached to. The State shall safeguard 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 all levels must make serious efforts to protect mineral resources. Anyone who wishes to explore or to mine mineral resources shall apply for and obtain upon approval, in accordance with law, the respective exploration and mining rights, and shall carry out the registration procedures, with the exception of exploring within the designated mining area, conducted by the mining enterprise which has already applied for and obtained mining rights in accordance with law, for the purpose of its own production. The State shall protect the lawful exploration rights and mining rights from disturbance and protect the order of production and other work in the mining and exploration areas from interference and disruption. Anyone who wishes to conduct exploration and mining of mineral resources shall meet the specified conditions of qualification.

Article 4 The State shall protect the lawful rights and interests of mining enterprises established in accordance with law to mine mineral resources. The state-owned mining enterprises shall be the principal force in mining mineral resources. The State shall guarantee the consolidation and development of state-owned mineral economy.

Article 5 The State shall adopt the system that exploration and mining rights are to be obtained with compensation, however, the State may also decide to reduce or grant exemption to the compensation for acquiring exploration and mining rights in consideration of specific situation. Detailed measures and implementation procedures shall be formulated by the State council. Anyone who mines mineral resources must pay resource tax and mineral resource compensation of relevant provision of the State.

Article 6 Exploration and mining rights shall not be transferred except under the following situation: (1) The exploration licensees have the right to carry out specified exploration activities within the designated exploration area and have the privileged priority to obtain the mining right to the mineral resources in the exploration area. The exploration licensees, after completion of stipulated minimum exploration expenditure and subject to approval in accordance with law, may transfer the exploration rights to others. (2) A mining enterprise that has already obtained mining rights but needs to change the ownership of such mining rights under the circumstances of being merged or split, or entering equity joint ventures or cooperative joint ventures with others, or selling its enterprise assets, or under other situation that will lead to the alteration of the enterprise's property ownership, the mining enterprise may transfer its mining rights to others, subject to approval in accordance with law. The detailed measures and implementation procedures concerning the provisions in the preceding paragraph shall be stipulated by the State Council. Profiteering by speculating exploration and mining right is prohibited.

Article 7 With regard to the exploration and development of mineral resources, the State shall practise the policy of unified planning, rational distribution, comprehensive exploration, rational mining and comprehensive utilization.

Article 8 The State shall encourage scientific and technological research on the exploration and development of mineral resources, promote advanced technology and raise the scientific and technological level of mineral exploration and development.

Article 9 Any organization or individual that has made remarkable achievement in the exploration, development and protection of mineral resources and in scientific and technological research shall be rewarded by the people's governments at various levels.

Article 10 In mining mineral resources in nationalities' autonomous areas, the State shall give due consideration to the interests of those areas and make arrangements favorable to the areas' economic development and to the production and livelihood of the local minority nationalities. The autonomous government organization of the nationalities' autonomous areas shall, in accordance with legal provisions and the unified national plan, have priority to develop and utilize those mineral resources that may be developed by local entities.

Article 11 The department in charge of geology and mineral resources under the State Council shall be responsible for supervising and administering the exploration and mining of mineral resources throughout the country. Other relevant departments in charge 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 mineral resources. The departments in charge of geology and mineral resources under the people's governments of the provinces, autonomous regions and municipalities directly under the central government shall be in charge of supervising and administering the exploration and mining of mineral resources within their respective administrative areas. Other relevant departments in charge under the people's government of the provinces, autonomous regions and municipalities directly under the central government shall assist the departments in charge of geology and mineral resources at the same level in supervising and administering the exploration and mining of mineral resources.

Chapter 2 Registration for Mineral Exploration and Examining and Approving Mineral Mining Article 12 The State shall adopt a unified block registration system for mineral resources exploration. The department in charge of geology and mineral resources under the State Council shall be responsible for the registration work regarding exploration of mineral resources. The State Council may authorize other relevant departments in charge to handle the registration work regarding exploration of those specified minerals. The management measures for registering mineral exploration through block system shall be formulated by the State Council.

Article 13 The mineral reserves approving agency under the State Council or mineral reserves approving agencies of provinces, autonomous regions and municipalities directly under the central government shall be responsible for examining and approving the prospecting reports to be used for the purpose of 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 the purpose of mining construction designing.

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

Article 15 The establishment of a mining enterprise must be in compliance with the relevant conditions of qualification specified by the State, and the approving authority shall examine its application as to the limits of its mining area, mining design or plan of mining, production technique and safety and environmental protection measures in accordance with law and relevant state provisions.

Article 16 Mining for the following mineral resources shall be approved by the department in charge of geology and mineral resources under the State Council, the mining licenses for such mining shall also be issued by the same department.

(1) those mineral resources within state planned mining area or within those mining areas which are of great value to the national economy; (2) those mineral resources, not within the above-mentioned areas, but the mineable reserves of which are evaluated as large and plus in scale; (3) specified minerals for which protective mining policy is prescribed by the State; (4) those mineral resources in the neighboring sea or other marine areas under China's jurisdiction; and (5) those mineral resources the State Council otherwise specifies. Mining for specified minerals as oil, gas, radioactive, etc. May be examined and approved by other relevant departments in charge authorized by the State Council, the mining licenses for such mining may be issued by the same departments. Mining for minerals that are beyond the prescription of the first and second paragraph of this article and whose reserves are evaluated as medium in scale shall be examined and approved by the departments in charge of geology and mineral resources under the people's governments of the provinces, autonomous regions and municipalities directly under the central government. The relevant mining license shall also be issued by the same departments. The management measures governing mining of mineral resources that are beyond the prescription of the first, second and third paragraph of this article shall be formulated by the Standing Committee of the people's Congress of Provinces, Autonomous Regions and Municipalities directly under the central government. Whereas the mining has been examined and approved and the relevant mining licenses are issued in compliance with the prescription of the third and fourth paragraph of this article, the departments in charge of geology and mineral resources under the people's governments of the provinces, autonomous regions and municipalities directly under the central government shall collect information regarding such approval and issuance and submit the information to the department in charge of geology and mineral resources under the State Council for record and filing. The categorization standards of large and medium scale mineral reserves shall be formulated by the mineral reserves approving agency under the State Council.

Article 17 Mining areas which are to be mined under the state plan, those which are of great value to the national economy and specified minerals for which protective mining policy is prescribed by the State, shall be mined by the State in a planned way. No unit or individual may be permitted to mine them without getting approval from the relevant departments under the State Council.

Article 18 After being defined in accordance with law, the limits for the state planned mining areas, the limits for mining areas that are of great value to the national economy, and the limits for a mining enterprise's mining areas shall be reported by the relevant departments in charge of defining the limits to the relevant people's government at or above the county level

so as to inform such governments to make a public announcement. Any change in the mining area of a mining enterprise must be reported to and approved by the original approving authority, and a new mining license must be obtained from the department that issued the original mining license.

Article 19 The local people's governments at all levels shall adopt proper measures to maintain the 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 activities in the mining area of a mining enterprises that have already acquired the mining right for such areas.

Article 20 Unless approved by the relevant departments in charge authorized by the State Council, no one may mine mineral resources in the following places: (1) within demarcated areas of harbors, airports and national defence projects or installation; (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 embankment; (5) natural reserves and important scenic spots designated by the State, major sites of immovable historical relics and places of historical interest and scenic 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 approval must be filed in accordance with the relevant state provisions.

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

Chapter 3 Mineral Exploration 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 and accepted according to state regulations and then provided to relevant departments for use.

Article 24 In conducting a general survey of mineral resources, while surveying for major minerals, a preliminary comprehensive assessment shall be made of the minerogenetic conditions involving all paragenetic or associated minerals and of the economic perspective of those minerals 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 specified 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 and safety measures must be applied.

Article 27 The original geological records, 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 the relevant provisions.

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

Chapter 4 Mining Mineral Resources Article 29 In mining mineral resources, a mining enterprise must adopt rational mining sequence and methods and proper ore-dressing technique. The recovery rate and impoverishment rate in mining and recovery rate in ore-dressing of a mining enterprise shall meet the design requirements.

Article 30 While mining major minerals, its paragenetic and associated minerals of commercial value shall be comprehensively mined and utilized in accordance with a unified plan, so as to avoid waste. Effective protective measures shall be adopted to avoid loss and damage to ores that 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, it is essential to abide by the state provisions for the issues regarding labour, safety and hygiene and have the necessary conditions to ensure safety in production.

Article 32 In mining mineral resources, it is essential to observe the legal provisions on environmental protection to prevent pollution of the environment. In mining mineral resources, attention shall be paid to using land economically. In case cultivated land, grassland or forest land is damaged owing to mining, the relevant mining enterprise shall take measures to utilize the lands affected, such as by reclamation, tree and grass planting, as appropriate to the local conditions. Anyone who, in mining mineral deposits, causes losses to the production and livelihood of other persons shall be liable to making compensation and 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 departments in charge of geology and mineral resources under the people's governments of provinces, autonomous regions, or municipalities directly under the central government where the units are located, about the distribution and mining of 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 relevant departments authorized by the State Council.

Article 34 As prescribed by the State Council, mineral products to be purchased exclusively by designated units may not be purchased by any other units or individuals; excavators of such minerals shall not sell their products to non-designated units.

Chapter 5 Collectively-owned Mining Enterprises and Mining Individuals Article 35 The State shall adopt a policy to offer vigorous support, rational planning and correct guidance and carry out enforced administration to collectively-owned mining enterprises and mining individuals. It shall encourage collectively-owned mining enterprises to mine resources within the areas designated by the State, and permit individuals to mine scattered and dispersed mineral deposits, as well as sand, stone and clay usable only as common building materials, and small amounts of minerals for their own use in daily life. Minerals that are suitable for mining enterprises to mine due to the relevant scale of reserves, specified minerals for which protective mining policy is prescribed by the State, and other minerals for which individual mining is prohibited by the State shall not be mined by individuals. The state shall direct and help collectively-owned mining enterprises and mining individuals to raise unceasingly their technical level, and to increase the mineral resources utilization rate and economic efficiency. 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 geological data and technical service with compensation to collectively-owned mining enterprises and mining individuals.

Article 36 Existing collectively-owned mining enterprises located within the mining area of a mining enterprises which is established with the approval of the State Council or relevant departments in charge under the State Council, shall be closed down or conduct mining in other designed 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 involved masses' livelihood. According to its overall arrangement, the state-owned mining enterprise may also enter into joint operation with the said collectively-owned mining enterprises.

Article 37 Collectively-owned mining enterprises and mining individuals engaged in mining shall raise their technical level and increase the mineral resource recovery rate. Abusive or wasteful mining which is destructive to mineral resources shall be prohibited. Collectively-owned mining enterprise and mining individuals must survey and draw maps showing the correlation between surface and underground workings.

Article 38 People's governments at and above the county level shall direct and help collectively-owned mining enterprises and mining individuals engaged in mining to carry out technological reform, to improve business management and to ensure safety in production.

Chapter 6 Legal Liability Article 39 Anyone who, in violation of the provisions set forth in this law, mines without a mining license, enters without authorization into a state planned mining area, mines in mining areas which are of great value to the development of the national economy or mines specified minerals for which protective mining policy is prescribed by the state shall be ordered to stop the excavation, compensate for the losses caused, have his extracted mineral products and unlawful proceeds confiscated, and may be fined concurrently. If the party refuses to stop mining and thus causes damage to the mineral resources, the persons directly responsible shall be investigated for criminal responsibility in accordance with the provisions of Article 156 of the Criminal Law. Units and 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 penalized in accordance with the provisions set forth in the preceding paragraph.

Article 40 Anyone who mines beyond the approved limits of his mining area shall be ordered to return to his own area and compensate for the losses caused, shall have the mineral products extracted outside his area and his unlawful proceeds confiscated, and may be fined concurrently. If the offender 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 gated for criminal responsibility in accordance with the provisions of Article 156 of the Criminal Law.

Article 41 Anyone who steals or seizes 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 in areas of exploration operation shall be investigated for criminal responsibility in accordance with relevant provisions of the Criminal Law; if the circumstances are obviously minor, the offender shall be punished in accordance with relevant provisions of the Penalty regulations Regarding Public Security administration.

Article 42 Anyone who purchases or sells, leases or transfers mineral resources by other means shall have his unlawful proceeds confiscated and be fined. Anyone who, in violation of the provisions set forth in Article 6 of this law, profiteers by speculating exploration or mining right shall have his exploration or mining license revoked, unlawful proceeds confiscated and be fined concurrently.

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

Article 44 Anyone who, in violation of the provisions of this Law, mines mineral resources in a destructive way shall be fined and may have his mining license revoked; those directly responsible for causing heavy damages to mineral resources shall be investigated for criminal liability in accordance with the provisions of Article 156 of the Criminal Law.

Article 45 The administrative penalties prescribed in Article 39, 40 and 42 of this Law shall be decided by the department in charge of geology and mineral resources under the people's governments at or above the county level in accordance with the authority limits stipulated by department in charge of geology and mineral resources under the State Council. The

administrative penalties prescribed in Article 43 shall be decided by the administrative departments for industry and commerce under the people's governments at or above the county level. The administrative penalties prescribed in Article 44 shall be decided by departments in charge of geology and mineral resources under the people's governments of the provinces, autonomous regions and municipalities directly under the central government. The penalty of revoking the exploration or mining licenses shall be decided by the department that originally issued such licenses. Whereas relevant departments fail to make administrative penalties that should have been made in accordance with the provisions of Articles 39, 40, 42, and 44, the department in charge of geology and mineral resources under the people's government at higher levels has the authority to order a correction of such failure, or make the relevant administrative penalties itself.

Article 46 A party who refuses to accept the decision on administrative penalties may, in accordance with law, apply for an administration reconsideration or file a suit to the people's court directly. If the party neither applies for an administration reconsideration or files a suit, nor complies with the decision on penalties within the time limit, the agency that made the decision shall request the people's court to compel execution of the decision.

Article 47 Those government personnel in charge of supervising and administering exploration and mining of mineral resources or other government personnel who act illegally and abuse their power for personal gains, neglect their duties, and approve exploration and mining of mineral resources or issue exploration and mining licenses in violation of this law, or make no effort to stop illegal mining activities and punish illegal miners thus constitute a crime shall be investigated for criminal responsibility ; if their acts do not constitute crimes, administrative penalties shall be given. The department in charge of geology and mineral resources under the people's governments at higher levels are entitled to revoke the exploration and mining licenses illegally issued.

Article 48 Anyone who, by means of violence and threat, hinders the government personnel responsible for supervising and administering exploration and mining of mineral resources from exercising their duties according to law shall be investigated for criminal responsibility in accordance with provisions of Article 156 of the Criminal Law. Anyone who, not by means of violence and threat, refuses or impedes the government personnel responsible for supervising and administering exploration and mining of mineral resources from exercising their duties according to law shall be punished in accordance with relevant provisions of the penalty Regulations regarding Public Security Administration.

Article 49 Disputes over the limits of mining areas between mining enterprises shall be settled by the parties involved through consultation; if no agreement is reached through consultation, the relevant local people's government at or above the county level shall handle the case on the basis of the limits that have been 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 no agreement is reached through consultation, the disputes shall be settled by the State Council.

Chapter 7 Supplementary Provisions Article 50 Whereas there are stipulations prescribed in other laws or administrative regulations governing foreign investment in exploration and mining of mineral resources, such stipulations shall apply.

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

Article 52 Rules for the implementation of this law shall be formulated by the State Council.

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