

LAW NO. 535

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ACTING PRESIDENT OF THE PLURINATIONAL STATE OF BOLIVIA  
THE PLURINATIONAL LEGISLATIVE ASSEMBLY,

D E C R E T A R E D:

MINING AND METALLURGY LAW

TITLE I

GENERAL PROVISIONS

CHAPTER I

OBJECT, DOMAIN AND SCOPE

ARTICLE 1. (OBJECT). The purpose of this Law is to regulate mining and metallurgical activities by establishing principles, guidelines and procedures for the granting, conservation and extinction of mining rights, development and continuity of mining and metallurgical activities in a responsible, planned and sustainable manner; to determine the new institutional structure, roles and attributions of state entities and mining productive actors; and to provide for the attributions and procedures of the mining administrative jurisdiction, in accordance with the precepts set forth in the Political Constitution of the State.

ARTICLE 2. (DOMINION AND PROPRIETARY RIGHTS OF THE BOLIVIAN PEOPLE).

I. The mineral resources, whatever their origin or form of presentation existing in the soil and subsoil of the territory of the Plurinational State of Bolivia, are the direct, indivisible and imprescriptible property and domain of the Bolivian people; their administration corresponds to the State subject to the provisions of this Law.

II. No natural or collective person, even being the owner of the land, may claim ownership of the mineral resources found in the soil and subsoil.

ARTICLE 3. (SCOPE AND EXCLUSIONS).

I. The present Law reaches all mining activities carried out on mineral resources found in the soil and subsoil of the Bolivian territory, whatever their origin or the state in which they are found, including granites, marbles,

travertine, slates, sandstones, clays and other rocks; industrial minerals such as gypsum, salt, mica, asbestos, phosphates, bentonite, barite, sulfur, fluorite, brines, borates, carbonates, magnesite, limestone;

semiprecious stones: rock crystal and varieties of quartz, agate, amethyst, garnets, topaz, beryl, sodalite, citrine and precious stones such as diamonds, emeralds and others; and rare earths.

II. Gas, oil and other hydrocarbons, medicinal mineral waters, geothermal resources, are outside the scope of this Law.

#### ARTICLE 4. (AGGREGATES REGIME).

I. Aggregates are sand, rubble, gravel, rubble, stone, gravel, gravel and sand that are presented as detrital materials.

II. The autonomous municipal governments in coordination with the Indigenous Peasant Peoples, when appropriate, shall regulate the management and exploitation of aggregates and aggregate, being excluded from the jurisdiction of the Mining Administrative Jurisdictional Authority - AJAM.

III. The indigenous native peasant autonomies shall participate and exercise social control in the use of aggregates and aggregate, which are excluded from the jurisdiction of the Mining Administrative Jurisdictional Authority - AJAM.

IV. The current holders of municipal authorizations for aggregate exploitation granted by the autonomous municipal governments in accordance with Law No. 3425, dated June 20, 2006 and regulatory and municipal norms, in areas other than river beds, riverbeds and/or river banks, are prohibited from carrying out mining exploitation works.

V. If as a consequence of the mining activity aggregates are found concurrently with minerals and metals, the holder of the mining rights shall process the corresponding authorization or license, according to the preceding Paragraphs, if he/she decides to exploit and commercialize them.

VI. The productive mining actor that within the mining area where it develops its activities finds aggregate exploitation activity by a third party with a municipal license or authorization, shall respect the rights of the third party.

VII. If as a consequence of the exploitation of aggregates, minerals or metals are found concurrently, the holder of rights over aggregates, shall process

before the AJAM, the subscription of the respective mining administrative contract, complying with the requirements established in the present Law, otherwise, it shall be considered illegal exploitation of minerals.

VIII. The exploitation of rocks with the purpose of producing aggregates constitutes a mining activity. The holders of municipal authorizations for rock exploitation shall process their adaptation to mining administrative contracts, under the same adaptation rules required to the holders of Special Transitory Authorizations, as long as they are not located within the limits of excluded towns and cities, according to Paragraph III of Article 93 of this Law, in which case they may only carry out aggregate exploitation, under applicable municipal rules.

## CHAPTER II

### PRINCIPLES AND DEFINITIONS

#### OF THE MINING AND METALLURGY LAW

ARTICLE 5. (PRINCIPLES). The following are principles of this Law:

Social Economic Function.

Social Economic Interest.

Non-transferability and non-transmissibility of the mining area.

Legal security for the mining productive actors in the whole productive chain. The State grants, recognizes, respects and guarantees mining rights, protects investment and the full exercise of its activities, in compliance with the Political Constitution of the State. Social responsibility in the use of mining resources within the framework of sustainable development, aimed at improving the quality of life of Bolivians.

Sustainability in the development of the mining sector, through the promotion of investments.

Reciprocity with Mother Earth. The development of mining activities shall be governed within the framework of the provisions of the Political Constitution of the State, Law No. 300 of October 15, 2012, Framework Law of Mother Earth and Integral Development for Living Well, and other applicable legal regulations.

Protection of Indigenous Nations and Peoples in a Highly Vulnerable Situation. The development of mining activities shall consider the protection

of Indigenous Nations and Peoples in situations of high vulnerability, when applicable.

ARTICLE 6. (BASES FOR THE DEVELOPMENT OF MINING ACTIVITIES). The following are priority bases for the development of the mining activity:

- a) Prospecting and exploration as essential activities of the mining productive actors: state, private and mining cooperatives, to expand and develop the mining potential throughout the Bolivian territory.
- b) Mining and metallurgical industrialization due to its strategic character for the industrial development of mineral resources.
- c) Research, training and technological development for the qualitative and quantitative change of mining and metallurgy in the country.
- d) Promotion of investment as a function and obligation of the State to promote policies for investment in the mining sector throughout the production chain.
- e) Equal opportunities and guarantees for all mining productive actors, considering their differentiated legal nature, in the access to the granting and recognition of mining rights.
- f) Labor and social rights as an obligation of the mining productive actors to guarantee labor and social rights of the mining workers; prohibiting servitude, child labor and labor discrimination based on gender.
- g) Industrial safety, which requires compliance with occupational health and safety standards in all mining activities.
- h) Environmental protection as an obligation in the development of mining activities, governed by environmental regulations.

ARTICLE 7. (TERMINOLOGY). In this Law it is understood by:

Special Transitory Authorizations or "ATE's" (and its singular), in accordance with Supreme Decree No. 726 dated December 6, 2010, refer to former mining concessions regulated by Law No. 1777, Mining Code, dated March 17, 1997, and its amendments and regulations, in force prior to the publication of this Law, including the derogatory effects of said Code as provided by Constitutional Ruling No. 032, dated May 10, 2006. The ATE's also constitute mining areas or mining sites as provided in Articles 13, 14 and 15 of this Law.

AJAM refers to the Mining Administrative Jurisdictional Authority, established in accordance with the present Law.

The term "mineral" or "minerals" includes metallic and non-metallic minerals. RM refers to the Mining Royalty.

COSEEP is the Superior Strategic Council of Public Enterprises.

### CHAPTER III

#### FUNDAMENTAL PROVISIONS

##### ARTICLE 8. (STRATEGIC NATURE OF MINERAL RESOURCES AND COMPETENCE).

I. Due to the non-renewable nature of the mineral wealth, the importance of its exploitation for the national economy and for being a primary source of generation of fiscal resources and sources of employment and work, mineral resources and mining activities are of a strategic nature, of public utility and state necessity for the development of the country and the Bolivian people.

II. In accordance with Article 298 of the Political Constitution of the State, the definition of mining policies is the exclusive competence of the central level of the State, and the creation of public entities and companies related to mining activities in all or part of the productive chain is the exclusive competence of the central level of the State.

##### ARTICLE 9. (STRATEGIC NATURE, ENCOURAGEMENT AND PROMOTION OF INDUSTRIALIZATION).

I. The industrialization of minerals and metals produced in the national territory is declared of strategic character and of national priority.

II. Credits or other forms of financing from state entities, destined to the industrial transformation of minerals and metals owned by the State, shall be granted under the most favorable conditions in force for entities of the same nature. III. The industrialization processes authorized in this Law to state-owned mining companies may be carried out by the company itself or through a company authorized by Supreme Decree of the Executive Branch, at the request of the interested company.

ARTICLE 10. (CLASSIFICATION OF MINING ACTIVITIES). For the purposes of this Law, the mining productive chain comprises the following activities:

Searching. A rudimentary search for signs of mineralization on the surface.

Prospecting. Search for signs of mineralization in the soil and subsoil by means of geological, geochemical, geophysical and other methods using appropriate instruments and techniques.

Aerial Prospecting. Search for signs of mineralization in the ground and subsoil from the air, using precision methods and techniques.

Exploration. The determination of the dimension and characteristics of the deposit, the quantity and quality of the mineral, and its evaluation for mining development purposes.

Exploitation. The preparation and development of a deposit or mine, the extraction of the mineral, its transportation to the mine mouth or treatment or concentration plants.

Beneficiation or Concentration. Physical, chemical and technological processes aimed at increasing the useful content or grade of the ore.

Smelting and Refining. Process of converting mineral products and metals into high purity metals.

Marketing of Minerals and Metals. Internal or external purchase and sale of minerals or metals.

Industrialization. For the purposes of this Law, it is understood as the process of transformation of minerals and metals into capital goods, intermediate consumption goods and final consumption goods, when the raw material is the result of the mining activity.

#### ARTICLE 11. (MINERAL RESOURCES AND THEIR DIVERSIFICATION).

I. The Plurinational State of Bolivia, through its competent entities and companies and with the participation of the mining productive actors, shall promote and encourage the diversification of mining activities throughout the territory to rationally exploit ornamental rocks, industrial minerals, evaporite minerals, precious and semiprecious stones, rare earths and the like.

II. The Plurinational State of Bolivia, through its specialized agencies, shall investigate, know and control the presence of minerals accompanying the main mineral, which have commercial value for purposes of the payment of Mining Royalties.

#### ARTICLE 12. (DETRITAL MINERAL DEPOSITS).

I. The Plurinational State of Bolivia shall encourage and promote prospecting, exploration and the integral and diversified use of detrital mineral deposits without infringing on the use of water for life, within the framework of the regulations in force.

II. The execution of the productive chain of said deposits shall consider and achieve permanent and efficient improvement in the extraction and recovery systems of minerals, especially fines, through the application of environmentally efficient techniques.

III. The mining operators shall tend to the mechanization of their production and processing works, and to the introduction of appropriate and modern techniques and technologies.

IV. Exploitation and recovery operations shall be planned to generate reserves that justify investments and expansion, in order to increase the production of gold and other minerals through appropriate mining and metallurgical works.

#### ARTICLE 13. (MINING AREA, MINING SITES AND PRIORITY).

I. Mining Area is the geographic extension destined for prospecting, exploration and exploitation activities, together with others of the mining productive chain, as defined in this Law, in which the holder exercises its mining rights.

II. Mining Sites are: the waste, tailings, tailings, tailings, tailings, tailings, tailings, pallacos and similar, considered prior to this Law independently or separately from the Special Transitory Authorizations.

III. Since the mineral resources are the property and domain of the Bolivian people, administered by the State in accordance with this Law, the mining areas and mining sites are non-transferable, non-seizable and not susceptible to hereditary succession.

IV. For purposes of recognition or adequacy of rights provided for in this Law, the former mining concessions by belongings or squares called Special Transitory Authorizations according to Supreme Decree No. 726, dated December 6, 2010, have mining areas on which pre-constituted rights or acquired rights are recognized.

V. Regarding free areas, the time and date of receipt of the application for the Prospecting and Exploration License or mining administrative contract, complying with the requirements of the Law, determines the right of priority for the continuity of the procedure.

ARTICLE 14. (UNIT OF MEASUREMENT OF THE MINING AREA AND CONSOLIDATIONS).

I. The unit of measurement of the mining area is the grid. The grid has the shape of an inverted pyramid, whose lower vertex is the center of the land, its outer limit on the surface of the ground corresponds planimetrically to a square of five hundred meters on each side, with a total extension of twenty-five hectares. Its surface vertices are determined by coordinates of the Universal and Transverse Mercator projection - UTM, referred to the World Geodetic System - WGS-84. A grid is not susceptible to material division.

II. When one or more Special Transitory Authorizations - ATE's of the same holder by belongings, are found in their entirety in one or more grids in free or free areas, they are consolidated to the respective grids, for the purpose of their adaptation to the mining administrative contract.

III. When a titleholder for properties located within one or more grids of another titleholder, does not request adaptation to a mining administrative contract, such properties shall be automatically consolidated in favor of the titleholder of the grids, without prejudice to the obligations of the latter in accordance with the present Law. The owner of the grids shall incorporate such new area in its Work and Investment Plans or Work and Development Plans, as the case may be.

IV. When overlapping areas by belongings and by grids of different titleholders have been appropriated, and the titleholder by belongings loses its rights in accordance with this Law, the titleholder by grids shall consolidate them after prior notification ordered by the competent director and confirmatory resolution. The holder of grids shall incorporate said new area in its Work and Investment Plans or Work and Development Plans, as the case may be.

V. Except for the provisions of the previous Paragraphs, the mining area by belongings not consolidated to grids, maintains its original physical characteristics for the purposes of this Law.

ARTICLE 15. (CHARACTERISTICS OF THE MINING AREA).

I. The Mining Area as a geographical extension is formed by one or more grids adjoining on at least one side.

II. The grids are oriented from North to South and registered in the national mining grid prepared by the Military Geographic Institute - IGM and the former Technical Mining Service - SETMIN.



III. Each grid is identified by the coordinate at its southwest vertex and is located by the number of the National Geographic Chart Sheet at scale 1:50,000 published by the Military Geographic Institute - IGM and by the mining grid matrix system established by the former Technical Mining Service - SETMIN. A grid shall be located on the terrain by the Universal and Transverse Mercator - UTM coordinates of each of its vertices.

IV. Only in international border zones and in the overlapping strips of zones 19, 20 and 21 of the Universal Transverse Mercator - UTM projection, there may be grids of less than twenty-five (25) hectares and less than five hundred (500) meters per side.

V. When a holder enjoys rights by grids being at the same time holder of belongings superimposed by the grids, the former are automatically consolidated in the grids, for the purpose of adaptation to the present Law.

#### ARTICLE 16. (FREE MINING AREAS).

I. All mining areas that at the date of enactment of this Law are not subject to pre-constituted rights or acquired rights, exclusive use rights, areas and minerals reserved for the State, are part of the free mining areas, for the granting of rights to productive mining actors that request them.

II. The following will become part of the free areas, after all legal or contractual resources or instances have been exhausted, as the case may be:

The Special Transitory Authorizations - ATE's of licensees who, having requested their adaptation, have been denied.

Special Transitory Authorizations - ATE's for which the holders have not initiated the process of their adaptation in accordance with this Law, which are considered to have been waived.

The new mining areas granted under Prospecting and Exploration License when they are renounced or the preferential right provided for in Article 156 of this Law is not exercised.

The new mining areas granted under Aerial Prospecting License, when they are renounced or the preferential right provided for in Article 161 of this Law is not exercised.

The mining areas granted under mining administrative contracts when the respective contracts have been definitively resolved and terminated or when their final term has expired.

Mining areas whose rights holders have been declared null and void. Mining areas that have been partially or totally relinquished.

Other mining areas that have returned to the state administration for other reasons established in this Law.

III. In each of the cases provided for in the preceding Paragraphs, the Departmental or Regional Directorate of the competent AJAM, after a report from the Directorate of Mining Cadastre and Gridding, shall issue a final resolution, as appropriate, confirming the reversion to the administrative domain of the State, cancellation of its registration and shall provide for its publication in the National Mining Gazette.

IV. For the purposes of exercising priority rights, the following is determined:

a) For the cases provided for in Paragraph I of this Article, the date as from which free mining areas are enabled, shall be determined as from the date indicated in the reorganization regulations of the AJAM provided for in Article 42 of this Law.

b) For the case provided for in Paragraph II of the preceding Article, the date as from which free mining areas are enabled shall be the date corresponding to the ninety (90) administrative working days following the publication and official circulation of the National Mining Gazette containing the respective resolution provided for in Paragraph III of this Article.

V. The Mining Fiscal Reserve established by Supreme Decree No. 29117 dated May 1, 2007 and its modifying or complementary norms, is lifted, subject to the provisions of Paragraph IV a) of Paragraph IV of this Article.

#### ARTICLE 17. (SOCIAL ECONOMIC FUNCTION).

I. The social economic function is fulfilled with the development of mining activities, safeguarding their sustainability, the generation of employment, respecting the dignity and labor and social rights of mining workers, for the benefit of society, the collective interest and its owner, whose non-compliance and sanctioning regime is governed by the specific rules applicable to each matter.

II. The Public Mining Companies shall comply with the Social Economic Function according to business and corporate plans, the mining policy and strategies of the mining sector.

#### ARTICLE 18. (ECONOMIC AND SOCIAL INTEREST).

I. The social economic interest foreseen in Paragraph V of Article 370 of the Political Constitution of the State and in the present Law, is fulfilled with the payment of the mining patent and the obligation to start and continue the mining activity, according to the provisions of Articles 22, 144, 230, 232 and 233 of the present Law.

II. The Public Mining Companies shall comply with the Economic and Social Interest according to business and corporate plans, the mining policy and strategies of the mining sector. ARTICLE 19. (PARTICIPATION OF INDIGENOUS AND ABORIGINAL PEASANT NATIONS AND PEOPLES). The Native Indigenous Peasant Nations and Peoples enjoy the right to participate in the benefits of the exploitation of mineral resources in their territories, in accordance with the mining royalty regime, without prejudice to the measures and compensations that correspond in accordance with the prior consultation regime established in this Law.

ARTICLE 20. (DIFFERENCE OF RIGHTS). The right to carry out mining activities granted by the State constitutes a different and independent right from the right of ownership of the land.

ARTICLE 21. (RESEARCH, EDUCATION, TRAINING IN MINING ACTIVITIES). The State and the productive mining stakeholders shall promote

programs aimed at research on mining processes, training of operators and training at all levels.

ARTICLE 22. (WORK PLANS, CONTROL AND SUPERVISION).

I. The Work and Investment Plans for state and private mining productive actors or Work and Development Plans for mining cooperatives, required by this Law, shall be prepared and submitted taking into account the location, geological, mining and metallurgical characteristics, according to what corresponds to the mining productive actor, as established in Article 128 and in paragraph d) of Paragraph II of Article 140 of this Law. They shall be accompanied by a budget and schedule of proposed initial activities.

II. The plans may be integral or disaggregated by activities or projects, of periodic and progressive implementation, in phases or stages, which may be modified or updated, according to their progress.

III. Significant modifications or updates must be communicated to the AJAM, with due technical and financial justification.

IV. The Work Plans and Financial Budget for prospecting and exploration activities shall be estimates that may be adjusted periodically. Significant adjustments shall be communicated to AJAM.

V. For the purpose of verifying compliance with their obligations, the holders of rights under mining administrative contracts shall submit annually to the AJAM a documented report on the progress of their activities and works developed in the management according to their current plans.

VI. The Ministry of Mining and Metallurgy, responsible for the national mining sector through the Vice Ministry of Mining Policy, Regulation and Oversight, in coordination with the AJAM, shall control and oversee the compliance of mining activities based on the Work and Investment Plans and Work and Development Plans, and reports provided for in Paragraph V of this Article, according to the procedure established in the following Paragraphs and in specific complementary regulations issued by the Ministry of Mining and Metallurgy.

VII. The AJAM, enclosing a ruling, shall send to the Ministry of Mining and Metallurgy, a copy of the Work and Investment Plans and Work and Development Plans and reports for verification purposes with respect to each mining administrative contract.

VIII. The Vice Ministry of Mining Policy, Regulation and Oversight of the Ministry of Mining and Metallurgy, prior notification to the holder of mining rights, shall carry out on the scheduled dates inspections in the facilities or in the mining areas under contract, which shall take place ten (10) administrative working days after such notification.

IX. Once the inspections mentioned in the previous paragraph have been carried out, the Vice Ministry of Mining Policy, Regulation and Inspection shall issue the respective report within fifteen (15) administrative working days from the date of conclusion of the inspection, with which the holder of the Mining Right shall be notified. If there are no observations, within fifteen (15) administrative working days, the Mining Right holder shall be notified.

(15) administrative working days, it shall send said report to the AJAM, for the issuance of the corresponding resolution.

X. The AJAM, within ten (10) administrative working days computable from the receipt of the report from the Vice Ministry of Mining Policy, Regulation and Oversight, shall initiate the procedure for termination of the contract provided in Article 117, when the existence of a cause for termination is established in accordance with this Law.

XI. The mining actors in the exercise of their rights may file the appeals established in this Law.

#### ARTICLE 23. (AUTONOMOUS DEPARTMENTAL AND MUNICIPAL GOVERNMENTS).

I. Since strategic mineral resources are the exclusive competence, and the creation of strategic public mining companies is the exclusive competence of the central level of the State, in accordance with the Political Constitution of the State, the departmental and municipal autonomous governments may not constitute departmental, regional and/or municipal mining units or companies, nor participate in prospecting, exploration, exploitation, benefit or concentration, smelting or refining and commercialization activities.

II. The central level of the State with the participation of the autonomous departmental and municipal governments, through intergovernmental public companies, may engage in the activity of transformation for industrial purposes based on minerals and metals produced by the mining productive actors, in accordance with the provisions of the Political Constitution of the State and Law No. 466, of the Public Company.

III. The collection of the Mining Royalty - MR, shall be transferred directly and automatically through the banking system in the percentages defined in this Law, to the fiscal accounts of the departmental autonomous governments and municipal autonomous governments.

IV. The administration, collection, collection and oversight of the Mining Royalty - MR corresponds to the departmental autonomous governments.

#### CHAPTER IV

#### MINING FISCAL RESERVE AREAS

#### ARTICLE 24. (MINING FISCAL RESERVE).

I. The Executive Branch by Supreme Decree may declare as Fiscal Mining Reserve, certain areas of the national territory, in order to carry out prospecting, exploration and evaluation work, to determine the mineralogical potential of the reserve area and identify new mining areas of interest, respecting pre-established and acquired rights.

II. The Supreme Decree that establishes the Fiscal Mining Reserve indicated in the preceding paragraph shall be in force for no more than five (5) years from its promulgation; upon its expiration, it shall be without effect, without the need for express legal provision.

III. During the term of the Fiscal Mining Reserve, no mining rights may be granted in the reserve area under any of the modalities established in this Law. ARTICLE 25. (PREFERENTIAL RIGHT OF STATE-OWNED COMPANIES).

I. Upon expiration of the term of validity or fulfillment of the purpose established in the Fiscal Mining Reserve, the Bolivian Mining Corporation - COMIBOL, shall have the preferential right to request the mining area necessary for the exercise of the activities in all or part of the mining productive chain, in the number of squares of its interest, through a mining administrative contract according to the procedure established in the present Law. II. The areas that have not been requested by the state-owned companies, within a maximum term of six (6) months shall become free areas and may be granted by means of contracts to other mining productive actors.

ARTICLE 26. (MINERALS AND AREAS RESERVED FOR THE STATE).

I. The Plurinational State of Bolivia by Law may reserve strategic minerals for exclusive exploitation by state-owned companies, respecting pre-established or acquired rights.

II. The following salt flats and salt lakes are declared as reserved areas for the State: Uyuni, Coipasa, Chiguana, Empexa, Challviri, Pastos Grandes, Laguni, Capina, Laguna, Cañapa, Kachi, Colorada, Collpa, Lurique, Loromayu, Coruto, Busch or Kalina, Mama Khumu, Castor, Coranto, Celeste, Hedionda, Kara, Chulluncani, Hedionda Sud, Salares en Saucarí, Sajama and Sajama Sabaya, saving pre-constituted rights and acquired rights.

III. Projects of the Empresa Nacional de Electricidad - ENDE, for the generation of electric energy based on geothermal resources, located in the areas reserved for the State in Paragraph II of the present Article, may be carried out.

IV. Lithium and Potassium are declared as strategic elements whose development shall be carried out by public mining companies in accordance with Article 73 of this Law.

ARTICLE 27. (PROHIBITION OF EXPLOITATION OF RADIOACTIVE MINERALS AND RARE EARTHS). The exploitation of radioactive minerals by non-state productive actors is prohibited. The mining productive actor, when finding radioactive minerals and rare earths in its areas, shall

inform the Ministry of Mining and Metallurgy and the AJAM of the finding, so that the corresponding measures may be adopted.

ARTICLE 28. (PROHIBITIONS IN BORDER AREAS). Foreign persons, individually or in partnership, may not obtain from the AJAM Prospecting and Exploration Licenses, nor subscribe individually or in partnership, mining administrative contracts on mining areas located within fifty (50) kilometers from the international border line of the State, except in case of state necessity declared by express Law.

## CHAPTER V

### MINING PRODUCTIVE SUBJECTS AND ACTORS

ARTICLE 29. (SUBJECTS).

I. Individual, collective, national or foreign persons, with legal capacity and, if applicable, their own legal personality, which enables them to be holders of rights and obligations, may be subjects of mining rights, for which purpose they shall comply with the rules and procedures set forth in this Law and other applicable legal rules. For such purpose, they must be organized under any of the mining productive actor modalities recognized by the Political Constitution of the State and the present Law, being subject to the corresponding rights and obligations.

II. Any company created or to be created, engaged in mining activities, shall be subject to this Law.

ARTICLE 30. (PROHIBITIONS).

I. a) The President and Vice President of the Plurinational State of Bolivia; Senators and Deputies; Ministers of State, Vice Ministers and Vice Ministers of State, Vice Ministers and Vice Ministers of Economy and Finance of the Plurinational State of Bolivia; and the President and Vice President of the Plurinational State of Bolivia;

Senators and Deputies; Ministers of State, Vice-Ministers, General Directors; public servants and consultants of the Ministry of Mining and Metallurgy and the Ministry of Environment and Water; and of State entities, companies and corporations related to mining activities; Magistrates, Judges of the Judiciary, Magistrates of the Constitutional Court, and Councilors of the Magistrates Council, the Attorney General and Prosecutors of the Public Prosecutor's Office; National, Departmental and Regional Authorities of the Mining Administrative Jurisdiction; public servants of the Office of the Comptroller General of the State, of the Office of the Attorney General of

the State; Generals, Chiefs and Officers of the Armed Forces and of the Bolivian Police in active service; Governors and Assemblymen of the departmental autonomous governments; Mayors and Councilmen of the municipal autonomous governments; public servants of the autonomous governments.

b) The administrators, workers, employees, lessees, contractors, partners of mining cooperatives, technicians and consultants of the holders of mining rights, within an area of two (2) kilometers from the perimeter of the mining areas of the latter.

c) Spouses, ascendants and descendants up to the second degree of consanguinity and first degree of affinity of the persons referred to in the preceding paragraphs of this Article.

II. In all cases, the prohibition subsists for two (2) years following the cessation of their condition or functions.

III. The prohibitions established in Paragraph I of this Article, do not apply:

(a) To the mining rights constituted, obtained or acquired by the persons referred to in Paragraph I of this Article, prior to the exercise of the respective functions.

b) To the mining rights referred to in Paragraph I of this Article that belong to the spouse of the disqualified person acquired before marriage, or to his ascendants and descendants up to the second degree, acquired outside the terms of his disqualification.

IV. The persons indicated in this Article, when they are part of cooperatives and corporate companies of any nature constituted prior to the exercise of their public functions, may continue to exercise the rights provided for in the regulations in force, provided that they do not simultaneously perform administration and management functions in such companies and corporations. The condition subsists during the two (2) years following the cessation of functions.

V. It is forbidden for any public servant or former public servant to use privileged geological, mining, metallurgical, economic and financial information, generated in state mining institutions, which has not been legally disclosed or published, for their own benefit or private business.

ARTICLE 31. (MINING PRODUCTIVE ACTORS). In accordance with Paragraph I of Article 369 of the Political Constitution of the State, the



following are productive actors of the Bolivian mining sector: the state mining industry, the private mining industry and the mining cooperatives.

ARTICLE 32. (STATE MINING INDUSTRY). The state mining industry is constituted by the Mining Corporation of Bolivia - COMIBOL and by the state companies of the mining sector, independent of COMIBOL, created or to be created, so that they may enter into all or part of the mining production chain.

ARTICLE 33. (PRIVATE MINING INDUSTRY).

I. The private mining industry, including small mining, is made up of national and/or foreign companies established under any of the business or corporate forms established in the Code of Commerce, including sole proprietorships and mixed economy companies, whose main purpose is to carry out activities in the sector.

II. Small-scale mining is constituted by mining operators holding rights in a given mining area who work on a small scale using manual, semi-mechanized and mechanized methods, individually, in a family or condominium or corporate form.

ARTICLE 34. (MINING COOPERATIVES). Mining cooperatives are self-managed social and economic institutions of non-profit social interest. Their constitutive basis is the General Law of Cooperatives and their bylaws; their mining activities shall be governed by this Law.

ARTICLE 35. (JOINT VENTURES). The private mining productive actors recognized for the exercise of mining activities according to the present Law, may propose or participate in the constitution and conformation of mixed economy companies, mixed state companies and mixed enterprises, with state mining productive actors according to the norms that are applicable for each case.

## TITLE II

### STRUCTURE OF THE STATE MINING SECTOR

#### CHAPTER I

##### INSTITUTIONS AND ENTERPRISES

ARTICLE 36. (INSTITUTIONAL AND CORPORATE STRUCTURE). The state mining sector has the following structure:

(a) General Policy Definition, Oversight and Supervision Level. Ministry of Mining and Metallurgy.

b) Level of Superior Administration, Oversight and Control of Mining Activities and Mining Registry. Mining Administrative Jurisdictional Authority - AJAM.

c) Public Mining Companies Level.

Corporación Minera de Bolivia - COMIBOL and affiliated and subsidiary companies. - Empresa Siderúrgica del Mutún (ESM).

Others to be created according to Law.

d) Service, Research and Control Entities.

- Geological Mining Service - SERGEOMIN.

- Mining and Metallurgical Research Center - CEIMM.

- National Service of Registration and Control of the Commercialization of Minerals and Metals - SENARECOM.

e) Development Entities Level.

- Support Fund for the Reactivation of Small Mining - FAREMIN. - Financing Fund for Cooperative Mining - FOFIM.

## CHAPTER II

### POLICY DEFINITION LEVEL,

### GENERAL CONTROL AND SUPERVISION

ARTICLE 37. (GENERAL COMPETENCE). The Ministry of Mining and Metallurgy is responsible for defining policies, management, supervision, oversight and general promotion of development in the mining and metallurgy sector.

### ARTICLE 38. (POWERS AND FUNCTIONS).

I. The Ministry of Mining and Metallurgy, in addition to the functions and powers established in special regulations in force, shall prepare and approve the Strategic Plan for the Development of the Mining and Metallurgy Sector, taking into account the initiatives of the mining production stakeholders.

II. In relation to state-owned mining companies, the Minister of Mining and Metallurgy, as the person responsible for the mining sector policy, shall

exercise the powers conferred by Article 14 of Law No. 466, of the Public Company.

III. It will also have the following attributions:

Exercise tuition over the AJAM and public entities of the mining sector.

To require technical and legal information from private entities and non-state productive actors.

Control and supervise mining activities and compliance with Work and Development Plans and Work and Investment Plans, as appropriate.

Verify the initiation and continuity of mining activities.

### CHAPTER III

#### HIGHER LEVEL OF ADMINISTRATION

#### MINING ADMINISTRATIVE JURISDICTIONAL AUTHORITY - AJAM

##### SECTION I

##### GENERAL PROVISIONS

ARTICLE 39. (MINING ADMINISTRATIVE JURISDICTIONAL AUTHORITY - AJAM).

I. The Mining Administrative Jurisdictional Authority - AJAM, as an autonomous entity under the Ministry of Mining and Metallurgy, with legal personality, its own assets, administrative, technical, economic and financial autonomy, is in charge of the direction, superior administration, control and supervision of the mining activity throughout the territory of the State in the matters dealt with in this Chapter.

II. The AJAM shall be organized in accordance with the provisions of this Law.

III. The Maximum Executive Authority - MAE, with the rank of National Executive Director or National Executive Director, who shall exercise the institutional representation, and the Departmental or Regional Mining Directors, shall be appointed by the President of the Plurinational State of Bolivia by means of a Supreme Resolution.

IV. For the fulfillment of its functions, AJAM shall have departmental and/or regional authorities, whose highest authorities shall have the rank of Departmental or Regional Directors.

V. The powers of the former Technical Mining Service - SETMIN, shall be exercised by the Directorate of Mining Cadastre and Grid, in accordance with this Law.

ARTICLE 40. (POWERS AND FINANCING).

I. The AJAM shall have the following powers:

Administer the Mining Registry, Cadastre and Mining Grid, through a specialized directorate.

Receive and process applications for the adaptation of Special Transitory Authorizations - ATE's, to mining administrative contracts.

Receive and process applications for mining administrative contracts for mining areas with leasing contracts with the Mining Corporation of Bolivia - COMIBOL, which corresponds to the mining cooperatives according to Paragraph I of Article 63 of this Law.

Receive and process applications for registration of the rights of the Mining Corporation of Bolivia - COMIBOL in areas and sites of nationalized and non-nationalized mining, in accordance with Article 61 of this Law.

Receive and process applications for the adequacy of mining administrative contracts with respect to mining areas or sites once their respective cadastre has been concluded by the Directorate of Mining Cadastre and Gridding, in the cases provided for in Article 125 of this Law.

Receive and process applications for: (i) prospecting and exploration licenses, and (ii) new mining administrative contracts, in each case on free areas. Receive and process applications for aerial prospecting licenses.

Signing mining administrative contracts on behalf of the State.

Receive and process applications for Operating Licenses and Marketing Licenses, grant them and, as the case may be, suspend or revoke them in accordance with this Law.

To call and carry out the prior consultation established in Chapter I of Title VI of this Law.

Accept the partial or total renunciation of mining areas presented by the mining productive actors, for their availability in accordance with the present Law.

To process and declare the nullity of mining rights in the cases provided for in Articles 27, 28 and 30 of this Law.

Resolve the cases of nullity and annulment provided for in Paragraph IV of Article 119 of this Law.

Declare ex officio or at the request of an interested party, the total or partial nullity of Prospecting and Exploration Licenses and mining administrative contracts regarding mining areas that have been superimposed on legally recognized mining areas in favor of third parties, when the overlapping had not been identified at the time of their processing and granting.

To act in the procedures and processes for the termination of mining administrative contracts, in the cases and in the manner provided for in this Law and in the contracts.

To process suspensions and revocations of Prospecting and Exploration Licenses and Aerial Prospecting Licenses, in accordance with this Law.

Receive and process the applications for the recognition of the preferential right for the subscription of mining administrative contracts in the cases foreseen in the present Law.

Receive and process applications for administrative authorization regarding rights of way and use in surface areas in accordance with the provisions of Articles 108 and 109 of this Law.

Receive and process authorizations for the reduction or extension of rights of use, passage and surface area, in accordance with the provisions of Article 110 of this Law.

To hear, grant or reject administrative mining appeals.

To hear and resolve claims of propase.

Declare the extinction of full rights due to the abrogating effects of Constitutional Ruling No. 032 of May 10, 2006, when applicable.

To perform the other jurisdictional acts of first and second instance attributed to it in the cases and manner established in this Law.

Promote and/or file legal actions against those who carry out illegal exploitation in free areas.

Propose the creation and/or suppression of departmental or regional mining administrative jurisdictional authorities.

To hear requests for correction and/or conclusion of the Mining Cadastre, in accordance with the provisions of the present Law.

aa) Determine the temporary suspension of mining activities established in Article 103 of this Law.

bb) To issue a substantiated resolution for the suspension of illegal activities according to Paragraph II of Article 104 of this Law.

II. The AJAM shall be financed with resources from the General Treasury of the Nation - TGN and a percentage of the mining patent payment established in Article 231 of the present Law, as well as donations and other processing fees to be established by express norm.

#### ARTICLE 41. (CADASTRE AND MINING GRID).

I. The functions of the Directorate of Mining Cadastre and Gridding are: a) To prepare and administer the Mining Cadastre and Gridding.

b) To keep the Mining Registry.

c) To publish the National Mining Gazette.

d) Collect and control the payment of the mining patent.

e) Review, complement and/or modify the Graphic and Alphanumeric Data Base, of the mining areas by belongings that have concluded the mining cadastre, in the cases in which differences in the technical data are found, prior resolution issued by the AJAM, at the request of the right holders.

f) Exercise the other powers determined by the AJAM's reorganization regulation, subject to this Law.

II. For purposes of verification, certification and recognition of the right of first refusal, the Directorate of Cadastre and Mining Grid, shall enable a computerized system for the registration of the right of first refusal.

#### SECTION II

##### ORGANIZATION OF AJAM

##### JURISDICTIONAL AND ADMINISTRATIVE ACTIVITY

##### (ORGANIZATION, REGULATORY AND TRANSITIONAL RULES).

I. The AJAM shall be organized on the basis of the General Mining Jurisdictional Administrative Authority and Regional Authorities established in accordance with Article 54 of Supreme Decree No. 071, dated April 9, 2009, whose directors shall remain in office until the appointment of the new authorities.

II. Once the new authorities are appointed, the National Executive Director shall submit to the Minister of Mining and Metallurgy, an institutional and budgetary reorganization plan for the purposes of the Law, for approval and implementation within three (3) calendar months from the date of their appointment.

III. The administrative proceedings in process shall be resolved in accordance with the procedural rules in force prior to this Law.

IV. The right to request new Prospecting and Exploration Licenses and the subscription of new mining administrative contracts established in this Law with respect to areas free to date and subsequent to the publication of this Law, as well as the granting of

operation licenses and licenses for the commercialization of minerals and metals, shall be exercised as of the date indicated in the regulations set forth in Paragraph II above of this Article.

ARTICLE 43. (REQUIREMENTS FOR THE APPOINTMENT OF THE AJAM AUTHORITIES). To hold the position of Executive Director or National, Departmental or Regional Executive Director of the Mining Jurisdictional Administrative Authority - AJAM, in addition to the requirements established in Article 234 of the Political Constitution of the State, the following shall be fulfilled:

- a) To be a lawyer, with a national degree, and
- b) Possess recognized suitability and professional experience in mining matters for at least six (6) years for the National Directorate and four (4) years for the Departmental or Regional Directorates.

ARTICLE 44. (DEPARTMENTAL OR REGIONAL JURISDICTIONAL ACTIVITY). Subject to the provisions of Article 48 of the present Law, each Departmental or Regional Director or Directorate shall exercise administrative jurisdiction and competence in the respective department or region of the country and in the contiguous areas of other departments or regions in the cases provided for in the present Law and regulatory rules with the powers set forth in Article 40.

ARTICLE 45. (PROHIBITIONS). In addition to the provisions of Articles 236 and 239 of the Political Constitution of the State, they may not be appointed or hold the position of Executive Director or National, Departmental or Regional Executive Director:

Whoever is impeded according to the provisions of Article 30 of the present Law.

b) Whoever has a conflict of interest, business relationship or direct or indirect participation in or with any of the individual or collective persons entitled to adequacy or who are productive mining actors.

ARTICLE 46. (TERM OF OFFICE, TRIAL AND INCOMPATIBILITIES).

I. The National, Departmental or Regional Executive Director shall have a term of office of five (5) years, and may be reappointed only after another five (5) year term has elapsed.

II. They may only be suspended or removed from office by virtue of an administrative summary proceeding pursuant to Law No. 1178 of Government Administration and Control, dated July 20, 1990, applicable regulations and the present Law.

ARTICLE 47. (LOSS OF COMPETENCE). When, pursuant to this Law, the Departmental or Regional Director or Director of the AJAM must issue a decision within a certain period of time and fails to do so, the provisions of Law No. 2341 dated April 23, 2002, on Administrative Procedure shall apply. ARTICLE 48. (EXCLUSIVE COMPETENCE).

I. With respect to mining areas that are in the jurisdiction of two (2) or more Departmental or Regional Directorates, the Regional Directorate that exercises jurisdiction over the mining areas involved with the greatest extension shall have exclusive competence for the recognition of mining rights or their granting.

II. In the case of the preceding Paragraph, the Departmental or Regional Authority shall forward to the other Departmental or Regional Authorities involved, a copy of the respective administrative resolutions for control purposes.

ARTICLE 49. (NATIONAL JURISDICTIONAL ACTIVITY). The National Executive Director or the National Executive Director is the highest hierarchical authority of the mining administrative jurisdiction with competence throughout the national territory, with the following functions and powers:

a) To hear and resolve, in a well-founded manner, the hierarchical appeals filed against the resolutions of the departmental or regional authorities that reject the appeals for revocation.



- b) To hear and resolve in sole instance any recusals filed in a particular case against the Departmental or Regional Directors, and to appoint a Director in office as substitute.
- c) To hear and resolve in sole instance the conflicts of territorial competence that may arise between the Departmental or Regional Mining Directorates.
- d) To designate the Departmental or Regional Director or Director substitute in the case provided for in Article 48 of this Law.
- e) Propose to the Executive Branch, through the Ministry of Mining and Metallurgy, the territorial reorganization of the Departmental or Regional Directorates or the creation of new ones, according to the needs of the mining industry.

#### ARTICLE 50. (EXCUSE AND RECUSAL).

I. In observance of the principle of impartiality, excusals and recusals shall be processed in accordance with the regulations of Law No. 2341, of Administrative Procedure, dated April 23, 2002.

II. The following shall be grounds for excusing and disqualifying the Executive Director or National, Departmental or Regional Executive Director of the AJAM:

Kinship up to the fourth degree of consanguinity, second degree of affinity or that derived from adoption ties with the administered person.

Having a relationship of compadrazgo, godfather or godchild, with the person administered.

To have proceedings pending with the person being administered, provided that the latter has not been provoked to unjustifiably disqualify him or her, or to be or have been a complainant or accuser against the person being administered for criminal prosecution, or to be denounced with the purpose of unjustifiably disqualifying him or her.

To have been a lawyer, attorney, representative, witness, expert witness or guardian in the proceeding or process to be heard.

To have expressed an opinion in advance on the defendant's claim before taking cognizance of the case by any verifiable means.

To have friendship, enmity or hatred with the person being administered, as evidenced by notorious and recent facts prior to taking cognizance of the case. In no case shall an excuse or recusal be applicable due to attacks or

offenses made against the directors, after they have begun to hear the matter, without prejudice to the responsibilities of the Law.

To be a creditor, debtor or guarantor of the administered party.

ARTICLE 51. (OBLIGATION TO EXCUSE).

I. The Executive Director or the National, Departmental or Regional Executive Director, included in any of the grounds for excusal, must withdraw in his/her first ex officio action, in which case the Executive Director or the National, Departmental or Regional Executive Director shall be definitively removed from hearing the case. In the case of the National Director, the Ministry of Mining and Metallurgy shall substitute him/her.

II. Any subsequent act or resolution of the excused Director, within the same cause, shall be null and void.

ARTICLE 52. (LIABILITY). Failure to excuse shall be cause for liability in accordance with Law No. 1178, of Government Administration and Control, dated July 20, 1990, and regulatory provisions.

ARTICLE 53. (SUBSTITUTIONS).

I. In case of leave, vacation, illness, impediment, or temporary absence of a Departmental or Regional Director for less than ninety (90) calendar days, the substitution shall be exercised by the Departmental or Regional Director of the nearest jurisdictional headquarters.

II. If the causes for substitution established in the preceding paragraph extend for a period of more than ninety (90) calendar days, a substitute Director shall be appointed.

ARTICLE 54. (ORDINARY JURISDICTION). Disputes between holders of mining rights regarding the best right to mining areas that are being processed in the ordinary jurisdiction at the time of the publication of this Law, shall continue in said jurisdiction until their conclusion, for their subsequent treatment in the mining administrative jurisdiction in accordance with the provisions of this Law.

ARTICLE 55. (NATIONAL ADMINISTRATIVE ACTIVITY). The National Executive Director or the National Executive Director has the following administrative functions and powers:

To supervise and issue a well-founded opinion on the efficiency and effectiveness of the management of the Departmental or Regional

Directorates and of the adequate fulfillment of their administrative attributions, for the purposes of this Law.

To hear and resolve those matters of an administrative nature that are consulted or brought to its attention by the Departmental or Regional Directorates.

Adopt disciplinary measures that may be necessary for the Departmental or Regional Directorates to comply with their functions in accordance with the present Law and other applicable legal norms.

To consider and propose the salary and human resources policies of the Departmental or Regional Directorates, the National Directorate and other agencies under its responsibility, for the budgetary purposes of the Law.

To consider and approve and, as the case may be, modify the draft budgets of the Departmental or Regional Directorates and its own, for the budgetary purposes of the Law.

#### ARTICLE 56. (CONTROL AND SUPERVISION ACTIVITIES).

I. The Departmental or Regional Directors shall oversee the correct and legal compliance with the legal or contractual obligations that correspond to the mining productive actors and to the holders of Operating Licenses and Commercialization Licenses, without interfering with the powers and competencies of control and supervision that correspond to other entities of the mining sector established in this Law or to other State entities according to their own regulations.

II. The control of compliance with environmental obligations and penalties for non-compliance are governed by the general environmental regulations and the special provisions of this Law, in charge of the competent authorities.

III. The control of compliance with tax, labor, social security and other obligations that do not constitute mining activity itself, and the penalties for non-compliance, are exercised by the respective competent authorities.

IV. The registration and control of mineral and metal commercialization activities in the domestic market and foreign trade is exercised by SENARECOM.

#### ARTICLE 57. (REGISTRATION ACTIVITY).

I. The AJAM shall administer the Mining Registry that includes the following acts subject to registration: authorizations, adjustments, mining

administrative contracts, licenses and all administrative and judicial decisions that have caused status in mining matters regarding the

processes of recognition, adaptation, subscription of contracts, licenses, amendments, or extinction of mining rights or others of a similar nature in accordance with this Law.

II. The competent Departmental or Regional Authorities shall provide the information of each and every one of the acts subject to registration in accordance with this Law.

III. As of the publication of this Law, the obligation to register mining rights and other acts of a mining nature provided for in this Law in the Registry of Real Rights and in the Registry of Commerce is abolished.

### SECTION III

#### PROCEDURAL ACTS AND OTHER ADJECTIVAL RULES ARTICLE 58.

I. All administrative acts of a jurisdictional nature of the National Executive Directorate and of the Departmental or Regional Directorates of the AJAM, except those of a mere procedural nature, shall be expressed in well-founded and reasoned administrative resolutions.

II. All resolutions on the granting or recognition of rights, authorizations, registrations, licenses, waivers, contractual termination, suspension or revocation of authorizations and licenses, and other acts that may affect the rights of third parties, shall be recorded in the Mining Registry and published in the National Mining Gazette.

III. The publication in the National Mining Gazette shall constitute public notification to mining productive actors and other legitimate third parties whose rights may be affected by such resolutions for the purposes of legal defense and opposition in accordance with this Law. The resolutions and decrees of mere formality shall be legally notified to the applicants or petitioners.

IV. For informative purposes, the AJAM shall arrange for the immediate publication of each edition of the National Mining Gazette, as an offprint or part of the publication, in at least one newspaper of national circulation or in a press medium of local circulation of the headquarters of the Regional or Departmental Authority when in the latter case the territorial scope of validity of the act is circumscribed to this zone, locality or region.

ARTICLE 59. (APPEALS FOR REVOCATION AND HIERARCHICAL APPEALS, ADMINISTRATIVE CONTENTIOUS PROCESS).

I. Any resolution issued by a Departmental or Regional Directorate at any stage of the procedure, either accepting or denying, totally or partially, the claim or request of the person administered, may be challenged by filing an appeal for revocation before the same authority, within ten (10) administrative working days.

II. The resolution accepting or denying all or part of the appeal for revocation shall be issued within twenty (20) administrative working days, which may be challenged only by the party entitled to file a hierarchical appeal within ten (10) administrative working days before the same Departmental or Regional Directorate.

(10) administrative working days before the same Departmental or Regional Directorate which, once the appeal has been received, shall forward the proceedings to the National Executive Directorate for its substantiation and resolution to be issued within thirty (30) administrative working days of its receipt.

The resolution of the latter shall exhaust the administrative procedure, leaving available the administrative contentious jurisdictional channel in accordance with the Law, which however shall be processed and resolved in sole and final instance by the Departmental Court of Justice of the region or department corresponding to the Departmental or Regional Directorate that issued the initial resolution.

III. For the purposes of the preceding Paragraph, the Departmental Courts of Justice shall resolve the contentious-administrative proceedings in full court.

IV. The judicial resolution that resolves the contentious-administrative process shall be duly notified, and the National Executive Directorate shall arrange for its registration in the Mining Registry and its publication in the National Mining Gazette.

V. In the case of appeals for refusal of the authority to grant applications for the adjustment of mining administrative contracts, the filing thereof at any of its instances does not suspend the exercise of acquired rights, pre-established or recognized by this Law, which shall continue to be in force until the proceedings are concluded.

ARTICLE 60. (SUPPLEMENTARY RULES).

I. In the cases provided for in this Section and in this Law, as applicable, Law No. 2341, of Administrative Procedure, dated April 23, 2002, and regulatory, complementary and amending rules, shall be of supplementary application.

II. The time periods provided for in this Law shall be computed in accordance with Law No. 2341 of Administrative Procedure, dated April 23, 2002.

#### CHAPTER IV

#### LEVEL OF PUBLIC MINING COMPANIES

#### ARTICLE 61. (MINING CORPORATION OF BOLIVIA - COMIBOL).

I. The Mining Corporation of Bolivia - COMIBOL, as a corporate strategic public company, of a public nature, with its own legal personality, its own assets, technical, administrative, legal and economic autonomy, subject to Law No. 466 of the Public Company, dated December 26, 2013, and its bylaws appropriate to said Law, is responsible for directing and administering the state mining industry with the exception of state mining companies that are not under its dependence. It shall exercise, on behalf of the State and the Bolivian people, the right to carry out the activities of prospecting, exploration, exploitation, concentration, smelting, refining, commercialization and industrialization of minerals, metals, precious and semiprecious stones existing in the mining areas under its administration and those of its affiliated and subsidiary companies.

II. Its objective is to achieve diversified productive development, the transformation of the mining productive matrix, industrial development and the generation of economic surpluses.

III. The Mining Corporation of Bolivia - COMIBOL, exercises its mandate directly through productive units or through its affiliates or subsidiaries created or to be created, throughout the mining production chain, without prejudice to the right to enter into contracts with other mining productive actors in accordance with this Law.

IV. For the fulfillment of its aims and objectives, COMIBOL, shall finance its mining operations with its own resources or resources obtained through credits from Private or Public Banking, credit securities or from institutions or external financing, in accordance with Article 50 of Law No. 466 of the Public Company, dated December 26, 2013.

V. The mining rights of the Mining Corporation of Bolivia - COMIBOL, are exercised with respect to the following areas, with the exception of the rights recognized in favor of mining cooperatives in accordance with paragraph b) of Article 130 of this Law:

(a) Areas of mining groups nationalized in accordance with Supreme Decree No. 3223, dated October 31, 1952, elevated to the rank of Law on October 29, 1956.

b) Areas of mining concessions acquired by the Mining Corporation of Bolivia - COMIBOL, after October 31, 1952.

c) Mouths, levels, waste, tailings, slag, tailings, pallacos and metallurgical mining waste, from mining concessions of nationalized groups and mining concessions legally acquired by the Mining Corporation of Bolivia - COMIBOL, in any title.

d) Areas for the exclusive use of the Mining Corporation of Bolivia - COMIBOL, established in Article 2 of Supreme Decree No. 1369, dated October 3, 2012.

e) Areas under administration of the Mining Corporation of Bolivia - COMIBOL, in accordance with Supreme Decree No. 1308, dated August 1, 2012.

f) New areas under mining administrative contract with AJAM, in accordance with this Law.

VI. Likewise, the Bolivian Mining Corporation - COMIBOL owns the camps, metallurgical, hydrometallurgical, industrial and other plants, mills, movable property, real estate and facilities acquired or obtained by COMIBOL under any title, with the exception of those legally transferred prior to the present Law.

VII. Upon expiration of the term of the mining administrative contract entered into by the mining cooperatives with the AJAM in areas of nationalized mining of COMIBOL, the mining areas shall return to the administration of the Mining Corporation of Bolivia, in case there is no renewal of the contract.

ARTICLE 62. (CONTINUITY OF RIGHTS, CONTRACTS AND ADEQUACY).

I. The Mining Corporation of Bolivia - COMIBOL, shall continue to exercise mining rights over the mining areas and mining sites of nationalized mining

that remain under its administration in accordance with Article 61 of this Law and over other Special Transitory Authorizations of the Mining Corporation of Bolivia - COMIBOL, subject to adaptation.

II. In the case of current leasing and risk-sharing contracts signed by the Mining Corporation of Bolivia - COMIBOL, with mining productive actors prior to the entry into force of this Law, they shall remain in force and the parties shall renegotiate their terms and conditions for the signing of a new contract. If the lease or shared risk contract has fulfilled 50% or more of the term established for its validity, it must be adjusted in one (1) year from the publication of the administrative act of the AJAM that establishes the starting date for the adjustment of these contracts; if the fulfillment is less than 50% of the term established for its validity, it must be adjusted in eighteen (18) months at the most, respecting in both cases the pre-established rights of the mining cooperatives.

III. Lease or shared risk contracts signed with mining productive actors cannot be renewed.

IV. Within the term established by the AJAM in relation to the areas of nationalized mining that remain under the administration of COMIBOL, the latter shall register with the AJAM its rights to them, together with the contracts signed with productive mining actors.

mining productive actors. The AJAM will arrange for their registration in the Mining Registry. The other Special Transitory Authorizations - ATE's of COMIBOL are subject to the regime of adaptation of the present Law, which shall be complied with accompanying the respective contracts with private mining productive actors, if any.

#### ARTICLE 63. (SUBSTITUTION OF REGIME).

I. The mining rights of the Mining Corporation of Bolivia - COMIBOL on areas by belongings or squares and exploitation sites by levels, mine entrances; as well as, tailings, cuttings, tailings, pallacos, sucus and slag, granted in lease contracts in favor of mining cooperatives, shall be adapted to the mining administrative contract to be signed with the AJAM in accordance with the present Law.

II. The mining rights referred to in the previous paragraph include both the nationalized mining groups and the other ATE's of the Mining Corporation of Bolivia - COMIBOL and sites granted under lease.



III. As a consequence of the provisions of Paragraph I of this Article, the obligations of the Corporation Minera de Bolivia - COMIBOL in relation to the cooperatives resulting from the leases are extinguished.

ARTICLE 64. (STRUCTURE OF THE MINING CORPORATION OF BOLIVIA - COMIBOL AND ITS COMPANIES).

I. The Mining Corporation of Bolivia - COMIBOL shall have the following structure:

The Board of Directors is the highest instance of direction, control and oversight of corporate and strategic management policies.

The President or Executive President is the highest executive authority and exercises the legal representation of the Corporation Minera de Bolivia-COMIBOL and is appointed by the President of the Plurinational State from a list of three candidates proposed by the Chamber of Deputies.

Management Area.

Operational Area.

Internal Auditing Body.

II. The affiliates and subsidiaries of Corporation Minera de Bolivia - COMIBOL shall have the following structure:

Board of Directors.

Executive Management.

Management Area.

Operational Area.

Internal Auditing Body.

III. Subject to Paragraph III of Article 17 and 29 of Law No. 466 of the Public Enterprise Law, dated December 26, 2013, The Corporation Minera de Bolivia-COMIBOL and its subsidiaries shall adjust their structure in their respective bylaws approved by their board of directors according to the nature of their organization and business development.

ARTICLE 65. (BOARD OF DIRECTORS OF THE MINING CORPORATION OF BOLIVIA - COMIBOL).

I. The Board of Directors of COMIBOL shall be composed of five (5) members appointed by COSEEP, as determined by the Chairman of the Board of Directors.

II. The organic participation of a worker of the Corporation Minera de Bolivia - COMIBOL in its Board of Directors is guaranteed.

III. The mining cooperatives do not participate in the Board of Directors of the Mining Corporation of Bolivia - COMIBOL, nor in the Boards of Directors of its affiliates and subsidiaries.

IV. The Directors of the Mining Corporation of Bolivia - COMIBOL shall perform their functions and shall be remunerated with resources from COMIBOL, and may not perform any activity that generates a conflict of interest.

They shall not engage in any activity that generates a conflict of interest, in accordance with the provisions of its Bylaws and in accordance with the provisions of Law No. 466 of the Public Company Law.

ARTICLE 66. (POWERS OF THE BOARD OF DIRECTORS OF THE BOLIVIA MINING CORPORATION - COMIBOL). The powers of the Board of Directors of COMIBOL are as follows:

To approve ad referendum the strategic business plan of COMIBOL, which shall be prepared within the framework of the economic and social development planning of the country and the policies of the mining sector.

Approve the internal policies and rules for the management of COMIBOL.

Approve the necessary plans for the management of the company, framed in the strategic business plan.

Approve the modification of COMIBOL's bylaws.

Approve the annual execution plan and its budget, as well as its modifications in accordance with the provisions of the internal regulations.

Approve the organizational structure and the salary scale of COMIBOL's personnel, within the framework of the salary policy for public companies and applicable regulations.

Approve the audited financial statements, the annual report and the report of the internal auditing body, as well as the annual external audit report and send it to the Comptroller General of the State for constitutional purposes, and to the Superior Strategic Council of Public Enterprises - COSEEP for its knowledge.

Propose to the Minister of Mining and Metallurgy, responsible for the mining sector policy, the reorganization and liquidation of the company, as well as the creation of affiliates and subsidiaries.

Authorize the creation of agencies or branches inside and outside the country when its business activity so requires.

To authorize the President or the Chief Executive Officer to file applications for mining administrative contracts before the AJAM for the purposes of this Law.

To authorize the President or the Executive President, the subscription of contracts that establish strategic alliances established in Article 8 of Law No. 466, of the Public Enterprise, and the mining association contracts foreseen in this Law.

To analyze and evaluate all aspects related to the management of the company and to instruct the adoption of the corresponding preventive and/or corrective measures.

Decide on the distribution of net profits in accordance with the general guidelines established for this purpose.

At the request of the Superior Strategic Council of Public Enterprises - COSEEP, to submit information on corporate management.

The other powers set forth in Law No. 466, of the Public Enterprise, and the internal regulations of the company.

#### ARTICLE 67. (SUBSIDIARY COMPANIES AND THEIR RELATIONSHIP WITH THE CORPORATE COMPANY).

I. The following are subsidiary companies of COMIBOL:

- Empresa Minera Huanuni - EMH.
- Colquiri Mining Company - EMC.
- Coro Coro Mining Company - EMCC.
- Empresa Metalúrgica Vinto - EMV.
- Empresa Metalúrgica Karachipampa - EMK.
- Other affiliated or subsidiary companies to be created according to regulations.

II. The Mining Corporation of Bolivia - COMIBOL, in relation to its affiliated and subsidiary companies, shall exercise the powers established in Article 21 of Law N° 466, of the Public Company.

ARTICLE 68. (HUANUNI MINING COMPANY).

I. COMIBOL by Supreme Decree No. 28901, dated October 31, 2006, elevated to the rank of Law No. 3719, dated July 31, 2007, assumes full control of the Pozoconi hill as well as the direct management and administration of the nationalized deposits of the Huanuni Mining Center.

II. Empresa Minera Huanuni - EMH, is a state-owned company, subsidiary of COMIBOL, of public character, responsible for carrying out activities of the mining productive chain and industrialization of minerals of the Huanuni Mining Center, based on the general guidelines issued by COSEEP and its business dynamics.

III. The mining areas of the Huanuni Mining Center shall be under the direct administration of Empresa Minera Huanuni. Its expansion to new areas shall be made according to the present Law.

ARTICLE 69. (COLQUIRI MINING COMPANY). The Colquiri Mining Company - EMC, created by Supreme Decree No. 1264, dated June 20, 2012; is a state-owned company subsidiary of COMIBOL, of a public nature, responsible for carrying out activities of the mining productive chain and industrialization of minerals and metals, based on the general guidelines issued by COSEEP and its business dynamics, with respect to the mining areas under its administration.

ARTICLE 70. (COROCORO MINING COMPANY). The Empresa Minera Corocoro - EMC, created by Supreme Decree No. 1269, dated June 24, 2012, is a

state-owned company subsidiary of COMIBOL, of a public nature, responsible for carrying out activities of the mining productive chain and industrialization of copper minerals and others, in the Corocoro Mining Center, based on the general guidelines issued by COSEEP and its business dynamics.

ARTICLE 71. (VINTO METALLURGICAL COMPANY). Empresa Metalúrgica Vinto - EMV, reverted to the State by Supreme Decree No. 29026, dated February 7, 2007, is a state-owned subsidiary of COMIBOL, of a public nature, responsible for carrying out smelting, refining,

commercialization and industrialization of minerals, based on the general guidelines issued by COSEEP and its business dynamics.

ARTICLE 72. (KARACHIPAMPA METALLURGICAL COMPANY). The Karachipampa Metallurgical Company - EMK, created by Supreme Decree No. 1451, dated January 4, 2013, is a state-owned company subsidiary of COMIBOL, of a public nature, responsible for carrying out activities of beneficiation, smelting, refining, commercialization and industrialization of minerals and metals, based on the general guidelines issued by COSEEP and its business dynamics.

ARTICLE 73. (EVAPORITE RESOURCES).

I. COMIBOL is responsible for carrying out activities of prospecting, exploration, exploitation, beneficiation or concentration, installation, implementation, start-up, operation and administration of evaporite resources, inorganic chemistry complexes, industrialization and commercialization. Likewise, COMIBOL, in accordance with Law No. 466 of the Public Company, may create a subsidiary company responsible for the execution of the mining activities mentioned in this Article.

II. The assets of the Complejo Industrial de Recursos Evaporíticos del Salar de Uyuni - CIRESU, shall be transferred to COMIBOL as long as the creation of the subsidiary company established in Paragraph I of this Article is established.

III. The patrimony of the Industrial Complex of Evaporative Resources of the Salar de Uyuni - CIRESU, the budgetary balances assigned to the National Management of Evaporative Resources of COMIBOL, the human resources, assets and liabilities assigned to said management, shall be transferred to the subsidiary company if it is created according to legal disposition.

IV. COMIBOL will develop the basic chemical processes of its evaporite resources with a 100% state participation for the production and commercialization of: Lithium Chloride, Lithium Sulfate, Lithium Hydroxide and Lithium Carbonate; Potassium Chloride, Potassium Nitrate, Potassium Sulfate, derived and intermediate salts and other products of the evaporite chain. Subsequent semi-industrialization and industrialization processes may be carried out through association contracts with national or foreign private companies, maintaining the majority participation of the State.

V. The right to the traditional exploitation, production and commercialization of common salt (Sodium Chloride) in the Bolivian salt flats currently carried out by local economic organizations and cooperatives is recognized, respecting pre-established and acquired recognized rights.

VI. Within two (2) months of the publication of the present Law, the Ministry of Mining and Metallurgy and COMIBOL shall carry out a survey and evaluation of the rights granted to third parties in the salt flats and shall propose the regulations that are appropriate and necessary for the adaptation of said rights to the provisions of the present Law. ARTICLE 74. (EMPRESA SIDERÚRGICA DEL MUTÚN). The Empresa Siderúrgica del Mutún - ESM is a state enterprise, of public character, responsible for carrying out activities of prospecting, exploration, exploitation, benefit, smelting, refining, commercialization and industrialization of minerals from the Mutún deposit; it shall be governed according to the provisions of Law N° 3790 of November 24, 2007, on the Creation of the Empresa Siderúrgica del Mutún, based on its business dynamics and the general guidelines issued by the Consejo Superior de la Empresa Estatal Pública - COSEEP (Superior Council of the State Public Enterprise - COSEEP).

ARTICLE 75. (BOARD OF DIRECTORS AND POWERS OF AFFILIATED AND SUBSIDIARY COMPANIES). The composition and powers of the Boards of Directors of the affiliated and subsidiary companies of COMIBOL shall be in accordance with the provisions set forth in Paragraph IV of Article 16 and Paragraph IV of Article 36 of Law No. 466 of the Public Company Law and its internal bylaws.

ARTICLE 76. (EXECUTIVE MANAGERS). The executive managers of the affiliated and subsidiary companies of COMIBOL shall be appointed in accordance with Paragraph II of Article 18 of Law No. 466 of the Public Company Law and the bylaws of each company.

ARTICLE 77. (ECONOMIC REGIME OF THE CORPORACIÓN MINERA DE BOLIVIA - COMIBOL WITH ITS AFFILIATED COMPANIES).

I. A percentage of the surplus of the available net profits of the affiliated and subsidiary companies, after establishing investment and reinvestment provisions for improvements and expansion of operations, shall be transferred to COMIBOL.

II. The Mining Corporation of Bolivia - COMIBOL shall be financed with economic resources from:

- (a) Mining and metallurgical operations from the execution of its projects.
- b) Mining Association and Shared Risk Contracts, the latter shall be adapted to Mining Association Contracts.
- c) Internal or external credits, or other forms of financing for the implementation of state projects.
- d) And other sources of income.

III. Transfers of economic resources by COMIBOL to its affiliates or subsidiaries shall be subject to mandatory returns to be included in the respective budgets.

IV. The assets and patrimony of the companies, technically and financially unviable, after their closure, shall be transferred to COMIBOL, remaining under its administration and responsibility, according to the procedure established in the respective budgets.

responsibility, according to the procedure established in specific regulations. In no case shall the debts of the affiliated and subsidiary companies be transferred to COMIBOL, nor shall COMIBOL be subrogated to the debts of its companies.

V. The provisions of the preceding Paragraphs shall be subject to the provisions of Articles 21, 32, 50 and the Twelfth Final Provision of Law No. 466, of the Public Company, dated December 26, 2013.

ARTICLE 78. (COMMON RULE). State mining companies may carry out their activities directly or through state mining association contracts with other non-state mining productive actors, in accordance with Chapter III of Title IV of this Law.

## CHAPTER V

LEVEL OF SERVICE ENTITIES,

RESEARCH AND CONTROL

ARTICLE 79. (SERGEOMIN).

I. The institutional independence of the National Geology and Mining Service - SERGEOMIN, which was previously merged into the National Geology and Mining Technical Service - SERGEOTECMIN, is reestablished.

II. The National Geology and Mining Service, for the purposes of this Law is renamed the Geological Mining Service - SERGEOMIN, and shall be reorganized as a decentralized public entity of the Ministry of Mining and Metallurgy.

ARTICLE 80. (POWERS AND FUNCTIONS OF SERGEOMIN). The powers of SERGEOMIN are the following:

- a) Prepare, update and publish the national geological map, thematic maps: geological, hydrogeological, metallogenic, mining, geological risk, geotechnical, aggregates, volcanology, geothermal, seismology and other geological disciplines in coordination with the competent sector.
- b) Identify mining areas to be declared as Fiscal Reserve.
- c) Conduct prospecting and exploration in mining areas declared as Fiscal Mining Reserve.
- d) Develop a portfolio of mining prospects and projects to promote the Bolivian mining potential.
- e) Collect, generate, classify and disseminate geological, mineralogical, paleontological, mining-metallurgical, remote sensing (satellite), geographic information systems and scientific research and other geological disciplines.
- f) Provide geological, geophysical, geochemical and environmental services, for a fee, as required by mining productive actors.
- g) Provide paid laboratory services, mineralogy, mineralogy, mineralogy, paleontology, petrography, environment, satellite image processing, geological risks, environmental geology, geotechnics, hydrogeology, water analysis and others, with efficiency and competitiveness.
- h) Collect, generate, record and transfer hydrogeological information, compile and interpret geological information, have a hydrogeological information system, in coordination with the competent sector and in compliance with current regulations.
- i) Conduct applied research, compile and interpret environmental geological information and publish regional baseline maps in areas of mining interest.
- j) Provide paid environmental sampling and measurement services.
- k) Provide paid technical assistance services in the geological, mining and environmental areas to state and private mining companies and mining cooperatives, as well as to non-mining sectors.



- l) Receive, systematize and evaluate all geological, mining and environmental information generated by mining productive actors for the execution of Prospecting and Exploration Licenses and mining administrative contracts, for monitoring, control and supervision by the competent sectorial authority.
- m) Provide technical information required by the Ministry of Mining and Metallurgy.
- n) To sign contracts for the rendering of remunerated services with departmental autonomous governments and municipal autonomous governments.
- o) Sign agreements with scientific institutions, universities and national and international organizations to improve levels of academic education, technical training and dissemination of their results; as well as those related to mining research projects to promote institutional development and the development of the mining sector.
- p) Inform the AJAM about the Work and Investment Plans, Work and Development Plans, Work Plans and Financial Budget, for the purposes set forth in Articles 140 and 143 of this Law.

ARTICLE 81. (MANAGEMENT AND FINANCING OF SERGEOMIN).

I. SERGEOMIN shall be directed by an Executive Director or Executive Director as Highest Executive Authority, appointed by Supreme Resolution.

II. The financing of SERGEOMIN shall come from the following sources:

- a) General Treasury of the Nation - TGN.
- b) Percentage of mining patent revenues.
- c) Own income from remunerated services, sale of information and publications, sale of reports on prospects studied and evaluated.
- d) Support from international cooperation agencies.
- e) Immediate transfer of the Mining Royalty - MR assigned to the departmental autonomous governments, according to Paragraph III of Article 229 of this Law.

ARTICLE 82. (REORGANIZATION). The Executive Director or the designated Executive Director of SERGEOMIN shall carry out all internal reorganization measures and propose all those necessary for the purposes of this Chapter, complying with the applicable administrative and budgetary

rules regarding the allocation of areas, personnel, assets and goods, their registration and others.

(MINING AND METALLURGICAL RESEARCH CENTER - CEIMM, MANAGEMENT AND FINANCING).

I. The Mining and Metallurgical Research Center - CEIMM is the decentralized public entity of the Ministry of Mining and Metallurgy, in charge of conducting research in the mining and metallurgical area and mining training, directed by an Executive Director or an Executive Director, appointed by the Minister of Mining and Metallurgy.

Funding will come from the following sources:

Percentage of the payment collected for the Operating and Commercialization Licenses.

Own income from paid services, sale of information and publications.  
Support from international cooperation agencies.

II. The initial patrimony of CEIMM is constituted by the assets of the former Mining and Metallurgical Research Institute.

ARTICLE 84. (POWERS AND FUNCTIONS OF CEIMM). The attributions and functions of CEIMM are as follows

To collect, generate, classify and disseminate mining metallurgical information and scientific research and other metallurgical disciplines.

To carry out applied research on metallurgical processes, compile and interpret mining metallurgical information.

Provide paid technical assistance services in mining, metallurgy and industrial processes to state and private mining companies and mining cooperatives.

Develop and implement specialized technical training programs in mining, processing, mineral commercialization, environmental management, industrial safety and other topics inherent to the mining-metallurgical activity.

To train technical and specialized labor for their labor insertion.

Promote the development of specific labor competencies of mining workers in different areas, oriented to a socially and environmentally responsible mining.

Sign agreements with scientific institutions, universities and national and international organizations, to improve levels of academic education, technical training and dissemination of their results; as well as those related to mining research projects to promote institutional development and the mining sector.

ARTICLE 85. (NATIONAL SERVICE FOR REGISTRATION AND CONTROL OF THE COMMERCIALIZATION OF MINERALS AND METALS - SENARECOM). The National Service for the Registration and Control of the Commercialization of Minerals and Metals - SENARECOM, is the decentralized public entity, under the Ministry of Mining and Metallurgy, in charge of the registration and control of the commercialization of minerals and metals in the domestic market and foreign trade operations, according to the present Law and Supreme Decrees N° 29577, dated May 21, 2008, and N° 29165, dated June 13, 2007, as amended by Supreme Decree N° 29581, dated May 27, 2008.

ARTICLE 86. (DIRECTION AND FINANCING OF SENARECOM).

I. The Executive Director of SENARECOM shall be appointed by Supreme Resolution.

II. The payment of 0.05% over the gross export value is established for the payment of the verification service for the export of minerals, metals and non-metals to be paid by the exporters according to specific regulations, as provided in Paragraph I of Article 3 of the present Law, likewise for the export of jewelry, manufactured goods of metals and non-metals, precious or semiprecious stones to be paid by the exporters, resources that shall be destined to the operation of SENARECOM.

III. The functioning and operations of SENARECOM shall also be financed with resources from the General Treasury of the Nation - TGN, as well as by inter-institutional agreements, donations and income generated inherent to its own activity, established in specific norms.

ARTICLE 87. (ATTRIBUTIONS). SENARECOM has the following attributions:

To control the compliance with the legal norms that regulate the internal and external commercialization of minerals and metals, in accordance with the present Law and norms in force.

To keep the Registry of the Mining Identification Number - NIM.

To manage the Registry of Bolivian Minerals and Metals Marketers, of all persons authorized to market according to the present Law, to which effect it will grant the Identification Number of Retention Agent - NIAR.

To register and control those who are constituted as withholding and collection agents of the Mining Royalty, for the commercialization of minerals and metals indicated in Paragraph I of Article 3 of the present Law, to which effect it shall grant the Identification Number of Withholding Agent - NIAR.

3 of the present Law, for which purpose it will grant the Withholding Agent Identification Number - NIAR.

Verify the payment of mining royalties in coordination with the departmental autonomous governments.

Regularly provide departmental and municipal autonomous governments with updated information on the internal and external commercialization of minerals and metals in order to contribute to the control, inspection and collection of mining royalties.

To sanction administratively the infractions to the norms on the commercialization of minerals and metals according to regulations.

To denounce and submit information to the Public Prosecutor's Office on the commission of alleged crimes detected in the exercise of its competence.

For the computation of payment of royalties and other withholdings, verify for exports or for the sale of minerals and metals in the domestic market, the origin, weight, mineral grade and/or metal content, and official quotation used.

Verify that traders display in a visible place their purchase prices for minerals and metals.

Verify the information declared in the export forms of minerals and metals, as well as manufactured goods, jewelry, handicrafts and industrialized products, in order to determine the payment of royalties and other withholdings.

Verify the origin of minerals and metals traded in the domestic market.

To prepare and update the database and periodically disseminate statistics and general information on the commercialization of minerals and metals in the domestic and foreign markets.

Register and report on the contributions and withholdings of mining cooperatives and small-scale miners to state and social security entities, according to agreements signed for this purpose and applicable legal provisions.

Manage and update the National Information System on Mining Commercialization and Exports - SINACOM.

Control and register withholdings and institutional and union contributions under agreement: Caja Nacional de Salud - CNS, Entes Gestores en Salud - EGS, Sistema Integral de Pensiones - SIP, Corporación Minera de Bolivia - COMIBOL, and others.

#### ARTICLE 88. (TRANSACTIONS IN THE DOMESTIC MARKET).

I. The transactions of minerals and metals in the domestic market shall be compulsorily recorded in a computer system and a single official form established by SENARECOM, in standard format, recording market prices, commercial deductions, calculation of mining royalties, social security contributions in accordance with the

SENARECOM, in standard format, recording market prices, commercial deductions, calculation of the mining royalty, social security contributions according to current regulations and institutional deductions for trade organizations.

II. The legally authorized and registered traders shall obligatorily report to SENARECOM the purchase and sale of mineral and mineral concentrates, within a term no longer than fifteen (15) administrative working days from the day of purchase and sale in the domestic market.

III. Individual and collective, national or foreign persons that carry out manufacturing activities or elaborate industrialized products based on minerals and metals in the domestic market, shall not be subject to the payment of the Mining Royalty - MR, but they must be withholding agents of the Mining Royalty of their national suppliers. The withholding of the retained royalty shall be made until the fifteenth (15th) day of the following month to the authorized entity.

#### ARTICLE 89. (RECALCULATION).

I. The differences due to incorrect declarations in the payment of the Mining Royalty, once settled according to Paragraph II below, shall be re-settled without accessories within five (5) administrative working days following the determination of the export conditions. Late payments are subject to the

payment of updates, interests and pecuniary sanctions, according to the applicable legal norms.

II. In case of observation by the trader or operator to the results of SENARECOM's control, these will be previously settled according to the procedure established in the current regulations.

## CHAPTER VI

### LEVEL OF PROMOTION

ARTICLE 90. (SUPPORT FUND FOR THE REACTIVATION OF SMALL-SCALE MINING - FAREMIN).

I. The Small Mining Reactivation Support Fund - FAREMIN, is a decentralized entity, with legal personality, administrative, technical, financial and legal management autonomy, with its own assets, under the supervision of the Ministry of Mining and Metallurgy, responsible for the promotion and financing of small mining.

II. FAREMIN will manage and administer the economic resources coming from the State through reimbursable financing used as a Revolving Fund, as well as other resources from national or foreign private organizations and institutions; it will promote technical assistance programs in the areas of geology, laboratory, satellite technology, metallurgy, environment, geophysics and other specialties for the benefit of the members of the National Chamber of Mining, based on the agreements and conventions signed by the National Chamber of Mining with public and/or private institutions.

III. The FAREMIN through agreements with the Geological Mining Service - SERGEOMIN, Mining Corporation of Bolivia - COMIBOL, SENARECOM, universities, institutes, EMPLEOMIN, EMPLEOMIN, the National Mining Chamber of Bolivia and other institutions,

institutes, EMPLEOMIN, NGO's, marketing companies and other institutions in their fields of action, will promote support, assistance and cooperation programs.

IV. FAREMIN will have a Board of Directors presided by the Minister of Mining and Metallurgy, two (2) representatives of the Ministry of Mining and Metallurgy, and two (2) representatives of the National Chamber of Mining. This Board of Directors shall function ad honorem.

V. The beneficiaries of the promotion and support established in this Article, are the private mining producers that have made an investment of up to \$600,000.- (Six Hundred Thousand 00/100 US Dollars) and a maximum monthly extraction and treatment of three hundred (300) gross tons of minerals.

#### ARTICLE 91. (FINANCING FUND FOR MINING - FOFIM).

I. The Fondo de Financiamiento para la Minería - FOFIM, is a decentralized non-bank public law entity under the Ministry of Mining and Metallurgy, with legal personality, administrative, technical, legal and financial management autonomy, with its own assets, whose purpose is to grant development loans and technical and administrative assistance throughout the productive chain in favor of mining cooperatives, represented by FENCOMIN. It is managed by a board of directors and an executive general director.

II. The Board of Directors is composed of six (6) members: one (1) representative of the Ministry of Mining and Metallurgy as President, who has the casting vote, one (1) representative appointed by the Ministry of Economy and Public Finance as Director, one (1) representative appointed by the Ministry of Productive Development and Plural Economy as Director, one (1) representative appointed by the Ministry of Development Planning as Director, and two (2) representatives of the National Federation of Mining Cooperatives - FENCOMIN as Directors, with the right to only one vote. This Board of Directors shall function on an ad-honorem basis.

### TITLE III

#### MINING RIGHTS AND EXTINCTION

##### CHAPTER I

##### MINING RIGHTS

ARTICLE 92. (MINING RIGHTS). Mining rights grant the holders the power to prospect, explore, exploit, concentrate, smelt, refine, industrialize and commercialize mineral resources, by means of their own and complementary mining activities in all or part of the mining production chain.

ARTICLE 93. (SCOPE OF MINING RIGHTS).

I. The recognition or granting of mining rights under the modalities established in this Law does not grant the holder or holders, nor those associated with them, proprietary or possessory rights over the mining areas.

II. The holders of mining rights may not lease the mining areas.

III. With the exception of mining activities legally existing prior to the publication of this Law, mining activities of land prospecting, exploration or exploitation, concentration, refining and smelting may not be carried out:

Within cities, towns, towns, cemeteries and public or private constructions.

In the proximity of highways, canals, ducts, railroads, power transmission lines and communications, up to one hundred (100) meters.

In the proximity of headwaters, lakes, rivers, springs and reservoirs, restrictions shall be subject to Environmental Studies with a multi-sector approach.

In the proximity of airports, up to one thousand (1000) meters.

In the proximity of barracks and military installations, up to three hundred (300) meters.

In areas of historical and archeological monuments declared by law, up to one thousand (1000) meters.

IV. The exclusions indicated in the preceding Paragraph do not apply to roads, railroad lines and power transmission lines, which lead, serve mines and mining operation centers, whether or not they extend within the same.

V. When a mining project obliged to comply with the social economic function and the social economic interest justifies the need to be developed affecting such populations, cemeteries, barracks, public or private constructions, the same may be executed prior agreement of the parties when legally possible.

VI. If a mining right is recognized or granted with respect to a certain area, it includes the properties, areas or places referred to in Paragraph I, the mining activities shall be subject to the provisions of this Article.

#### ARTICLE 94. (ACQUIRED AND PRE-CONSTITUTED RIGHTS).

I. The Plurinational State of Bolivia recognizes and respects the acquired rights of individual or joint private holders, private and mixed companies, and other forms of private ownership with respect to their Special Transitory



Authorizations - ATE's, prior adjustment to the mining administrative contract regime, in accordance with this Law.

II. The Plurinational State of Bolivia recognizes and respects the pre-constituted mining rights of the mining cooperatives, in any of their current modalities, having to adapt them to the regime of mining administrative contracts, according to the present Law.

III. The Plurinational State of Bolivia recognizes and respects the acquired mining rights of state-owned companies, in any of their current modalities, which must be adapted or registered, with the exceptions provided for in this Law.

#### ARTICLE 95. (OWNERSHIP OF THE HOLDER).

I. The holder of mining rights has dominion, free disposal and encumbrance over: the investment, mining production, movable property, constructed real estate, equipment and machinery installed inside and outside the perimeter of the mining area, which are the result of its investments and works.

II. Once the mining right has been extinguished, for any of the causes established in this Law, the infrastructure built not included in the preceding Paragraph, which belongs to the holder of the mining rights, shall be consolidated in favor of the State, without prejudice to special regulations that provide for a specific destination for reasons of public interest.

#### ARTICLE 96. (RIGHTS OVER MINING AND METALLURGICAL WASTES).

I. Mining and metallurgical wastes, such as tailings, cuttings, tailings, slag and similar, are part of the mining area in which they are located and the owner has the right to carry out any mining activity on them. Their management, maintenance, control and disposal will be subject to compliance with environmental regulations.

II. The rights over mining and metallurgical wastes end with the extinction of the mining right.

#### ARTICLE 97. (RIGHT TO PROFITS AND REMISSION).

I. The mining productive actors have the right to receive the profits or surpluses generated in the mining activity, subject to the provisions of this Law and other applicable special regulations.

II. The right to remit profits or economic surpluses abroad of national or foreign investors is exercised in compliance with applicable tax regulations.

ARTICLE 98. (FINANCING).

I. Mineralogical resources in their natural state in the soil or subsoil, being the social property of the Bolivian people, may not be registered as proprietary rights in the name of any natural or juridical person or national or foreign company in national or foreign stock markets.

II. No individual or collective person, national or foreign, may claim such proprietary rights for financial operations of securitization, guarantee or security.

III. The productive actors holding mining rights, pursuant to this Law, may only use the quantitative or qualitative information, obtained through studies or other means, on the mineral resources, for financing purposes for the development of their mining activities by the means authorized by Law, including the means available in national or foreign stock exchanges, which does not imply any act of disposition, assurance or encumbrance of any kind.

ARTICLE 99. (RIGHT TO LEGAL SECURITY AND PROTECTION).

I. The Plurinational State guarantees the legal security of the mining undertakings and investments of the holders of legally established mining rights and provides that, among other rights, they enjoy the right to demand from the competent public authorities, full and effective protection against acts of individual or collective persons that seek to prevent or impede the effective exercise of the recognized mining rights.

II. Collective or natural persons who carry out acts that impede the exercise of the mining rights shall be subject to the sanctions established in the regulations in force.

ARTICLE 100. (ADMINISTRATIVE RELIEF). The competent Departmental or Regional Director of the AJAM, shall administratively protect, with the assistance of the public force requested to the Departmental Police Command and other effective protection measures that may be necessary, the holder of mining rights or the legal operator of the mining activity provided for in this Law, whose mining areas, sites or places of activity or work, facilities, camps or other dependencies are the object of: invasion, blockage, obstruction of roads or access to the sites, de facto disturbance or other similar acts that in any way affect, alter or

harm the normal and peaceful development of their work and activities, whether they are individual or collective persons.

ARTICLE 101. (PROCEDURE).

I. Once the request for injunction is filed with the background information before the competent Departmental or Regional Directorate of the AJAM, the Director shall be present within 48 hours of the filing of the request in order to verify the request for injunction.

II. After a summary verification of the facts denounced, the AJAM will grant the injunction, ordering the restitution of the right to the mining productive actor, under the terms of the Law.

III. The competent Directorate and any public authority that intervenes in the Amparo or that becomes aware of the facts, shall be obliged to deliver or forward, without delay, all the background and information of the case to the Public Prosecutor's Office for the immediate initiation of the legal investigations and the corresponding criminal prosecution of any material and intellectual authors, accomplices or accessories to the crimes, who shall also be liable for the damages and losses caused.

ARTICLE 102. (PROMOTION OF INVESTMENT). The State guarantees conditions of mining competitiveness and predictability of legal norms for the development of the mining industry and the promotion of investments.

ARTICLE 103. (SUSPENSION OF WORK).

I. The competent authorities that may prevent the initiation or order the suspension of mining activities are:

Competent Environmental Authority, upon verification of cases of environmental impact, upon complaint filed by natural or legal persons, based on technical and legal reports; as long as the conditions or causes that originated said suspension measure are maintained.

Competent authorities that exercise control and supervision of mining activities, when it is a matter of work stoppage or when the health and life of the personnel involved in mining activities so require.

Jurisdictional Authorities.

II. The competent authority of the Executive Branch in charge of the protection of Indigenous Nations and Peoples in a highly vulnerable

situation, may request the suspension of mining activities to the AJAM, when appropriate, prior technical and legal report.

III. The temporary suspension shall be maintained as long as the conditions or causes that originated said suspension measure are maintained.

#### ARTICLE 104. (ILLEGAL EXPLOITATION).

I. Whoever carries out activities of exploitation of mineral resources, without having the authorization or right granted within the framework of this Law, incurs in illegal exploitation. The penal sanctions established by Law shall include the obligation to restitute to the State the value of the minerals extracted and to comply with the corresponding royalty and tax obligations.

II. The Ministry of Mining and Metallurgy in coordination with the AJAM, upon evidence of illegal exploitation of mineral resources, shall provide, within a maximum period of 48 hours, by means of a substantiated resolution, the immediate suspension of illegal activities, proceeding, upon request to the competent authority, to the arrest of the authors of illegal exploitation with the help of the public force, for their presentation before the authorities of the Public Ministry and the neutralization, seizure or destruction of the machinery used.

III. The AJAM, based on the background and actions taken in the previous paragraph, shall file the corresponding complaint before the Public Prosecutor's Office for the immediate initiation of legal actions and their criminal sanction.

ARTICLE 105. (AUTHORIZATIONS BETWEEN ADJACENT MINING RIGHTS HOLDERS). The holders of mining rights shall authorize adjoining holders to enter their work sites when there is a well-founded danger of flooding, landslides or any other damage that could be caused to them by the execution of the former's work, with the purpose of the adjoining holder adopting appropriate preventive measures at the holder's expense or requiring the holder to execute them immediately. In case of refusal by the owner, the neighboring party may request, with the necessary justifications, authorization from the competent Departmental or Regional Director, which shall be granted by means of a resolution of immediate effect. The authorization may instruct the requested owner to immediately adopt corrective or preventive measures.

ARTICLE 106. (PROPASES). The holder of mining rights who spreads his work to other mining areas, shall compensate damages and losses according to the Civil Law. The affected owner may, with justified grounds, request the intervention of the competent Departmental or Regional Director, so that by means of a resolution and after a verification report from the Directorate of Mining Cadastre and Gridding, to be submitted within five (5) administrative working days, he may order, within a term no longer than three (3) administrative working days after the report has been submitted, the measures to be taken.

(3) administrative working days after the report has been submitted, the immediate cessation and correction measures that must be complied with by the holder complained of.

ARTICLE 107. (EXPLOITATION RIGHTS OVER RESOURCES OF THE AREA). The holders of mining rights, within the perimeter of their mining areas, shall have the right to use existing construction materials, wood, firewood, peat and similar, exclusively for their mining activities, subject to the applicable legal regulations.

ARTICLE 108. (RIGHTS OF WAY IN SURFACE AREAS).

I. The holders of mining rights shall have the right of way through the surface area in which their contract area is located and/or through neighboring properties, subject to prior agreement of the parties, being entitled to build trails, roads, bridges, pipelines, aqueducts, power lines, railroad lines and install the necessary basic services, at their own cost and expense. In all cases the exercise of these rights must comply with the regulations in force.

II. If there is no agreement between the parties for the use of surfaces that are not in the public domain, the administrative authorization procedure shall be used, for which purpose the mining owner may submit a request for administrative authorization for passage and use to the competent Departmental and/or Regional Director or Director, as appropriate.

III. Once the request has been received, the Director shall issue an order to initiate the procedure, notifying the applicant and the holders of the surface rights involved.

IV. The order shall set a date and time for the verification of the ocular inspection with the participation of the parties, which shall take place within the following ten (10) administrative working days, and shall

provide for other measures deemed appropriate for the verification of the hearing and the preparation of a technical report.

V. The minutes of the hearing and the technical report shall be made known to the parties so that they may present their arguments within ten (10) administrative working days. Once the arguments have been presented, the Director shall issue an approval or denial resolution, which may be total or partial.

VI. If the resolution is approving, the procedure to determine the compensation to be paid by the applicant mining owner shall be opened by means of a decree.

VII. The parties may agree on the amount of compensation. The agreement signed by the parties shall be homologated by the competent Director.

VIII. In the absence of agreement within ten (10) administrative working days following the notification with the approving resolution, the claimant shall request the Director to appoint an independent professional expert in charge of setting the compensation. The expert's report shall be issued within fifteen (15) administrative working days from the date of his appointment. The determination shall be approved by resolution of the Director. The costs of the expert's report shall be borne by the requesting mining owner.

IX. Once the mining titleholder has been notified with the final determination resolution, he must pay the compensation within the following ten (10) administrative working days. Otherwise, he/she will lose his/her right. Once the owners of the affected areas or infrastructure have been notified and payment has been made, the surface owners must allow the approved access and use.

X. Failure to request the designation of the expert within the term indicated in the case of Paragraph VIII of this Article, shall be understood as a waiver of the authorization process with archiving of the proceedings. However, the mining actor may submit a new request for authorization subject to the procedure provided for in this Article.

XI. Exceptionally, in those activities requiring rights of way that have not been contemplated in the work plan and are considered essential for the mining activity, shall be subject to prior authorization issued by the competent state authority.

ARTICLE 109. (SURFACE RIGHT OF WAY).

I. The holders of mining rights may obtain surface rights in their contract areas and/or neighboring properties, subject to agreement of the parties, payment of compensation and compliance with established authorization rules and procedures, thus being authorized to build treatment plants, dams and tailings dams, infrastructure and other equipment necessary for their mining activities, within the framework of the applicable legal norms.

II. In the absence of an agreement, the provisions of Article 108 shall apply.

ARTICLE 110. (REDUCTION OR EXTENSION).

I. The rights of way, exploitation and surface rights are reduced or extended when the need or purpose of their establishment changes. In case of reduction, the owner of the land shall partially recover the affected surface.

II. The extension or reduction of rights of way, use and surface area is established through compliance with current regulations and agreement of the parties. In the absence of agreement, the provisions of Article 108 of this Law shall be applied as appropriate. ARTICLE 111. (RIGHT TO USE WATER).

I. The holders of mining rights shall have the right to use natural waters flowing in the mining area and illuminated waters inside the mine or on the surface, prior authorization of the competent water authority.

II. Until such time as the new legal water regime regarding the licensing, registration or authorization regime is issued, the competent authority in the water sector shall be in charge of granting such licenses or authorizations.

III. In no case shall the right to use water or administrative authorization be granted when it interrupts, impairs or violates rights with respect to the provision of water for human consumption, irrigation and the environment.

IV. All integrated or isolated mining activities shall execute in their works, the correct management of surface and subway water resources, complying with the environmental and sectorial regulations in force.

ARTICLE 112. (USE OF WATER). When a holder of a mining right does not have water resources in the area of the mining right or these are insufficient, he/she may submit a request for the use of water to the competent authority, this request and its respective authorization shall not prejudice the rights of use of third parties and the life systems of Mother Earth, within the framework of what is established in the regulations in force.

ARTICLE 113. (PRE-CONSTITUTED AND ACQUIRED SURFACE RIGHTS).

I. The surface rights of the mining productive actors or acquired prior to the publication of this Law, in the corresponding cases, obtained by any of the forms provided for in previous mining legislation, over surface areas of any domain or nature, constitute pre-constituted and acquired rights whose continuity is guaranteed, and may be identified, at the request of a party, in the respective administrative contracts.

II. These rights include those acquired, under any legal title, prior to the granting of titles of Community Lands of Origin - TCO's and their change of denomination to Indigenous Territories of Origin - TIOC's, in accordance with the applicable agrarian and autonomous regulations.

## CHAPTER II

### EXTINCTION OF MINING RIGHTS

ARTICLE 114. (MODALITIES OF EXTINCTION AND SUSPENSION OF RIGHTS).

I. The mining rights recognized or granted by the State are extinguished or suspended, as appropriate by:

- a) Renunciation.
- b) Termination of the contract.
- c) Expiration of the term.
- d) Nullity.
- e) Death of the individual holder in the foreseen case of a sole proprietorship or business, without prejudice to the preferential right in favor of third parties, in accordance with Article 120 of this Law.
- f) Revocation of Licenses and Authorizations.



g) Temporary suspension of licenses.

II. The waiver, revocation or contractual resolution, finally declared, shall not affect the assets and movable or immovable property or rights of the holder other than the affected mining rights, nor its legal right to use and dispose of the same. The mineralogical wastes not exploited, treated or extracted by the holder, will remain as part of the mining areas that return to the administration of the State.

III. The loss of mining rights for any cause does not release the holder from complying with its environmental remediation obligations according to the respective Environmental License and applicable regulations.

IV. When a holder under the same mining administrative contract has rights over two or more mining areas with independent projects, the loss of rights shall only affect the area or areas with respect to which the non-compliance occurs.

ARTICLE 115. (CONTROL). The mining rights shall be subject to periodic control of compliance with legal or contractual, administrative obligations and technical, economic and environmental regulations by the competent authorities pursuant to the provisions of this Law and the applicable special laws and regulations.

ARTICLE 116. (WAIVER).

I. The holder of a mining right granted by means of a Prospecting and Exploration License or mining administrative contract, may waive at any time, the right to carry out mining activity totally or partially, in the latter case to the extent legally and technically possible, in the squares that make up the mining area, except as provided in Paragraph IV below.

II. Partial relinquishment does not imply extinction of the right, but the reduction of the granted area.

III. All relinquishment of mining rights shall be submitted to the AJAM for processing in accordance with this Article.

IV. When the holder of the mining right over a mining area or a mining site has entered into contracts with third parties for the performance of mining activities as authorized by this Law, he may not waive the areas included therein during its term, unless otherwise agreed by the parties.

V. The holder of rights who decides to renounce, shall communicate it to the competent Departmental or Regional Directorate, which shall accept the renunciation by means of a Resolution, after a technical report from the Directorate of Mining Cadastre and Gridding.

VI. The Resolution shall be registered in the Mining Registry, notified to the Directorate of Mining Cadastre and Grid and published in the National Mining Gazette.

VII. If the total waiver corresponds to mining administrative contracts, the corresponding notarial public deed of contractual termination shall also be executed. In case of partial waiver, a public deed of Amendment shall be executed, without the need for any other formality.

VIII. The waiver does not release the holder from the fulfillment of his other contractual or legal obligations. In case of partial waiver, any applicable Work or Development and Investment Plan shall be amended and submitted to the competent Departmental or Regional Management.

IX. In case of relinquishment of a Prospecting and Exploration License, the holder shall submit its Report in Conclusions with the effects foreseen in this Law, within a term not to exceed five (5) administrative working days from the date of relinquishment. Otherwise, he shall be liable to a pecuniary penalty equivalent to 100% of the expenses incurred in the prospecting and exploration works, which does not relieve him from the obligation of delivery.

#### ARTICLE 117. (TERMINATION OF CONTRACT).

I. Mining contracts shall be terminated in accordance with the provisions of this Law.

II. In relation to mining administrative contracts, the Regional or Departmental Directorate, after verification in case it considers that there is an express cause for contractual termination authorized by this Law, shall provide by decree the notification to the holder of the alleged charges that initiate the contractual termination procedure.

III. The holder of the mining administrative contract shall have a term of fifteen (15) administrative working days from the notification with the decree to present his or her arguments and justifications. If the production of evidence is necessary, by the usual means of proof recognized in the rules of administrative procedure, the Director shall order the opening of a fifteen (15) day period of proof.

term of proof of fifteen (15) administrative working days, during which the production of the relevant evidence shall be arranged.

IV. At the end of the evidentiary period, the owner shall present its allegations within the following five (5) administrative working days. The Director, within ten (10) administrative working days, whether or not the allegations have been presented, shall issue a substantiated resolution declaring the termination of the mining administrative contract and ordering the reversion of the areas to the State's domain or declaring the termination of the same to be inadmissible.

V. Once the legal means of appeal have been exhausted and the administrative or judicial resolution ordering the termination of the contract has been executed, the competent Director shall order the corresponding registration in the Mining Registry and in the Directorate of Mining Cadastre and Grid for the purposes of this Law, and the contract shall be terminated without the need for any additional formality.

VI. The final resolution shall not have retroactive effect. During the processing and resolution of the legal challenges, the contract holder shall continue to exercise its rights and comply with its contractual and legal obligations.

ARTICLE 118. (EXPIRATION OF TERM). The expiration of the term stipulated in a contract, except for its authorized renewal, or Prospecting and Exploration License,

extinguishes the rights established therein, without prejudice to the preferential rights for the subscription of contracts recognized in this Law.

ARTICLE 119. (NULLITY).

I. Licenses and contracts granting rights in contravention of the provisions set forth in Articles 27, 28 and 30 of this Law are null and void.

II. Likewise, licenses and contracts that are granted in areas of Fiscal Mining Reserve or areas reserved for the State or its companies, or those whose areas totally overlap areas already granted, are null and void.

III. Partial overlapping of previously granted properties is not a cause for nullity. The holder of the license or contract has the obligation to respect pre-established areas.

IV. Acts and contracts are null and void in the cases provided for in Paragraph I of Article 35 and Article 36 of Law No. 2341 of Administrative Procedure, dated April 23, 2002.

V. The acquisition or maintenance of mining rights in contravention of the prohibitions set forth in Articles 27, 28 and 30 or Paragraphs II and IV in the case of nullity, of this Article, shall be null and void with the effects that correspond to such nullity pursuant to the Civil Law and generates for the offender the obligation of reparation for all damages that the same may create, without prejudice to the other administrative, civil and criminal liabilities that may correspond.

VI. The nullities provided for in this Article may be declared upon complaint by any third party with legal capacity, by any public authority or ex officio by the Director or the competent Departmental or Regional Director of the AJAM.

VII. Once the complaint has been filed before the Director or the competent Departmental or Regional Director, or the verification has been ordered by the latter ex officio, the Director shall issue a decree initiating the nullity proceeding and shall notify the alleged parties involved, who shall have a term of fifteen (15) administrative working days to submit all their duly justified and/or documented arguments.

VIII. When a complaint involves the Departmental or Regional Director, the same shall be submitted to the National Executive Director, who shall designate a substitute Regional Director for processing.

IX. Once the complaints have been presented or the time period has elapsed without this having occurred, the Director shall proceed with the analysis of the background and, if applicable, the complaints presented. He/she may order the opening of a trial period of fifteen (15) administrative working days, which may be extended for a similar period upon justified request of the party or parties involved. If technical verification is necessary, the Director shall order it to be carried out and presented by the Directorate of Mining Cadastre and Gridding within the term of proof.

X. Upon expiration of the evidentiary period, the Director shall decree the closing of the evidentiary period and shall grant a term of five (5) administrative working days to the party or parties involved to present their arguments on the complaint and the evidence produced.

XI. Subsequently, the Director shall, within ten (10) administrative working days, by means of a resolution, declare the nullity or reject it or leave the procedure without effect, if the procedure was initiated ex officio as appropriate.

XII. The party or parties involved may file appeals against the resolution, with suspensive effect on the right to carry out the mining activity prohibited by the accused.

XIII. At the conclusion of the proceedings, the competent Director shall order the corresponding entry in the Mining Registry by means of a resolution.

#### ARTICLE 120. (DEATH OF THE OWNER).

I. The death of an individual holder of an ATE after the abrogating effect of Articles of the Mining Code, provided by Constitutional Ruling No. 032, dated May 10, 2006, extinguishes his rights over the ATE. II. If according to Article 192 of the present Law, an individual holder has been registered as a business or sole proprietorship, for the purpose of adjusting its rights over an ATE, and then dies without having subscribed a mining administrative contract, its rights over the ATE are extinguished.

III. In the case of the preceding paragraph, if, as a consequence of the adjustment, the individual holder has subscribed a mining administrative contract and dies, the contract shall be terminated by operation of law.

IV. When in any of the cases provided for in Paragraphs I to III of this Article, the holder, prior to his death, had legally subscribed a lease contract, shared risk contract or mining association contract, as the case may be, with a mining productive actor, the latter shall have a preferential right to request and subscribe with the AJAM a mining administrative contract over the respective ATE's, pursuant to this Law. If the ATE has been extinguished due to non-payment of mining patents in accordance with the applicable regulations, the preferential right shall also be extinguished.

V. For the exercise and recognition of the preferential right, the interested counterparty, recognized or constituted as a mining productive actor, must submit a contract application within the terms set forth in the following Paragraph. Otherwise its preferential right shall be extinguished.

VI. In the cases of Paragraphs I and II of this Article, the term to file the application for new mining administrative contracts shall be the term resulting from the Resolution issued by the AJAM according to Articles 16 and 40 of this Law. In the case of Paragraph III, the term shall be one hundred and twenty (120) calendar days from the date of the holder's death.

VII. From the date of death until the effective term of the mining administrative contract, the contractual counterparty with preferential right may have continued or may temporarily continue with the conduct or exploitation of the mining activities with the compliance of the obligations of the present Law.

VIII. If there are two or more contractual counterparts mining productive actors of the deceased individual holder, the resulting preferential right and the mining administrative contract will be exercised and fulfilled jointly by all of them, generating joint and several obligations. For this purpose they will sign a joint operation contract to be submitted to the AJAM and the same must be registered in the Mining Registry. Any of said parties may waive in favor of the other or others the exercise of the preferential right prior to the filing of the application for the mining administrative contract before the AJAM.

IX. Nothing in this Article affects the rights of incorporation in a commercial company by individual holders in the cases authorized by Article 192 of this Law.

ARTICLE 121. (SUBSEQUENT EFFECT OF THE EXTINCTION OF RIGHTS). In case of extinction of rights as a consequence of revocation of prospecting and exploration licenses or contractual termination of the mining administrative contracts established in this Law, the recognized or granted mining area returns to the administration of the State as free areas.

ARTICLE 122. (CONTINUITY OF CONTRACTUAL OBLIGATIONS).

I. When for the development of a mining area the owner has entered into lease or shared risk contracts or association contracts with third parties and such contracts are terminated, the mining area shall continue under the responsibility of the owner. The owner shall adopt all the necessary measures for the continuity of operations that will allow him to comply with the obligations established in this Law.

II. In the case of the previous Paragraph, the holder shall reformulate its Work and Investment Plan or Work and Development Plan, as the case may be, and request the subscription of the respective amendment with the AJAM.

ARTICLE 123. (EXTINCTION OF RIGHTS OF USE, RIGHT OF WAY AND SURFACE). The mining rights of way, use and surface rights are extinguished at the expiration of the term stipulated in the mining license or administrative mining contract that protects the beneficiary or when the holder assigns them to a different use for which they were constituted, with the owner of the land recovering the affected surface in full, prior verification and confirmation by the AJAM by means of a resolution.

ARTICLE 124. (FORCE MAJEURE OR FORTUITOUS EVENT).

I. It shall not be considered that there is delay in the compliance or noncompliance with the obligations of the holders of mining rights established in this Law, or of those obligated under mining licenses or contracts of any kind, when the same is due to, or is the result of any cause of force majeure or fact, or unforeseen or

unforeseeable, or if foreseeable that could not be resisted, beyond the reasonable control of the owner or affected party, such as and among others, events or acts of nature or man such as floods, earth tremors and earthquakes; hurricanes, landslides, landslides and other natural disasters; fires, lightning, epidemics, wars, acts of public enemy; uprising, commotion, riot or civil disobedience; de facto actions that prevent the performance of mining activities, threats or encroachments, blockades or illegal occupations; strikes, work stoppages, labor or industrial disputes; accidents; sabotage and terrorist acts; unjustified delay or refusal by any public authority in the granting of licenses, contracts, injunctions, protection, registrations; refusal or unjustified resistance to the commencement or performance of mining activities by local populations or communities; registrations and the like; quarantines and other restrictions or obligations imposed by public authorities of any State body or level; adverse market conditions or domestic or international prices of minerals and metals that affect the sustainability of the activity, project or plan to be executed or in the course of execution.

II. Events or causes of force majeure or acts of God shall not affect the fulfillment of obligations not covered by such events or causes.

III. The parties or holders shall communicate or inform the AJAM about the facts and causes, as the case may be.

IV. When the impediments cease, the obligations shall be reestablished.

V. The partial terms determined in accordance with the present Law or established contractually for the fulfillment of obligations that have been affected, shall be extended for the time it takes to reestablish the necessary conditions to continue the affected activities. However, the final terms provided for in this Law for licenses and contracts shall not be modified.

VI. When causes of force majeure or fortuitous event affect performance in general for a prolonged period of time that seriously jeopardizes the continuity of the activities or operations foreseen:

a) The parties to an association contract shall agree on the termination of the contract at the request of any of them,

(b) The holder of a license may renounce it, and

c) In the case of a mining administrative contract, the holder of the contractual rights may unilaterally terminate the contract by notifying the AJAM.

VII. In all the above cases, no legal or contractual noncompliance or liability shall be incurred.

#### ARTICLE 125. (EXTINCTION AND REORGANIZATION OF THE MINING CADASTRE).

I. It is hereby recognized that the Special Transitory Authorizations - ATE's for belongings whose holders did not request registration with the Technical Mining Service in accordance with Transitory Article 4 of Law No. 1777, Mining Code, dated March 17, 1997, were extinguished and reverted to the original domain of the State.

II. When, in accordance with the present Law, applications are filed for the adaptation of Special Transitory Authorizations - ATE's for belongings and the processing of the same in the Mining Cadastre has not been concluded, the application shall remain pending resolution until the corresponding regulatory Supreme Decree is issued, as provided in Paragraph V below.

III. When a request is made for the adaptation of Special Transitory Authorizations - ATE's by squares and within the term for oppositions,



opposition is filed based on Special Transitory Authorizations - ATE's by belongings whose processing in the mining cadastre has not been concluded, the case shall remain pending until the corresponding regulatory Supreme Decree is issued.

IV. The Directorate of Mining Cadastre and Gridding shall conclude the pending cadastre procedures within a maximum term of two (2) years as of the publication of this Law.

V. The AJAM shall propose to the Executive Branch, through the Ministry of Mining and Metallurgy, draft supreme decrees establishing the rules, terms and procedures to be followed to conclude the adjustment requests, taking into account acquired rights and the need for an appropriate reorganization of the mining cadastre and grid.

VI. The provisions of this Article shall be complied with without prejudice to the automatic consolidation established in Article 14 of this Law.

ARTICLE 126. (SPECIAL TRANSITORY AUTHORIZATIONS EXCLUDED). The Special Transitory Authorizations - ATE's called "construction materials", shall be entitled to regularize their situation by means of proceedings before the competent authority in charge of their regulation or adjustment, according to the provisions of Article 4 of the present Law.

### CHAPTER III

#### NATURE, SOCIAL CHARACTER AND PRE-CONSTITUTED

#### NATURE, SOCIAL CHARACTER AND PRE-CONSTITUTED RIGHTS OF MINING COOPERATIVES.

#### ARTICLE 127. (NATURE).

I. Mining rights are granted to mining cooperatives by reason of their legal nature provided for in the General Law of Cooperatives, their social interest and non-profit character, by means of a license for the exclusive case of prospecting and exploration or by means of a mining administrative contract.

II. The mining work shall be carried out by the members of each cooperative, which may hire dependent personnel only for administrative, technical and advisory work.

ARTICLE 128. (REQUIREMENTS). The requirements to obtain a license for prospecting and exploration or for the subscription of a mining administrative contract are the following:

- a) Legal personality or certificate of processing thereof.
- b) List of partners in the case of presentation of a certificate of processing of the legal personality.
- c) Tax Identification Number - NIT.
- d) Work and Development Plan.
- e) Nomination and location of the mining area requested with specification of the number and individual code of the squares, accompanying the certification of free area issued by the Directorate of Cadastre and Mining Squaring.
- f) Legal domicile.

ARTICLE 129. (RESPECT OF RIGHTS). In compliance with Paragraph IV of the Eighth Transitory Provision of the Political Constitution of the State, the pre-established rights of the mining cooperatives are respected, within the framework of the provisions of this Chapter.

ARTICLE 130. (SCOPE OF PRE-CONSTITUTED RIGHTS). The following are pre-constituted rights of the mining cooperatives:

The mining rights in all or part of the productive chain, over the areas previously granted through the ATE's regime, which shall continue to be exercised by means of their adaptation to a mining administrative contract subscribed with the AJAM.

The leasing contracts signed by COMIBOL with the mining cooperatives will continue to be executed by means of a mining administrative contract signed with AJAM.

Lease agreements entered into by COMIBOL with mining cooperatives in respect of their own concessions or those of nationalized mining, which shall be adapted to a mining administrative contract, to be entered into with AJAM, which shall respect the characteristics of each lease agreement.

When COMIBOL and one or more mining cooperatives carry out exploitation works in established sectors of the same mining area, the

rights of each mining actor in the corresponding sector shall be respected, for adequacy purposes.

Shared risk contracts entered into by mining cooperatives with non-state mining productive actors will maintain their terms and conditions as long as they are in force.

The sublease contracts entered into by the mining cooperatives with non-state third parties, authorized by COMIBOL, whose rights, in turn, derive from the contracts described in paragraph b) of this Article.

f) Lease contracts and shared risk contracts on mining areas of legally constituted private companies, which do not have mining as their main purpose, entered into with mining cooperatives.

#### TITLE IV

#### MINING CONTRACTS AND LICENSES

#### PROSPECTING AND EXPLORATION CONTRACTS AND LICENSES

#### CHAPTER I

#### MINING CONTRACTS

#### ARTICLE 131. (MINING CONTRACTS).

I. For the purposes of this Law, the mining administrative contract is established as an administrative act and legal instrument, by which the State on behalf of the Bolivian people recognizes or grants, through the AJAM, mining rights for the performance of certain mining activities of the productive chain in a mining area, to the mining productive actors of the state, private and cooperative mining industry, who comply with the requirements established in this Law.

II. The ATE's of the mining productive actors must adapt to the mining administrative contract regime in accordance with the present Law.

III. The mining association contract is established to carry out activities in all or part of the mining productive chain, as a legal instrument by means of which state mining companies associate with Bolivian or foreign legal entities.

#### ARTICLE 132. (CONTRACTS SUBJECT TO LEGISLATIVE APPROVAL).

I. Mining contracts entered into as from the publication of this Law shall require the approval of the Plurinational Legislative Assembly, in compliance with numeral 12 of Paragraph I of Article 158 of the Political Constitution of the State, except for mining administrative contracts for the adaptation of Special Transitory Authorizations - ATE's to contracts, since they are pre-constituted rights or acquired rights, recognized by the Political Constitution of the State.

II. The Plurinational Legislative Assembly, within ninety (90) days, must pronounce on the mining administrative contract, approving or not approving it. In case of not approving it, it shall return it to the Executive Branch for its correction.

ARTICLE 133. (SPECIAL LEGISLATIVE APPROVAL). All contracts that have granted or grant rights to mining actors of foreign nationality within fifty (50) kilometers of international borders shall be subject to legislative approval.

ARTICLE 134. (FORMALITY OF CONTRACTS).

I. Mining contracts shall be formalized by means of a public deed before a Notary Public of the departmental or regional jurisdiction, in which the granted area is located, or the one of greater extension if it comprises more than one department.

II. The minutes of the mining administrative contracts shall be signed by the regional AJAM, on behalf of the Executive Branch.

III. The notarial protocol of the mining administrative contracts shall be subscribed and granted once, in accordance with numeral 12 of Paragraph I of Article 158 of the Political Constitution of the State, the contract has been approved by the Plurinational Legislative Assembly, in accordance with Article 132 of this Law, whose Law of approval in original or legalized copy shall be incorporated to the deed.

ARTICLE 135. (REGISTRATION AND VALIDITY OF CONTRACTS). The contracts foreseen in Article 131 of this Law and all the contracts that are subscribed by adaptation according to this Law, in order to have validity between parties and effects before third parties, shall be compulsorily registered in the Mining Registry.

ARTICLE 136. (PROHIBITION OF ASSIGNMENT). Those who sign mining administrative contracts with the AJAM may not transfer or assign their rights and obligations arising therefrom.

ARTICLE 137. (CONTRACTS AND AUTHORIZATIONS WITH FOREIGNERS IN BORDER AREAS). New applications for mining administrative contracts or for prospecting and exploration licenses of mining productive actors shall be subject to Article 262 of the Constitution.

ARTICLE 138. (MODIFICATION OF CONTRACTS). The modification of contracts provided for in Article 131 of this Law shall be processed in accordance with the procedures and formalities required for the execution of the original contract.

## CHAPTER II

### MINING ADMINISTRATIVE CONTRACT

ARTICLE 139. (DEFINITION). It is the mining administrative contract by which the Plurinational State of Bolivia, on behalf of the Bolivian people, recognizes or grants to a mining productive actor, the power to carry out certain activities of those established in Article 10 of this Law.

ARTICLE 140. (REQUIREMENTS).

I. Every request for the granting of a new mining administrative contract shall be processed in accordance with this Law.

II. The applications of the state and private mining productive actors shall comply with the timely submission of the following documents and requirements:

Documents of recognition of legal personality or its legal equivalent, according to the legal nature of the applicant.

Documents of legal representation.

Tax Identification Number - NIT.

Work and Investment Plan.

Nomination and location of the mining area requested with specification of the number and individual code of the squares, accompanying the certification of free area issued by the Directorate of Cadastre and Mining Squaring.

Indication of legal domicile, for notification purposes.

III. The requirements to be complied with by mining cooperatives are those established in Article 128 of this Law.

ARTICLE 141. (MAXIMUM AREA). The maximum surface of the mining area for a new mining administrative contract shall be 250 squares in the same area.

ARTICLE 142. (TERM).

I. The term of the mining administrative contracts with private mining productive actors shall be thirty (30) years, computable from the effective date of the contract.

II. The mining administrative contracts with productive actors of the state and cooperative mining industry shall remain in force as long as they comply with the requirements set forth in Article 18 of this Law.

III. When a mining productive actor of the private mining industry, holder of a mining administrative contract, has a proven need to give continuity to an ongoing operation, it shall request an extension of the term for another thirty (30) years, at least six (6) months prior to the expiration of the original term.

ARTICLE 143. (MANDATORY CLAUSES). The mining administrative contracts shall include the following clauses:

Background.

Contracting parties, legal status and registrations.

Address indicated and constituted in Bolivia.

Mining area and its location.

Object, with identification of the mining rights granted.

Reference to the Work and Investment Plans for the private and state productive actors; and Work and Development Plan for the cooperative productive actor.

Stipulations on periodic control of compliance according to their plans. Stipulations on contract termination in accordance with the provisions of this Law.

Stipulations regarding environmental protection and conservation, labor and industrial safety standards, preferential hiring of national labor, goods and services, in accordance with the applicable legal norms. In the case of cooperatives, stipulations regarding compliance with labor regulations in relation to non-cooperative dependent personnel.

ARTICLE 144. (RESOLUTION).

I. Every mining administrative contract shall be terminated for non-compliance with the economic and social interest that, in accordance with Article 18 of this Law, is fulfilled with the payment of the mining patent, and the obligation to start and continue the mining activity, except for reasons of force majeure in accordance with this Law.

II. The mining areas of the nationalized mining groups that remain under the administration of COMIBOL, are exempt from the payment of the mining patent.

III. The holder of the contract must start its activities within one (1) year of the validity of the contract. To give continuity to the mining activity, the holder may not abandon or suspend mining operations for more than six (6) months.

CHAPTER III

MINING ASSOCIATION CONTRACTS

SECTION I

CONTRACTS OF PUBLIC MINING COMPANIES

ARTICLE 145. (DEFINITION).

I. The mining association contract is that by which the Plurinational State of Bolivia, through a Public Mining Company agrees with a cooperative or private, national or foreign, mining productive actor, the associated performance of mining activities in all or part of the productive chain, within its mining areas. The area under contract may comprise squares or any part thereof, including mining sites.

II. The association contract does not generate a new legal entity, and must establish a name followed by the characters "C.A.".

ARTICLE 146. (PUBLIC BIDDING OR INVITATION).

I. The mining association contracts at the initiative of the state mining company shall be subscribed after a bidding process or public invitation according to a specific procedure.

II. Mining association contracts that include the prior exploration activity shall be entered into by direct invitation or at the proposal of the interested mining productive actor, according to a specific procedure.

ARTICLE 147. (MANDATORY CLAUSES OF THE STATE ASSOCIATION CONTRACT). The state association contracts shall include at least clauses and stipulations regarding the following:

Background and definitions.

Contracting parties, legal status and legal registrations.

Domiciles indicated and constituted in Bolivia.

Object of the contract.

Identification of the mining areas under contract.

Contributions and responsibilities of the associates.

Stipulations on the form of administration and management of the operations, through the designation of the company responsible for the administration and operation of the association.

h) Stipulation that the expenses incurred in an exploration project that does not pass to the exploitation phase, will be 100% covered by the counterparts of the state-owned company, being the state-owned company released from any obligation to cover these expenses. If the project proceeds to the exploitation phase, the exploration costs will be borne by the association.

i) Stipulation on periodic development and investment plans depending on the different phases of the mining activities to be carried out.

j) Stipulation on the use and availability of technology.

k) Stipulations on periodic compliance control.

l) Stipulations on guarantees of compliance with the agreed investments according to the scope of the contract and on guarantees of quiet and peaceful possession of the mining areas, in application of the legal norms in force.

m) Stipulations on the obligation of the executive or operative administration of the association to submit to the Board of Directors of the Association, technical, economic, financial, commercial and any other information on the operations considered relevant.

n) Formation of the Board of Directors of the Association and of the Technical Council.

o) Regime of participations and distribution of profits or surpluses.



p) Causes and procedures for contractual termination including, among others, causes for unjustified non-compliance with: (i) the terms for commencement of execution, for more than one (1) year; (ii) suspension of work for more than one (1) year; (iii) execution of work for more than one (1) year; and (iv) execution of committed investments for more than one (1) year,

when the investment does not reach at least 60% of the committed amount in the investment schedules.

q) Regime for the assignment and transfer of participations of the counterparties of the state-owned company, with the express authorization of the latter.

r) Regime related to the treatment of the fixed assets used in the mining operations of the association at the conclusion of the contract, safeguarding the interests of the State and the rights of the workers.

s) Stipulations on contractual terms.

t) Stipulation on exploration in the mining areas object of the contract.

u) Stipulations regarding compliance with labor, social and industrial security, environmental, mining patent payment, royalties and taxes.

v) Submission to the regulations of the Plurinational State. If an arbitration clause is agreed upon for the solution of contractual controversies, only national arbitration will be used.

w) Identification of the annexes to be incorporated as part of the contract.

ARTICLE 148. (STATE PARTICIPATION IN THE PROFITS).

I. In the state association contracts entered into as from the publication of this Law, the participations shall be agreed between the parties and in no case shall the participation of the state enterprise be less than 55% of the profits, the time and form of payment of which shall be established in the contract.

II. Regarding lease or shared risk contracts with private mining productive actors, in force as of the date of publication of this Law, which must be adapted to state association contracts. The economic terms shall be renegotiated ensuring the economic sustainability of the mining project.

ARTICLE 149. (ACCOUNTING REGIME).

I. State association contracts shall keep internal accounting, separate, proper and independent of the contracting parties, according to generally accepted accounting principles applied in Bolivia, recording the accounts, operations, income and expenses of the association.

II. The fiscal management of the association contract will close on the date corresponding to the mining activities. At the close of said management, the association shall prepare the financial statements of the association contract, and must have an audit opinion issued by independent auditors.

#### ARTICLE 150. (BOARD OF DIRECTORS).

I. The Board of Directors of the association contract shall have equal participation. The chairmanship shall be exercised by a representative of the state-owned enterprise. Decisions shall be made by consensus.

II. The Board of Directors shall be responsible for defining the general policies of the association contract, supervision and control.

III. The association shall have a Technical Council with equal participation and shall have advisory and support powers to the Board of Directors.

#### SECTION II

#### OTHER CONTRACTS

#### ARTICLE 151. (MINING COOPERATIVE CONTRACTS).

I. Mining cooperatives may not enter into association contracts with private companies, whether domestic or foreign.

II. If they agree to the provisions of Article 306 and Paragraph III of Article 351 of the Political Constitution of the State, they may form joint ventures with the State through COMIBOL, for which purpose they shall adapt their corporate name, subject to the regulations governing joint ventures.

#### ARTICLE 152. (CONTRACTS BETWEEN PRIVATE MINING PRODUCTIVE ACTORS).

I. The contracts entered into between the productive actors of the private mining industry, within the framework of the provisions of the Code of Commerce, must be authorized by the AJAM for their recognition and validity.

II. The contracts described in Paragraph I, their modifications and extinction, shall be recorded in public deeds and shall be registered for their validity in the Mining Registry.

III. The execution of these contracts shall in no way imply the assignment of mining rights.

ARTICLE 153. (SPECIAL ASSOCIATION). It is the contract by virtue of which a private or cooperative holder of a prospecting and exploration license or mining administrative contract, associates with a state mining company for the performance of mining activities in the mining areas included in said license or contract.

#### CHAPTER IV

#### PROSPECTING AND EXPLORATION LICENSES

ARTICLE 154. (PROSPECTING).

I. Any natural or juridical person with legal capacity may carry out prospecting activities without affecting the rights of third parties or carrying out any exploitation or exploitation activity.

II. The performance of prospecting does not grant any right over the mining area, nor any preferential right to subscribe a mining administrative contract.

ARTICLE 155. (PROSPECTING AND EXPLORATION LICENSE).

I. It is the license granted by the AJAM to the mining productive actor, for the performance of prospecting and exploration activities in a determined mining area, which shall include the preferential right recognized in the following Article, prior compliance with the requirements established in this Law.

II. During the exploration, the holder may commercialize eventual production and only when it is the exclusive result of the exploration.

ARTICLE 156. (PREFERENTIAL RIGHT).

I. In the case of Prospecting and Exploration Licenses exclusively, before the expiration of the term of its validity that was not due to revocation for non-compliance in accordance with the present Law, the license holder shall have the preferential right to request and subscribe a mining administrative contract, with respect to the areas he/she has selected. II. The preferential right recognized in the previous Paragraph may also be

exercised jointly by the license holder and a third party, legally established mining productive actor.

III. The preferential right to request a mining administrative contract may be partially exercised with respect to certain areas, without prejudice to the right of the license holder to continue exploration activities in the other areas.

#### ARTICLE 157. (REQUIREMENTS).

I. The requirements to be complied with by state and private mining productive actors to obtain a Prospecting and Exploration License are the following:

- a) Documents of recognition of legal personality or its legal equivalent, according to the legal nature of the applicant.
- b) Documents of legal representation.
- c) Tax Identification Number - NIT.
- d) Work Plan and Financial Budget.
- e) Nomination and location of the mining area requested with specification of the individual Number and Code of the squares, accompanying the certification of free area issued by the Directorate of Cadastre and Mining Squaring.
- f) Indication of legal domicile, for notification purposes.

II. The requirements to be complied with by mining cooperatives are those established in Article 128 of this Law.

#### ARTICLE 158. (MAXIMUM SURFACE OF THE AREA OF THE LICENSES).

I. The maximum surface of an area for prospecting and exploration shall not exceed five hundred (500) grids.

II. The holder of a Prospecting and Exploration License may apply for new licenses as long as he is not in non-compliance with the Work Plan or Plans and Financial Budget previously committed, at the date of his new application.

III. During the term of the Prospecting and Exploration License, the holder may make partial relinquishments of the grids that are not of interest to him/her.

ARTICLE 159. (TIME LIMITS).

I. The term of the license shall not exceed five (5) years, computable from the date of notification to the applicant of the respective resolution of the AJAM, and may be extended only once for an additional term of three (3) years, upon justification of the need for the extension and waiver of the explored areas that are not of interest to the holder. II. A maximum term of one (1) year is set for the beginning of the prospecting and exploration field work, computable from the validity of the license.

III. The terms indicated in Paragraphs I and II of this Article shall be suspended in the event of actions or other causes of force majeure that prevent the performance of prospecting and exploration mining activities.

ARTICLE 160. (DELIVERY OF REPORTS).

I. The Prospecting and Exploration License holders shall deliver to the AJAM every six months the information on the progress of their activities.

II. In case the holder does not exercise his preferential right for the subscription of the mining administrative contract, he shall deliver to the AJAM, the final results of the prospecting and exploration works, otherwise, the sanction established in the present Law shall be applied. Said results shall be delivered by the AJAM to SERGEOMIN.

ARTICLE 161. (AERIAL PROSPECTING).

I. Mining productive actors may apply to the AJAM for a license to carry out aerial prospecting in the territory of the Bolivian State.

II. The maximum area for each Aerial Prospecting License shall be eight thousand (8,000) squares. The validity of such authorization shall be of six (6) months.

III. The Aerial Prospecting License grants preferential right in free mining areas to request a Prospecting and Exploration License for the areas of interest, before the expiration of the term of validity.

ARTICLE 162. (EXTINCTION). The Aerial Prospecting License is extinguished by right by expiration of the term to request the flight authorization according to the previous Article of this Law.

ARTICLE 163. (REVOCATION OF LICENSE).

I. The Prospecting and Exploration License shall be revoked by the AJAM, in the following cases, except for reasons of force majeure in accordance with the present Law:

(a) Failure to commence activities for one (1) year past due.

b) Suspension of activities for one (1) year in arrears.

c) Failure to deliver the activity reports for two consecutive times.

d) Violation of the prohibition to develop exploitation activities by the holder prior verification by the AJAM.

II. The licensee that fulfills its contractual obligations before the expiration of the terms, without having achieved favorable results, may renounce the license before the AJAM.

III. If the Departmental or Regional Director who granted the exploration license considers, after verification, that there is an express cause for revocation, he/she shall order the notification of charges that initiates the procedure.

IV. The license holder will have a term of fifteen (15) administrative working days from the notification with the order to present its arguments and justifications. If the production of evidence is necessary, the Director shall order the opening of a period of fifteen (15) administrative working days for the production of evidence.

V. At the end of the evidentiary period, the licensee shall present its arguments within the following five (5) administrative working days. The Director within ten (10) administrative business days after the expiration of the term of proof, with or without allegations, shall issue a resolution declaring the revocation of the license or dismissing the charges that initiated the process.

VI. Once the appeals have been exhausted, the competent Director shall order the registration in the Mining Registry and in the Directorate of Cadastre and Mining Cadastre of the administrative or judicial resolution.

Mining Directorate of the administrative or judicial resolution that resolves the case. If the decision is revocatory, it shall be published in the National Mining Gazette.

VII. The filing of appeals shall not have a suspensive effect on the obligations of the holder or his exploration rights.

## CHAPTER V

### GRANTING OF PROSPECTING AND EXPLORATION LICENSES AND NEW MINING ADMINISTRATIVE CONTRACTS, OPPOSITIONS AND PREFERENTIAL RIGHT.

#### ARTICLE 164. (QUALIFICATION AND APPLICATION).

I. Any mining productive actor duly constituted and registered may apply for mining rights in the free areas determined in accordance with the present law, for prospecting and exploration or for exploitation.

II. In order to prove that the mining area is free, the applicant shall request the Directorate of Mining Cadastre and Gridding to issue a certificate of free area, containing the identification of the respective grids, which certificate shall be attached to the application for a

prospecting and exploration license or mining administrative contract. The Directorate will issue the certification on the same day.

III. The Directorate of Mining Cadastre and Gridding shall immediately register the certification request and the mining area shall be reserved for the applicant, valid for ten (10) administrative working days from the date of registration of the request.

IV. The interested party shall submit its application for prospecting and exploration license or mining administrative contract to the competent Departmental or Regional Directorate of the AJAM, accrediting the requirements of the Law.

V. The competent Director shall admit the application by means of a ruling and shall order the Mining Cadastre and Grid to confirm the total or partial availability of the requested mining area or areas and submit the corresponding technical report, within a term not to exceed five (5) administrative working days.

VI. If the Director or the Departmental or Regional Director verifies insufficiency in the formalities or documents submitted, he/she shall notify the applicant so that within an additional thirty (30) administrative working days he/she may complete or correct the application.

VII. If the provisions of Paragraph VI above are not complied with or if the term expires without correction, the Director shall reject the application by means of a resolution.

VIII. As long as the administrative challenge is not resolved, applications from third parties that could totally or partially affect the requested area or areas shall not be admitted. The final resolution issued in the administrative procedure shall be published in the National Mining Gazette for the purposes of the Law.

IX. Once the availability of the requested area or areas has been identified, and compliance with the formal requirements has been verified, the Director shall issue a resolution to continue with the procedure and, once the interested party has been notified, it must submit its respective Work Plan and Financial Budget for Prospecting and Exploration, Work and Investment Plan or Work and Development Plan for contracts, as the case may be, within a term not exceeding three (3) calendar months for prospecting and exploration license applications and six (6) calendar months for mining administrative contract applications, computable from the date of notification.

X. The resolution foreseen in the preceding Paragraph shall be published in the National Mining Gazette for the purpose of possible oppositions to be processed in accordance with this Law.

XI. Within the term provided for in Paragraph IX or in the corresponding term in case of suspension due to opposition, the applicant shall have full and free access to the requested mining area for the sole purpose of gathering information that, together with any other available information, will allow him/her to formulate his/her corresponding Plan.

XII. In relation to the plans provided for in Paragraph IX of this Article, the competent Director shall require from SERGEOMIN a report on their technical reasonableness, which must be submitted within twenty (20) administrative working days. XIII. Failure to submit the plan shall be considered as a waiver of the application. The competent Director shall consider the application as waived and shall order the cancellation of the provisional registration in the Directorate of Cadastre and Mining Cadastre by means of a resolution. ARTICLE 165. (OPPOSITION).

I. The holders of mining rights recognized or granted by the State through the competent mining authorities or by means of express legal regulations, who consider that their mining rights are totally or partially affected, may file an opposition before the Regional or Departmental Director or Directorate against applications for:

Adequacy or Registration of ATE's.



Prospecting and Exploration License.

Mining Administrative Contracts.

II. The interested party opposing the application must accompany the legal documentation that accredits its right.

ARTICLE 166. (PROCESSING OF THE OPPOSITION).

I. Once the resolution for the continuation of the procedure foreseen in Paragraph IX of Article 164 of the present Law has been published, any mining productive actor that alleges and demonstrates a better right according to the previous Article, over the requested area, may file a total or partial opposition to the request, within twenty (20) administrative working days from the date of publication of the resolution in the National Mining Gazette.

II. The competent Director shall issue the order initiating the opposition procedure and shall notify the requesting party and the Directorate of Mining Cadastre and Gridding, which, within five (5) administrative working days of its notification, shall submit the corresponding technical report to the Director, with which the parties shall be notified.

III. The Director shall order the opening of a fifteen (15) administrative working days term of evidence, during which the parties shall produce their evidence.

IV. Once the term of proof has concluded and the parties have been notified, they shall have a term of five (5) administrative working days to present their arguments. With or without pleadings, the Director shall issue a Resolution within the following ten (10) administrative working days.

ARTICLE 167. (SUSPENSION OF PROCEEDINGS).

I. The application for a prospecting and exploration license or mining administrative contract shall be suspended until the opposition is resolved.

II. Once the opposition has been rejected, the Directorate shall order the continuation of the proceeding for the purposes of Paragraph IX of Article 164 of this Law. If partial opposition is proven, the process shall continue for the granting of rights over the requested area or areas, provided that the remaining area includes at least one grid, respecting the rights recognized to the opposing party.

III. Once the opposition has been proven in its entirety, and the means of challenge have been exhausted, the competent Directorate shall file the proceedings, notifying the Directorate of Mining Cadastre and Gridding for purposes of registration, cancellation of data and extinction of the applicant's right of priority.

IV. The deadlines foreseen in Paragraph IX of Article 164 of this Law, for the presentation of plans, shall be suspended as from the notification of the opposition to the applicant. Once the opposition has been resolved in a negative manner, the computation of the term for the presentation of plans shall be resumed as of the notification to the applicant with the final executed denial resolution.

ARTICLE 168. (EFFECTS OF THE OPPOSITION).

I. From the date of admission of the opposition until its conclusion with executory effects, the processing of the applications against which the opposition was filed shall be suspended.

II. The final Resolution that resolves the opposition shall be registered in the Mining Registry.

ARTICLE 169. (CONCLUSION OF CONTRACT PROCESSING).  
Once the plans have been submitted, and the oppositions have been resolved, as the case may be, as the case may be:

The Executive Director or the competent Executive Director shall issue a prospecting and exploration license resolution, which shall be recorded in the Mining Registry and published in the National Mining Gazette.

In the case of an application for a mining administrative contract of adjustment that does not require approval by the Plurinational Legislative Assembly, the Director shall issue a resolution ordering the execution of the respective contract and its registration in the Mining Registry.

In the case of applications for mining administrative contracts that require approval by the Plurinational Legislative Assembly, the Director or Director shall issue a resolution ordering the execution of the respective minutes of the contract, its signature and submission to the Plurinational Legislative Assembly, in accordance with and for the purposes set forth in Article 132 of this Law. Once the notarization has been concluded and the testimonies of the Law have been issued, the Director shall arrange for its registration in the Mining Registry.

ARTICLE 170. (PREFERENTIAL RIGHT AND OPPOSITION).

I. When a titleholder with the right to suitability has a lease, shared risk or association contract with another mining productive actor, and does not request the suitability within the term provided for such purpose, the mining area shall be reverted to the administrative control of the State, by resolution of the competent Regional or Departmental Director or Director.

II. In the previous case, the counterpart in the referred contracts will have a preferential right to request a mining administrative contract on the reverted mining area, complying with the requirements of the Law. To this effect, within three (3) calendar months of the publication of the reversion resolution, the request shall be submitted together with a copy of the public deed of the contract.

III. The counterparty to the contracts shall additionally have the right of opposition in relation to requests from third parties that do not respect its preferential right.

## CHAPTER VI

### OPERATING AND MARKETING LICENSES

#### ARTICLE 171. (OPERATING LICENSES).

I. The isolated or integrated activities of concentration, beneficiation, smelting and/or refining of minerals and metals shall require an Operating License granted by the AJAM. II. Applications for new Operating Licenses shall be submitted to the competent Departmental or Regional Director of the jurisdiction where the respective concentration, beneficiation, smelting and/or refining activity will be located, accompanied by the documents required by law.

III. In case of insufficient documentation, the license applicant must complete it within ten (10) administrative working days. Otherwise, the Directorate will issue a denial resolution.

IV. The Operation License, will authorize its holder to carry out commercialization activities, prior registration in the SENARECOM.

V. The activities of concentration, benefit, smelting and refining, or industrialization, when they are part of the mining administrative contract recognized by the present Law, shall not require an Operation License.

VI. The Operation License entitles its holder to carry out the treatment of minerals acquired from third parties and minerals under concentration,

smelting and/or refining service contracts, having to prove their origin in each case.

VII. The Operating License entitles the exercise of the rights and requires compliance with the obligations established by this Law, applicable to the activity of its holder.

#### ARTICLE 172. (REQUIREMENTS).

I. In order to obtain an Operating License, the following requirements must be complied with:

Legal personality with registration with the competent entity or norm of creation for state-owned companies and in the case of sole proprietorships registration with the competent entity.

Tax Identification Number (NIT).

Project.

Environmental license.

II. The holders of the Operating License shall comply with the social economic function and the industrial safety standards.

#### ARTICLE 173. (OBLIGATION TO OFFER FOR SALE).

I. The mining productive actors and marketers shall obligatorily offer for sale their minerals and mineral concentrates, first to the state smelters or refineries and then to the private ones in the national territory, which shall be formalized according to availability of treatment in a timely manner, treatment capacity and through purchase and sale contracts that take into account conditions of competitiveness and price with reference to the market and international opportunities. The production not sold to such companies may be sold or exported freely in the international market.

II. The provisions of the preceding Paragraph shall not apply in the following cases: To mining actors that produce metals.

In the case of ores and concentrates for which there are no smelters or refineries in the country.

When dealing with ores and concentrates whose characteristics are not acceptable for existing smelters and refineries.

To small-scale miners who are holders of a mining right, whose production in the previous year has been less than forty (40) Gross Metric

Tons - GMMT of Tin or Wolfram, or two hundred (200) Gross Metric Tons - GMMT of other metallic minerals, certified by SENARECOM.

ARTICLE 174. (STATISTICAL INFORMATION).

I. The holders of operating licenses shall submit to SENARECOM information related to the purchase and sale and royalties within the term established by Paragraph II of Article 88 of this Law.

II. Likewise, they shall submit information related to production, investments and employment on a quarterly basis to the AJAM.

ARTICLE 175. (ADEQUACY OF ISOLATED ACTIVITIES).

I. Those who, as of the date of enactment of this Law, were carrying out isolated activities of concentration, benefit, smelting or refining of minerals and metals, shall adapt themselves to the regulations of this Law, for which purpose they shall request an operating license.

II. The request for adaptation shall be submitted within ninety (90) calendar days of the publication of the administrative act of the autonomous entity that establishes the starting date of the adaptation request procedure.

III. The request shall comply with the requirements set forth in Article 172 of this Law and shall also be accompanied by the following documents:

Environmental license.

Registration in SENARECOM.

Descriptive report of its activities.

Financial statements submitted to the tax authority for the last two fiscal years.

IV. Within the term foreseen in Paragraph I and complying with the requirements of the Law, the operators of the isolated activities described in Article 171 of the present Law, shall submit an application for the granting of an operating license to the competent Departmental or Regional Directorate, for the continuation of their activities.

V. If the Directorate verifies the insufficiency of the documentation presented, it shall notify the applicant so that in a term not greater than twenty (20) administrative working days he/she completes his/her application for the continuation of the procedure. At the substantiated

request of the interested party, the competent Directorate may extend said term for an additional reasonable period of time that shall not exceed fifteen (15) administrative working days.

VI. Once the documentation has been verified or completed, the Directorate shall issue a resolution approving the application within a term not exceeding twenty (20) administrative working days of its presentation, providing for the granting of the license. If the resolution is negative, the respective rights of appeal shall be opened.

VII. Failure to file the application within the term provided for such purpose or, as the case may be, failure to remedy it pursuant to Paragraph II above, shall result in the Directorate ordering by resolution, the temporary suspension of the operator's activities for a term of four (4) months during which the applicant may file a new application with the requirements of the Law for its processing pursuant to this Article. If after the four (4) months have elapsed, no new application is filed or if it is filed and the requirements of this Article are not complied with, the Directorate shall order the definitive suspension of the applicant's operations by means of a resolution.

VIII. In the event of a challenge to any of the resolutions provided for in Paragraph IV above, once the administrative and judicial instances recognized in this Law have been exhausted without a favorable result for the applicant, the denial resolution shall be deemed enforceable and shall be published in the National Mining Gazette. In the event of a favorable result for the applicant, the procedure shall be concluded and the Directorate shall grant the corresponding license.

IX. Until the date of issuance of the first of the aforementioned denial resolutions, the operator may continue with its activities, complying with its obligations in accordance with this Law. However, as from its notification, the applicant shall be prevented from carrying out its operations until the appeals under the Law have been concluded. In duly justified cases for reasons of public or social interest, or to avoid serious damage to the applicant, the competent Directorate may authorize the temporary continuity of activities, without prejudice to the applicant's compliance with the corresponding legal obligations until the final resolution.

ARTICLE 176. (LICENSE FOR THE COMMERCIALIZATION OF MINERALS).

I. Prior to any isolated activity of commercialization of minerals and metals in the internal and external market, the commercializing companies shall obtain a Commercialization License from the AJAM.

II. Applications for new Marketing Licenses shall be processed before the Regional Departmental Directorate, where the main legal domicile of the marketer shall be established, accompanied by the documents required by Law.

III. In case of insufficient documentation, the license applicant shall complete it within ten (10) administrative working days, otherwise the Directorate shall issue a denial resolution.

IV. Licenses shall be granted by resolution of the competent Directorate.

V. Once the license has been obtained, they shall comply with the registration rules in SENARECOM for the purposes and in accordance with the present Law.

ARTICLE 177. (REQUIREMENTS). In order to obtain the Commercialization License, the following requirements must be complied with:

a) Legal personality and registration in the Commercial Registry, in the case of collective and individual persons.

b) Legal personality in the case of mining cooperative marketing companies. c) Tax Identification Number - NIT (Número de Identificación Tributaria).

d) Legal and operational address of the commercial establishments.

ARTICLE 178. (WITHHOLDING AGENTS).

I. The holders of Commercialization Licenses, as well as all mining productive actors that carry out mineral purchase operations, are constituted as withholding agents of the Mining Royalty - MR.

II. Likewise, they are also withholding agents for social security and institutional contributions, under agreement. Non-compliance will be sanctioned in accordance with the Law.

III. Legally established smelters and refineries, manufacturing companies, jewelry stores, jewelers and other natural or juridical persons that carry out manufacturing activities or elaborate industrialized products based on minerals and metals in the internal market, become agents obligated to withhold the mining royalty from their local suppliers

and must register with SENARECOM for the purpose of registration and control of the internal and external commercialization of minerals and metals.

ARTICLE 179. (RESPONSIBILITIES). Obtaining or adapting the Commercialization License does not release the legal responsibilities of those who have carried out commercialization activities in non-compliance with the applicable regulations.

ARTICLE 180. (OBLIGATION OF SELLERS AND BUYERS OF MINERALS).

I. The sale of minerals may only be agreed upon with legally authorized buyers in accordance with this Law.

II. The illegal internal or external commercialization of minerals is sanctioned according to the applicable administrative and penal norms.

ARTICLE 181. (ADEQUACY OF COMMERCIALIZATION ACTIVITIES).

I. Those who at the date of promulgation of the present Law were carrying out isolated commercialization activities, shall adapt to the present Regulations, for which purpose they shall request a commercialization license.

II. The request for adaptation shall be filed within ninety (90) calendar days of the publication of the administrative act of the AJAM that establishes the date of initiation of the procedure for requesting the adaptation for licenses.

III. The request for adequacy shall comply with the requirements set forth in Article 177 of this Law and shall also be accompanied by the following documents:

Environmental Impact Statement or Environmental License, according to the environmental norms. Registration in SENARECOM.

Descriptive report of its activities.

IV. Within the term foreseen in Paragraph II and complying with the requirements of the Law, the mineral and metal traders shall submit to the Departmental or Regional Directorate of their main legal domicile, an application for the granting of a Commercialization License for the continuity of their activities.



V. If the Directorate verifies the insufficiency of the documentation submitted, it shall notify the applicant so that within a term no longer than twenty (20) administrative working days he/she completes the application for the continuation of the procedure. Upon a well-founded request from the interested party, the Directorate may extend said term for an additional reasonable period of time that shall not exceed fifteen (15) administrative working days.

VI. Once the documentation has been verified or completed, the Directorate shall issue a resolution approving the application within a term not exceeding twenty (20) administrative working days of its presentation, ordering the granting of the license.

VII. Failure to file the application within the term provided for such purpose or, as the case may be, failure to correct it pursuant to Paragraph II above, shall result in the Directorate issuing a resolution temporarily suspending the activities of the marketer for a term of two (2) months, during which time the applicant may file a new application with the requirements of the Law for its processing pursuant to this Article. If after the two (2) months have elapsed, no new application is filed or if it is filed and the requirements of this Article are not complied with, the Directorate shall order the definitive suspension of the applicant's operations by means of a resolution.

VIII. In the event of a challenge to any of the resolutions provided for in Paragraph IV above, once the administrative and judicial instances recognized in this Law have been exhausted without a favorable result for the applicant, the denial resolution shall be deemed enforceable and shall be published in the National Mining Gazette. In case of a favorable result for the applicant, the procedure shall be concluded and the Directorate shall grant the corresponding license.

IX. Until the date of issuance of the first of the aforementioned denial resolutions, the operator may continue with its activities, complying with its obligations under this Law. From the date of notification, the applicant shall be prevented from carrying out its operations until the appeals under the Law have been concluded. In duly justified cases for reasons of public or social interest, or to avoid serious damage to the commercialization activity in general, the competent Directorate may authorize the

temporary continuity of activities, without prejudice to the applicant's compliance with the corresponding legal obligations until the final resolution.

ARTICLE 182. (OBLIGATIONS OF LICENSEES).

I. The holders of Operation and Commercialization Licenses shall comply with the special legal regulations in force regarding registration, environment, industrial safety, social security, labor, tax and others applicable to their activity.

II. Marketers have the obligation to display in a visible place their purchase prices of minerals and metals.

ARTICLE 183. (SUSPENSION AND REVOCATION OF OPERATION AND COMMERCIALIZATION LICENSE).

I. In case of non-compliance with obligations established in this Law that do not have their own sanctioning regime, the AJAM, prior legal determination, shall temporarily suspend the operation or commercialization license granting its holder a term of five (5) administrative working days to proceed with its correction or regularization according to the characteristics and seriousness of the non-compliance.

II. If upon expiration of the term the noncompliance has not been corrected or regularized, the AJAM shall revoke the license.

III. If the noncompliance is not susceptible of correction or regularization, the AJAM shall revoke the license.

ARTICLE 184. (SUSPENSION AND REVOCATION PROCEEDINGS).

I. When the suspension or revocation of operating or commercialization licenses pursuant to the preceding Article, the procedure set forth in Paragraphs III to VII of Article 163 of this Law, as applicable, shall be followed. If the suspension is declared, the competent Director shall grant the correction term provided for in the preceding Article.

II. In the case of revocation of operating licenses, the filing of administrative and judicial appeals shall not have suspensive effect. It shall, however, have suspensive effect in the case of revocation of marketing licenses.

TITLE V

REGIME OF ADJUSTMENTS

CHAPTER I

GENERAL RULES FOR THE ADAPTATION OF ATE's  
TO MINING ADMINISTRATIVE CONTRACTS

ARTICLE 185. (PROCEDURE AND TERM). The adaptation of ATE's to the mining administrative contract regime shall be processed before the AJAM. The term to submit all the applications expires after six (6) months.

(6) months after the publication of the administrative act of the AJAM that establishes the starting date for the presentation of applications.

ARTICLE 186. (REVERSION). Failure to file applications for adequacy, within the term established in accordance with the preceding Article or failure to comply with the legal requirements, shall give rise to the reversion of the mining rights to the State administration, by means of a reasoned resolution of the AJAM.

ARTICLE 187. (CONTINUITY OF MINING ACTIVITIES). The holders of Special Transitory Authorizations to be adapted or in the process of adaptation shall continue their mining activities, with all the effects of their acquired or pre-constituted rights until the conclusion of the adaptation procedure.

ARTICLE 188. (RECOGNITION). The lease, shared risk or association contracts, subscribed with third parties prior to the present Law, to be adapted according to Articles 62 and 190 of the present Law, must be presented at the time of the request for adaptation of the mining administrative contracts, which shall be recorded in a public deed.

ARTICLE 189. (VALIDITY). In the adaptation procedures, documents transferring ownership or documents of transmission by hereditary succession with respect to ATE's, which were made after the date of legal effect of the abrogating effect of Articles of Law No. 1777, Mining Code, according to Constitutional Ruling No. 032, dated May 10, 2006, shall not be accepted.

ARTICLE 190. (CONTRACTS BETWEEN MINING PRODUCTIVE ACTORS). The leasing, subleasing and shared risk contracts, subscribed between mining cooperatives and private mining productive actors prior to the enforcement of this Law, must be adapted to the new legal regime.

CHAPTER II

## ADAPTATION OF ATE's OF PRIVATE MINING PRODUCTIVE ACTORS TO MINING ADMINISTRATIVE CONTRACTS

### ARTICLE 191. (ADAPTATION TO CONTRACTS).

I. The private individual or collective, national or foreign ATE's with acquired rights according to Paragraphs I and III of the Eighth Transitory Provision of the Political Constitution of the State, shall be subject to the procedure of adaptation to Mining Administrative Contracts, under the terms set forth in this Chapter.

II. The private holder of several adjoining ATE's shall adapt them to a mining administrative contract by means of one or several contracts, as requested by the holder based on the Work and Investment Plans. When a single contract includes two or more adjoining ATE's, the Work and Investment Plans must take into account all the ATE's.

III. When the ATE's are not adjacent to each other, they shall be adapted by means of contracts.

IV. The mining areas recognized by means of a mining administrative contract will correspond to the original extension of the ATE's or to the characteristics of the mining rights originally recognized. At the time of requesting its adequacy, the holder may partially renounce areas or rights, which shall become part of the free areas.

### ARTICLE 192. (ADEQUACY OF INDIVIDUAL AND JOINT OWNERS - DEVELOPMENT PROGRAM).

I. When on the date of publication of the present Law a Special Transitory Authorization is in the name of an individual person, the same, prior to the presentation of its request for adaptation to a mining contract:

Shall constitute a Limited Liability Commercial Company - SRL with its spouse or legally recognized cohabitant, and if the conjugal bond had been celebrated or recognized prior to the obtaining of the constitutive title or the acquisition of the mining right, being able to include its children as long as they are of legal age;

If the conjugal relationship had not been celebrated or recognized prior to obtaining the constitutive title or the acquisition of the mining right, the holder will be established and registered in the Commercial Registry as a sole proprietorship or business with a mining purpose.

II. When at the time of the publication of this Law, an ATE is in the name of two or more individual persons or two or more collective persons or individual and collective persons, the same, prior to the presentation of the request for adaptation, must constitute a commercial company of mining business, under any of the corporate modalities recognized by the Code of Commerce, except for accidental associations or joint ventures.

III. The Executive Branch shall support or promote measures that allow the creation of a financing fund, whose purpose is to finance the provision of technical and advisory services in the areas of commercial registration, tax registration, accounting systems, compliance with tax regulations and similar, to facilitate compliance with the obligations of adaptation, for the purposes set forth in this Article, and promote the formalization of the productive actors of small mining, with resources from the International Cooperation, Fund that may be administered with the participation of the National Chamber of Mining and its departmental affiliates.

IV. The creation of the Fund foreseen in the preceding Paragraph does not constitute a precondition for compliance with the obligation of adequacy under this Law.

ARTICLE 193. (OWNERSHIP OF NON-MINING COLLECTIVE PERSONS). I. When the ownership of a Special Transitory Authorization - ATE to be adjusted is in the name of a non-mining commercial company, prior to the adjustment, the same must be associated with any legally constituted mining productive actor that will be in charge of the mining operations.

II. If the ownership of an ATE is registered in the name of a non-commercial collective person, the same shall constitute a commercial company with a mining purpose only to exercise the right to request the adaptation of such ATE's to the regime of mining administrative contracts before the AJAM, respecting the contracts signed with productive mining actors within the framework of the provisions of Articles 62 and 190 of this Law.

ARTICLE 194. (NATURE OF THE ACTS). The incorporation of companies provided for in the preceding Articles does not have the effect of transferring ownership of the ATE's and the same cannot form part of the capital or patrimony of the company. It only enables the corporation to request the adequacy of the mining administrative contract pursuant to this Law.

ARTICLE 195. (CONTRACTS WITH THIRD PARTIES). When in the cases provided for in the preceding Articles, the original owner or owners have constituted a commercial company with a mining business, and have previously entered into joint venture or lease contracts with third parties, complementary deeds clarifying the respective rights shall be executed, taking into account the provisions of Article 190 of this Law.

ARTICLE 196. (APPLICATION AND REQUIREMENTS). The private owners of ATE's, in order to initiate the process of adequacy, shall submit an application to the AJAM accompanied by the following documentation:

Official application form for adequacy.

Legal documentation evidencing its registration in the Commercial Registry.

Legal documentation of the ATE's in the name of the holder that includes originals or legalized copies of the testimonies or executory titles of the concessions together with the cadastral plans or definitive plans as appropriate.

Certificate of Inscription in the National Tax Service.

Proof of payment of mining patents showing the validity of their rights at the time of the application.

Environmental license or document evidencing compliance with environmental regulations with respect to activities or operations that are in progress, as applicable. Documentation accrediting the legal representative of the company.

The contracts of shared risk and leasing contracts subscribed, or substitute contract if so agreed, according to Article 62 or for the effects of Article 190 of the present Law, when applicable.

Descriptive report on the situation or activities and operations in each of its ATE's, together with a Work and Investment Plan, according to the characteristics of each mining operation, pursuant to Article 22 of this Law.

### CHAPTER III

#### ADAPTATION OF MINING COOPERATIVES' ATE'S TO MINING ADMINISTRATIVE CONTRACTS.

ARTICLE 197. (APPLICATION AND REQUIREMENTS).

I. For the adaptation of ATE's whose ownership is exercised by a mining cooperative to mining administrative contracts, the following Paragraphs shall apply.

II. Each mining cooperative, within the term set forth in Article 191 of this Law, shall submit an application to the AJAM with the following documentation:

Legal personality and legal registration.

List of partners.

Legal documentation of the ATE's in the name of the holder including originals or legalized copies of the testimonies or executory titles of the concessions together with the cadastral plans or definitive plans, as the case may be.

The contracts of shared risk and leasing contracts that have been subscribed, or substitute contract if so agreed, according to Article 62 or for the effects of Article 190 of the present Law, when applicable.

Documentation accrediting the legal representative of the mining cooperative.

III. In order to process the adaptation request, the AJAM shall verify that the payment of the mining patents of the ATE's are up to date.

ARTICLE 198. (PARTICIPATION OF THE MINING CORPORATION OF BOLIVIA -COMIBOL). In relation to shared risk contracts entered into between mining cooperatives and non-state mining productive actors, which derive from lease contracts previously entered into between the mining cooperatives and COMIBOL, which migrate to mining administrative contracts according to paragraph b) of Article 130 of this Law, the economic participations recognized in favor of the Mining Corporation of Bolivia, shall be paid to COMIBOL directly.

CHAPTER IV

CONTINUITY AND ADAPTATION OF ATE's

OF THE STATE MINING AND NON-MINING COMPANIES

ARTICLE 199. (DECLARATION OF EXCLUSIVE USE OF COMIBOL).

I. The twenty-six (26) mining areas identified in Article 2 of Supreme Decree No. 1369, dated October 3, 2012, are hereby declared to be for the exclusive use of the Mining Corporation of Bolivia, a right that shall be exercised subject to this Article.

II. COMIBOL shall request the AJAM to enter into mining administrative contracts, with respect to the areas previously provided for. The requests may provide for mining association contracts. Alternatively, COMIBOL may enter into association contracts.

III. COMIBOL may relinquish those blocks it does not consider to be of interest to it.

#### ARTICLE 200. (ADAPTATION OF ATE'S OF COMIBOL AND THE MUTUN STEEL COMPANY).

I. COMIBOL's ATE's obtained under any other title not foreseen in the previous articles or under its administration according to Article 61 of the present Law and ATE's of the Empresa Siderúrgica del Mutún - ESM, shall be adapted to mining administrative contracts, respecting the contracts signed with private mining productive actors, without prejudice to the fulfillment of their contractual obligations with the AJAM.

II. For the adaptation and within the term of the Law, COMIBOL and Empresa Siderúrgica del Mutún shall present the legal documentation that evidences their rights, together with the current or reformulated contracts signed with the private mining productive actors.

III. COMIBOL and ESM shall submit their Work and Investment Plans together with their requests for adaptation to the mining administrative contract.

#### ARTICLE 201. (OTHER STATE ENTERPRISES OR ENTITIES).

I. The Corporation of the Armed Forces for National Development - COFADENA, the other corporations, companies or state entities of a non-mining nature, which have ATE's, must constitute a state mining subsidiary company only to exercise the right to request the adequacy of ATE's to the regime of mining administrative contracts before the AJAM, respecting the contracts it may have subscribed with non-state mining productive actors, subject to the provisions of Paragraph II of Article 140 of this Law and without prejudice to the compliance of its contractual obligations with the AJAM.



II. The contracts entered into for their exploitation and development with non-state mining productive actors shall remain in force according to their terms. During their validity, the parties may renegotiate their terms and conditions by mutual agreement for the subscription of mining association contracts in accordance with the present Law, which shall reflect the economic terms originally agreed upon, unless otherwise agreed between the parties.

III. At the time of requesting the adjustment, the state-owned mining subsidiaries shall submit to the AJAM the contracts entered into with such non-state actors in force or reformulated for their recognition and registration in the Mining Registry.

IV. The subsidiaries provided for in this Article shall submit their Work and Investment Plans together with the request for adaptation to a mining administrative contract.

V. In relation to the ATE's Pahuá, Inca Misa, Puqui and Chivo, whose ownership is exercised by the Autonomous Departmental Government of Potosí (former Prefecture), and the ATE Ichoa I, whose ownership is exercised by the Autonomous Departmental Government of Cochabamba, exceptionally each government shall process its adaptation to a mining administrative contract, complying with the requirements set forth in this Law, without thereby becoming productive mining actors or departmental mining companies. In order to carry out mining activities in the aforementioned areas, the governors' offices shall establish a mining association contract with state productive actors.

## CHAPTER V

### OTHER ADJUSTMENTS AND REGISTRATIONS

#### ARTICLE 202. (LEASE CONTRACTS IN FISCAL RESERVE AREAS).

I. The lease contracts signed by COMIBOL with private productive actors and mining cooperatives, in areas of Fiscal Mining Reserve, according to Supreme Decrees Nos. 29117, 29164 and 29410, and Ministerial Resolution No. 014, dated February 22, 2008, shall be adapted to mining administrative contracts, as appropriate, under the rules of this Law, to be signed with the AJAM.

II. The lease contracts that COMIBOL may have entered into with mining cooperatives and other mining productive actors in accordance with the provisions of Paragraph III of Article 2 of Supreme Decree No. 1369, dated

October 3, 2012, and its procedural regulations, shall be subject to the regime indicated in Paragraphs I and II above.

III. Applications in process for mining administrative contracts at the time of publication of this Law in accordance with the Sole Article of Law No. 368, dated May 1, 2013, and its Regulatory Supreme Decree, shall continue and conclude subject to this Law.

IV. Mining administrative contracts entered into pursuant to Law No. 368 and the Regulatory Supreme Decree shall be adapted to the present Law, within the term set forth by the AJAM pursuant to Article 185 of the present Law.

ARTICLE 203. (SPECIAL ADJUSTMENTS). In relation to the ATE's reverted by Supreme Decree to original domain, whose administration and mining development are in charge of COMIBOL at the date of publication of this Law, COMIBOL shall request their adaptation to a mining administrative contract in accordance with this Law.

ARTICLE 204. (COMIBOL RECORDS OF NATIONALIZED MINING).

I. COMIBOL shall submit to the competent Departmental or Regional Directorate the request for registration of its rights with respect to areas of nationalized mining that are under its administration.

II. If the Directorate verifies the insufficiency of the documentation submitted, it shall notify COMIBOL so that within a period of no more than twenty (20) administrative working days it completes its request to continue with the application.

its request for the continuation of the procedure. Upon a justified request from the interested party, the Regional Directorate may extend said term for an additional reasonable period of time that shall not exceed fifteen (15) administrative working days.

III. Once the documentation has been verified or completed, with a report from the Directorate of Mining Cadastre and Grid on the existing registration of the mining rights in the Mining Cadastre and in the Mining Registry, the Directorate shall issue a Resolution approving the application within a term not to exceed twenty (20) administrative working days of its filing, ordering its publication in the National Mining Gazette for the purpose of possible oppositions pursuant to Article 166 of this Law.

IV. If after the term for the presentation of oppositions has elapsed, none has been filed, the Directorate shall order the registration in the Mining Registry.

V. Failure to file the application for registration within the term provided for such purpose or, as the case may be, failure to remedy it in accordance with Paragraph III above, shall not give rise to the presumption of waiver of rights, but as long as the registration is not completed at any time thereafter, the Mining Corporation of Bolivia - COMIBOL may not enter into new state association contracts with third parties with respect to the mining areas or areas of unregistered sites, without prejudice to contracts already entered into, whether or not appropriate to state association contracts in accordance with the present Law.

## CHAPTER VI

### OF THE PROCEDURES FOR ADAPTATION

#### TO ADMINISTRATIVE CONTRACTS

##### ARTICLE 205. (APPLICATION).

I. Within the term set forth in Article 185 or in Paragraphs III and V of Article 125 of this Law, as applicable, and complying with the requirements of the Law, the mining productive actors with rights of adjustment to mining administrative contracts shall submit their application to the competent Departmental or Regional Directorate, accompanying the required evidence.

II. If the Directorate verifies the insufficiency of the documentation submitted, it shall notify the applicant so that within a term not exceeding thirty (30) administrative working days he/she completes the application for the continuation of the process. At the substantiated request of the interested party, the Regional Directorate may extend said term for an additional prudential period not to exceed fifteen (15) administrative working days.

III. Once the documentation has been verified or completed, with a favorable report from the Directorate of Mining Cadastre and Cadastre in relation to the respective mining areas and without further procedure, the Directorate shall issue an approval resolution within a term not exceeding twenty (20) administrative working days of the application, ordering its publication in the National Mining Gazette for the purpose of possible oppositions. If the resolution is negative, the respective rights of appeal will be opened.

IV. If after the term for the presentation of oppositions, none have been filed, the Directorate shall order the signing of the minutes of the mining administrative contract, which shall be sent to a Notary Public, and the public deed shall be signed by the Director or the Director and the applicant, and shall be signed by the Director or the Director and the applicant.

by the Director and the applicant. Upon presentation of the notarial certificates, the Directorate shall arrange for their registration in the Mining Registry.

ARTICLE 206. (PRESUMPTION OF RELINQUISHMENT, CONTINUATION OF PROCESSING).

I. Failure to file the application for adequacy within the term provided for such purpose, or, if applicable, failure to remedy it pursuant to Paragraph III of the preceding Article, or failure to execute the minutes of the contract or the public deed, in the latter two cases for reasons exclusively attributable to the applicant, shall be presumed to be a waiver.

cause exclusively attributable to the applicant, shall give rise to the presumption of relinquishment of the respective mining areas, which shall be reverted by means of an administrative resolution and shall become free areas.

II. In the event of a challenge to the resolution, once the administrative and judicial instances recognized in this Law have been exhausted, the resolution providing for the reversion shall be deemed enforceable, shall be recorded in the Mining Registry and shall be published in the National Mining Gazette.

III. In the event that the challenge is justified, the authority shall order the continuation of the adjustment process.

IV. As long as the proceedings provided for in this Article are not concluded and, as the case may be, as long as the challenge instances are not exhausted, the holder of the mining rights may continue his mining activities by complying with his obligations, in accordance with the provisions of this Law.

TITLE VI

PRIOR CONSULTATION IN MINING MATTERS

CHAPTER I

GENERAL PROVISIONS

ARTICLE 207. (RIGHTS AND SCOPE).

I. In accordance with numeral 15 of Article 30 and Article 403 of the Political Constitution of the State, the right to prior, free and informed consultation carried out by the State is guaranteed to the indigenous native peasant nations and peoples, intercultural communities and Afro-Bolivian people, as a collective and fundamental right of an obligatory nature, to be carried out with respect to any request under the present Law, for the subscription of a mining administrative contract susceptible of directly affecting their collective rights.

II. Mining operations involving only prospecting and exploration do not require the prior consultation provided for in Paragraph I of this Article.

III. The consultation provided for in Paragraph I above, shall apply to applications for new mining administrative contracts in free areas submitted as of the publication of this Law.

IV. They are not subject to the consultation procedure provided for in Paragraph I of this Article because they are pre-constituted rights or acquired rights, as the case may be:

The mining administrative contracts for adequacy.

Lease or shared risk contracts, as provided for in Articles 62 and 190 of this Law.

V. Ongoing consultations of the type provided for in Paragraph I that have not been concluded as of the date of publication of this Law, shall continue and be concluded in accordance with the provisions of this Chapter, depending on the status they are in according to this Law.

#### ARTICLE 208. (PURPOSE AND FUNCTION OF THE STATE).

I. For the purposes of this Law, the prior consultation provided for in Paragraph I of the preceding Article, is understood as the process of intracultural and intercultural dialogue, agreed upon, in good faith, free and informed, which contemplates the development of successive stages of a procedure, between the State, with the participation of the mining productive actor and the subject of the consultation, respecting their culture, language, institutions, norms and procedures, with the purpose of reaching agreements to give course to the request for the subscription of the corresponding mining administrative contract and thus contribute to the Vivir Bien of the Bolivian people, within the framework of a sustainable development of the mining activities. The Mining Administrative Jurisdictional Authority - AJAM is the

competent authority to carry out the prior consultation foreseen in Paragraph I of Article 207 of this Law.

II. The agreements between the competent authority, the applicant mining productive actor and the subjects of the prior consultation, shall be binding and are mandatory for the State, the subjects of the prior consultation and the applicant.

III. According to numeral 3 of Article 316, Paragraph II of Article 348, Paragraph I of Article 349 and Article 311 of the Political Constitution of the State, natural mineral resources are of a strategic nature and of public interest for the development of the country and their administration, direction and control, in function of the collective interest, Likewise, Convention 169 of the International Labor Organization (ILO) and the United Nations Declaration on the Rights of Indigenous Peoples do not grant the subjects of prior consultation the right to veto the execution of mining activities.

ARTICLE 209. (SUBJECT, AFFECTATION, OBJECT AND REPARATION).

I. Each subject of the prior consultation established in Paragraph I of Article 207 shall comply with the following conditions:

Pre-colonial existence and ancestral domain of the territory.

Preservation of their cultural patterns, ways of life, their own institutions: social, economic, cultural and political that represent them, and be distinct from other sectors of the population.

Identification as part of a nation or people that currently retains a relationship with that collectivity.

Access to and collective management of their lands and territories.

II. The affectation of collective rights may have a positive or negative scope, such as modifications to the ways of life, own institutions, territorial transformations, risks to the physical existence and alterations in the conditions that allow their cultural, social or economic development.

III. The Work and Investment Plans for the private and state productive actors and Work and Development Plans for the cooperative productive actor, submitted together with the respective application for the mining administrative contract in accordance with paragraph d) of Paragraph II of Article 140 of this Law, shall be the object of the consultation to determine the possible effects.

IV. Compensatory reparation shall proceed when there are damages, due to quantifiable impacts of a mining project, which affect collective rights, and shall be determined through legally recognized mechanisms, as part of the prior consultation procedure, and shall be established in the respective agreement, in compliance with the provisions of numeral 15 of Article 30 of the Political Constitution of the State.

V. The compensations that are determined shall be destined only to the necessary repairs or to the productive or social development of the affected subjects and shall be administered as determined in the agreement or final decision.

## CHAPTER II

### PROCEDURE

#### ARTICLE 210. (PREPARATORY PHASE).

I. Once the application for a mining administrative contract has been filed pursuant to this Law, the competent Regional Director of the AJAM shall process the application until the conclusion of the opposition phase if it is filed pursuant to the provisions of Article 165 of this Law.

II. Once the opposition has been concluded, the AJAM shall identify the subject or subjects whose collective rights may be affected and shall order, by means of a resolution, the initiation of the consultation procedure provided for in Paragraph I of Article 207 of this Law.

#### ARTICLE 211. (NOTIFICATIONS AND INTERCULTURAL DIALOGUE MEETINGS).

I. The initiation resolution shall provide for the notification to the applicant and to the corresponding subject or subjects, in the latter case in the person or persons exercising the highest authority of each of the subjects of the prior consultation likely to be affected, which shall be complied with within no more than fifteen (15) administrative working days from the date of the resolution. The notification to the subject or subjects shall be accompanied by a copy of the mining productive actor's request and all its required annexes.

II. The prior consultation shall be carried out in a maximum of three (3) meetings, which shall be held in the place closest to the execution of the mining project. III. The resolution shall establish the place, date and starting time for the first meeting, to be chaired by the Regional Director of the

AJAM with the participation of the representatives of the subject or subjects and of the mining productive actor applicant. The first meeting shall be held within twenty (20) administrative working days from the date of the resolution.

ARTICLE 212. (REPRESENTATION, MAXIMUM TERM).

I. The subjects shall be represented at the meetings by their respective maximum authorities in accordance with applicable norms or according to their uses and customs. The requesting mining productive actor shall participate personally or through its legal representative, who, as well as the subjects of the consultation, may accredit the participation of technical delegates to present their respective allegations and explanations.

II. The prior consultation procedure that concludes in accordance with Paragraph I of Article 215 of this Law, may not have a duration of more than four (4) months computed from the last notification to the subjects of the consultation or to the applicant with the resolution opening the procedure.

ARTICLE 213. (DELIBERATIONS AND SUBSEQUENT MEETINGS).

I. Installed the first meeting the Director or the Regional Director of the AJAM shall explain the background of the procedure and the legal norms that are applicable.

II. During the meetings, the Regional Director conducting the proceeding shall present observations and suggestions, so that any agreement reached complies with the applicable legal norms.

III. At the first meeting the requesting mining productive actor will explain the activities it proposes under its work plan and will identify the collective rights that, in its criteria, could be affected and the possible mechanisms for redress and will present the basis for an agreement.

IV. The subjects consulted will formulate their observations and proposals for a possible agreement, identifying the situations in which their collective rights could be affected and the mechanisms of reparation proportional to the expected effects, which they consider appropriate, duly justified and supported through oral, written or other means in accordance with their uses and customs. Likewise, the Regional Director shall formulate the observations deemed necessary and shall prepare the written reports.

V. If there are agreements between the applicant and the subjects prior to the consultation, the same shall be submitted for consideration as part of the procedure.



VI. If after deliberation an agreement is reached between the parties, the consultation procedure shall conclude with the signing of the respective Agreement document. The Regional Director of the AJAM shall pronounce the corresponding approving resolution.

VII. In the absence of agreement in the first meeting, the Regional Director of the AJAM shall convene in the same act a second meeting, to be held at a place, date and time indicated by him/her, in which an agreement shall be reached, in which case the respective document of agreement shall be signed. The Regional Director of the AJAM shall pronounce the corresponding resolution of approval.

VIII. In the absence of agreement in the second meeting, the Regional Director of the AJAM shall convene in the same act a third and last meeting, to be held at a place, date and time to be determined by him/her, in which an agreement shall be reached, in which case the respective document of agreement shall be signed. The Regional Director of the AJAM shall pronounce the corresponding resolution of approval.

IX. Minutes of the meetings shall be kept and signed by the Regional Director, by the requesting mining productive actor or its representative and by the representatives of the subjects participating in the consultation. The same shall form part of the background for the purposes of this Article.

X. If there is no agreement in the third and last meeting, all the background information shall be forwarded within three (3) administrative working days to the National Directorate of the AJAM for the purposes of the following Article.

#### ARTICLE 214. (MEDIATION AND DECISION).

I. Once the background information has been received, the National Directorate of the AJAM shall initiate a procedure of rapprochement and mediation between the applicant and the subjects consulted, for which purpose it shall request further information, convene meetings and take mediating and rapprochement steps. It shall also submit proposals for a final agreement.

II. If no agreement is reached within fifteen (15) administrative working days of the last notification with the resolution ordering the commencement of mediation, the procedure shall be terminated and the

final decision instance provided for in Paragraph IV and following shall be opened.

III. If an agreement is reached, the consultation procedure shall conclude with the signature of the respective document by the Director of the AJAM and the representatives of the subjects and the requesting mining productive actor or its legal representative. The Director or the National Director of the AJAM will pronounce the corresponding Approving Resolution.

IV. In case there is no agreement according to the preceding Paragraphs, the National Directorate of the AJAM shall forward within three (3) administrative working days, all the background information to the Ministry of Mining and Metallurgy.

#### ARTICLE 215. (FINAL RESOLUTION).

I. The Ministry of Mining and Metallurgy, by means of a Ministerial Resolution, after a technical report from the corresponding unit, shall resolve the case within the framework of the applicable legal norms, settling the differences and resolving on the alleged rights and obligations, taking into account the interests of the State and the participants. The resolution shall be issued within fifteen (15) administrative working days of receipt of the background information.

II. The final resolution shall be forwarded to the Director or Regional Director of the competent AJAM for the continuation of the contract application process in accordance with this Law.

III. The mining productive actor applicant may withdraw and annul its application for a mining administrative contract at any stage of the procedure, even after the resolution provided for in Paragraph I above.

#### ARTICLE 216. (COSTS).

I. The costs of notifications shall be assumed by the applicant mining productive actor, as determined by the intervening authority.

II. The AJAM, with funds allocated by the mining actor, shall cover all the costs of the consultation process.

### CHAPTER III

### ENVIRONMENT

ARTICLE 217. (NORMATIVE FRAMEWORK). Mining activities in relation to the environment shall be carried out in accordance with the Political Constitution of the State, the present Law, Law No. 1333, of the Environment, dated April 27, 1992, its regulations, the Environmental Regulations for Mining Activities and other legal norms in force.

ARTICLE 218. (ENVIRONMENTAL LICENSE).

I. The Environmental License for mining activities, works or projects shall be granted by the competent environmental authority in accordance with Law No. 1333 of the Environment, dated April 27, 1992, general regulations, sectorial regulations and this Law.

II. Mining activities with known insignificant impacts - AMIAC, shall process their Environmental License before the respective Governor's Office, which shall send a copy to the Ministry of Mining and Metallurgy and to the Ministry of Environment and Water for registration and follow-up of the environmental performance of the activity, work or project - AOP.

ARTICLE 219. (LIABILITY).

I. The holders of mining rights under any of the modalities provided for in this Law, when they carry out mining activities, in their own name, or the mining operators when they carry out mining activities by virtue of a contract, as well as the holders of Operating Licenses, are responsible for compliance with environmental regulations. The

responsible shall be obliged to prevent, control, reduce and mitigate negative environmental impacts, and remediate and rehabilitate the exploited areas according to applicable environmental standards, subject to numeral 3 of Article 345 of the Political Constitution of the State.

II. The holders of mining rights under any of the modalities foreseen in the present Law, as well as the holders of operation licenses, are not responsible for the environmental damages produced prior to the granting of their rights. These damages will be determined through a Baseline Environmental Audit - ALBA. The results of this audit will be an integral part of the Environmental License.

III. The holders of mining rights under any of the modalities provided for in this Law, as well as the holders of Operating Licenses, who carry out mining activities in the same ecosystem or micro-watershed, may carry out a common ALBA.

IV. If such baseline audit is not carried out, the holders of mining rights under any of the modalities provided for in this Law, as well as the holders of Operating Licenses, shall be responsible for mitigating all environmental damages originated in their mining area.

V. The administrative actions for the infractions indicated in Article 17 of Supreme Decree No. 28592, dated January 17, 2006, prescribe within three (3) years.

VI. In accordance with Article 347 of the Political Constitution of the State, environmental crimes do not prescribe.

#### ARTICLE 220. (MINING ACTIVITIES IN PROTECTED AREAS).

I. Mining productive actors may carry out mining activities in protected and forest areas prior compliance with specific environmental and related regulations, and when such activities do not affect the fulfillment of the area's protection objectives. II. Mining activities that began prior to the declaration of a protected area must comply with the respective environmental regulations.

ARTICLE 221. (CLOSURE OF OPERATIONS). The holders of mining rights under any of the modalities provided for in this Law, the operators in mining contracts, as well as the holders of Operating Licenses that are in the production phase, shall establish an accounting provision to cover the cost of closing their operations.

ARTICLE 222. (ENVIRONMENTAL CONTROL). The Ministry of Mining and Metallurgy shall ensure compliance with environmental regulations, within the scope of its competence.

### TITLE VII

#### MINING ROYALTY REGIME

##### CHAPTER I

##### MINING ROYALTY

ARTICLE 223. (MINING ROYALTY). The Mining Royalty - MR, for the exploitation of mineral resources and non-renewable metals, is a right and a compensation for their exploitation and is regulated by the Political Constitution of the State and the present Law.

ARTICLE 224. (SCOPE).

I. Subject to the provisions of this Law, the Mining Royalty - MR is mandatorily applied to the mining activities described below:

Exploitation, concentration and/or commercialization, in time of internal sale or export of minerals and/or metals.

Smelting, refining and industrialization, only when they are part of the productive process that includes mining activities.

Prospecting and mining exploration, only when the products obtained in this activity are marketed.

II. In order to promote smelting, refining and industrialization in the case foreseen in paragraph b) above, 60% of the rates determined in Article 227 of this Law shall be applied to state mining companies and to new mining activities that, under a mining administrative contract, include smelting, refining and/or industrialization.

III. The Mining Royalty - MR does not reach the activities of manufactures and industrialized products based on minerals and metals, when they do not include in their productive process their own mining activities. In this case, they become withholding agents according to the Regulations.

#### ARTICLE 225. (TAXPAYERS).

I. All individuals and groups are taxpayers subject to the Mining Royalty - MR, in accordance with the scope of Article 224 of this Law.

II. The temporary importation of minerals for their concentration, smelting or refining or of metals for toll manufacturing or industrialization is not subject to the Mining Royalty - MR, and this fact must be evidenced by means of the corresponding certificate of origin.

#### ARTICLE 226. (BASIS OF CALCULATION).

I. The basis for calculation of the Mining Royalty -RM, is the gross sales value, which is the result of multiplying the weight of the fine content of the mineral or metal by its official quotation. II. For concentrates and metallic minerals, the weight of the fine content is the result of multiplying the net dry weight by the ore grade.

III. For smelted metallic products, the weight of the fine content results from multiplying the net weight by the grade of the metal.

IV. The net dry weight is the weight of the ore minus the weight of the packaging, moisture and shrinkage.

V. In the case of exports, the gross sales value is understood as the sales value stated in the Single Export Declaration - DUE.

VI. The Ministry of Mining and Metallurgy shall determine the official quotation by applying the biweekly arithmetic average based on the lowest of the daily quotations for spot transactions registered in the London Metal Exchange, or otherwise in other international metal exchanges, or in specialized publications of recognized international prestige.

VII. In the case of minerals or metals that are not quoted in metal exchanges or reference prices are not available in specialized publications, the gross sales value is the value stated in the commercial export invoice, Single Export Declaration - DUE, or shall be determined by the Ministry of Mining and Metallurgy based on reference prices in the domestic and foreign markets.

#### ARTICLE 227. (RATES).

I. The rate of the Mining Royalty - MR, is determined according to the following scales:

Gold in its natural state, pre-concentrate, waste and scrap, concentrate, precipitate, amalgam, shot, bullion or molten bar and refined ingot:

Official Gold Price per Troy Ounce

(U.S. Dollars)

Rate (%)

Greater than 700

7

From 400 to 700

0.01 (CO)

Less than 400

4

Gold coming from refractory sulfide ores that require high technology for its production:

Official Gold Price per Troy Ounce

(U.S. Dollars)

Rate (%)

Greater than 700

5

From 400 to 700

$0.00667 \text{ (CO)} + 0.33333$

Less than 400

3

Gold in its natural state or in flake form from marginal deposits operated by small-scale mining:

Official gold price per Troy Ounce

(U.S. Dollars)

Rate (%)

Greater than 700

2.5

From 400 to 700

$0.005 \text{ (CO)} - 1$

Less than 400

1

For Silver in pre-concentrates, concentrates, complexes, precipitates, bullion and refined ingot:

Official Silver Price per Troy Ounce

(U.S. Dollars)

Rate (%)

Greater than 8.00

6

From 4.00 to 8.00

0.75 (CO)

Less than 4

3

For Zinc in concentrate or metallic form:

Official Zinc Quotation per Fine Pound (U.S. Dollars) Rate (%)

Greater than 0.94

5

From 0.475 to 0.94

8.60215 (CO) - 3.08602

Less than 0.475

1

For Lead in concentrate or metallic:

Official Quotation of Lead per Fine Pound (US Dollars) Rate (%)

Greater than 0.60

5

First tranche: From 0.30 to 0.60

13.33333 (CO) - 3

Less than 0.30

1

For Tin in concentrate or metallic:

Official quotation of tin per fine pound (U.S. Dollars) Rate (%)

Greater than 5.00

5

From 2.50 to 5

1.60 (CO) - 3

Less than 2.50

1



For Antimony in concentrates, trioxide or metallic: Official Antimony Quotation per MTF (U.S. Dollars) Rate (%)

Greater than 3,800

5

From 1,500 to 3,800

0.0017391(CO) - 1.60870

Less than 1,500

1

For Wolfram in concentrate or metallic form:

Official quotation of Wolfram per MTF (US Dollars) Rate (%)

Greater than 24,000

5

From 8,000 to 24,000

0.00025(CO) - 1

Less than 8,000

1

For Copper in concentrates or metallic:

Official Copper Quotation per Fine Pound (U.S. Dollars) Rate (%)

Greater than 2.00

5

From 0.70 to 2.00

3.0769(CO) - 1.1538

Less than 0.70

1

For Bismuth in concentrate or metal:

Official quotation of Bismuth per Fine Pound (U.S. Dollars) Rate (%)

Greater 10.00

5

From 3.50 to 10.00

0.61538(CO) - 1.15385

Less than 3.50

1

For iron ores:

Grade of Transformation

Aliquot (%)

Concentrates and Lumps

4

Pellets

3

Sponge iron and pig iron

2

For Tantalum, Baryte and Limestone in any state:

Metal

Aliquot (%)

Tantalite

3.5

Baryte

3.5

Limestone

3.5

Precious and semiprecious stones:

Type of stone

Rate (%)

Semiprecious stones

4

Precious stones and metals

5

For Indium and Rhenium in any state:

Metal

Rate (%)

Indium

5

Rhenium

5

In the case of Indium and Rhenium, the Mining Royalty will be applied when these elements have commercial value, which will be determined by the National Service of Registration and Control of the Commercialization of Minerals and Metals - SENARECOM, in the form and conditions to be established by Regulation.

For evaporite resources:

Degree of Transformation

Aliquot (%)

Lithium Carbonate

3

Potassium Chloride

3

Other by-products and derivatives

3

Sodium Chloride

2.5

For Boron minerals:

Grade of Transformation

Aliquot (%)

Unprocessed Ulexite

5

Calcined Ulexite

3

The aliquot referred to Boron ores with intermediate grades will be subject to the following scale:

Boron oxide grade (%)

Rate of the RM for exports

Rate of the RM for the domestic market

Up to 22

5

3

More than 22 up to 28

Less than 5 up to 4.50

Less than 3 up to 2.70

Greater than 28 up to 35

Less than 4.50 up to 4

Less than 2.70 up to 2.40

Greater than 35 up to 45

Less than 4 up to 3.50

Less than 2.40 up to 2.10

Greater than 45 up to 52

Less than 3.50 up to 3

Less than 2.10 up to 1.80

Greater than 52

3

1,80

II. For the rest of minerals and metals not included in the previous scales, an MR aliquot of 2.5% is established.

III. In case it is necessary to determine a specific scale of rates for a mineral or metal not included in the previous scales, the Ministry of Mining and Metallurgy shall approve the new scale.

IV. In the sales of minerals and metals in the domestic market, 60% of the rates established above shall be applied.

ARTICLE 228. (LIQUIDATION, WITHHOLDING AND PAYMENT). For the liquidation of the Mining Royalty - MR, in each sale or export operation, the established calculation base and the rate determined by Article 227 of this Law and the Regulations on Mining Royalty shall be applied, which shall determine the procedures for liquidation, withholding and payment.

ARTICLE 229. (DISTRIBUTION).

I. The Mining Royalty shall be distributed as follows:

85% for the producing Departmental Autonomous Government.

15% to the producing Municipal Autonomous Governments.

II. The departmental budget shall guarantee the priority participation rights of the indigenous native peasant nations and peoples of the mining regions where mineral resources are exploited.

III. Of the 85% of the Mining Royalty - MR allocated to the autonomous departmental producer governments, these shall allocate 10% for prospecting and mining exploration activities in the respective department in charge of SERGEOMIN subject to specific regulations.

## CHAPTER II

### MINING PATENT

ARTICLE 230. (MINING PATENT).

I. Except in the case provided for in paragraph a) Paragraph V of Article 61 of this Law, the holders of mining rights recognized or granted by means of Prospecting and Exploration License, Aerial Prospecting License, mining administrative contracts for adequacy, and new mining contracts for adequacy, and new mining contracts for exploration and prospecting.

and new mining administrative contracts, shall pay the Mining Patent in fixed amounts according to the following detail:

Prospecting and Exploration: 325 Bolivianos per year per square;

Aerial Prospecting: 50,000 Bolivianos per each License;

Exploitation:

400 Bolivianos per year per square up to 30 squares.

500 Bolivianos per year per square from 31 to 40 squares.

600 Bolivianos per year per grid square from 41 grids onwards.

II. The payment of the mining exploration and exploitation patent shall be calculated for each grid square of the mining area under license or contract.

III. The mining patent for Prospecting and Exploration Licenses and mining administrative contracts shall be paid for the entire current year:

The first payment shall be made within a term of twenty (20) administrative working days, as of the date of having been ordered by the AJAM within the License or Contract application process, and.

Subsequently, in advance for the following years, subject to the provisions of Paragraph IV below.

IV. On the first working day of February of each year, the AJAM shall publish in a special annual edition of the National Mining Gazette, the list of those who have pending payment of the mining patent for the following year, which shall be considered as a summons and payment requirement. Payment shall be made within thirty (30) calendar days of such publication.

V. The mining patent shall be paid with a 100% increase, when the original mining rights are older than five (5) years.

VI. The Directorate of Mining Cadastre and Gridding shall inform the AJAM about the holders of mining rights who have not paid the mining patent in accordance with Paragraph IV above, for the purpose of revocation of Prospecting and Exploration Licenses or termination of mining administrative contracts, as the case may be.

VII. The holders with mining rights prior to the publication of this Law, who have paid double the mining patents for more than five (5) years,

shall cancel with the increase established in Paragraph IV, from the following year, with the value established in paragraph c) of Paragraph I of this Article.

VIII. The mining patent for aerial prospecting shall be paid within ten (10) administrative working days after the License has been granted.

IX. The mining patent for administrative mining contracts for appurtenances that are adapted, shall be applied according to this Article, applying the same criteria by equivalence of the appurtenances to the extension by squares.

#### ARTICLE 231. (DISTRIBUTION OF THE MINING PATENT).

I. The amounts collected by way of mining patent for prospecting, exploration and exploitation shall be distributed as follows:

60% AJAM.

40% SERGEOMIN.

II. The mining patent for aerial prospecting shall correspond to the AJAM.

#### ARTICLE 232. (MINING PATENT FOR OPERATION AND COMMERCIALIZATION LICENSES).

I. The holders of Operation and Commercialization Licenses, according to Articles 171 and 176 of the present Law, shall pay CEIMM, as mining patent, a fixed annual amount of Bs.20,000.- (Twenty Thousand 00/100 Bolivianos).

II. The payment of the mining patent of the licenses shall be made in advance until January 31st of each year, except that the first licenses shall be paid within ten (10) administrative working days of their granting.

ARTICLE 233. (UPDATING OF THE MINING PATENT). The amounts for the mining patent payable in advance in all the cases provided for in this Chapter, shall be updated annually according to the quotation of the Unidad de Fomento a la Vivienda - UFV (Housing Development Unit).

#### ARTICLE 234. (COLLECTION AND ADMINISTRATION).

I. The payment of the annual patent shall be made by the holder of the mining right through the corresponding public banking entity, in the fiscal account established for such purpose. The Central Bank of Bolivia - BCB shall make the monthly transfer of the amounts collected for mining patents to the beneficiary institutions indicated in Paragraph I of Article 231 of this Law, in the established proportions.

II. The collection, control and supervision of the mining patent shall be in charge of the Directorate of Mining Cadastre and Grid, which for such purpose is empowered to issue the pertinent administrative regulations for its correct application and distribution.

#### TRANSITORY PROVISIONS

FIRST: As from the publication of this Law, the lease fees established in the contracts, on a transitory basis and until the new Tax Law enters into force, shall be cancelled in accordance with the express regulation.

SECOND. COMIBOL, within the framework of its legal powers, shall sign association contracts with the mining cooperatives affiliated to the Regional Federation of Mining Cooperatives of Northern Potosi that have signed the lease contract, in order to enable the exploitation of the deposits of tailings, sands and others located in the Catavi Mining District; to this effect, COMIBOL and the Mining Cooperatives of the North of Potosí, shall jointly elaborate a project and a plan that guarantees investment and technological implementation, generating sufficient conditions to make viable the development and processing of the same, taking into consideration the terms established in the lease contract.

THIRD: The National Tax Service - SIN shall continue to administer the collection of the Mining Royalty - MR, as long as the autonomous departmental governments have not implemented automated systems, the costs of which shall be assumed by the autonomous departmental and municipal governments in proportion to their participation in the distribution of the Mining Royalty - MR.

#### FOURTH.

I. The procedure foreseen in Title VI on Prior Consultation in Mining Matters shall be in accordance with the general norm on Free, Prior and Informed Consultation, once the same is published.

II. The Ministry of Mining and Metallurgy shall prepare the specific sectorial regulation on prior consultation in mining matters within one



hundred and eighty (180) days after the publication of the general rule on Free, Prior and Informed Consultation.

#### FINAL PROVISIONS

FIRST: Within one hundred and twenty (120) days from the date of publication of this Law, the Ministry of Mining and Metallurgy, in coordination with the autonomous departmental governments and in consultation with SENARECOM, shall prepare and submit to the Executive Branch a draft regulation establishing the procedures for verification of compliance with the obligations of withholding and payment of mining royalties in accordance with this Law, as well as the sanctioning regime and its procedures for total or partial non-compliance in withholdings and payments.

#### SECOND.

I. Once the approving resolution established in Paragraph III of Article 205 of this Law has been issued, in the process for the subscription of each mining administrative contract for the adequacy of ATE's of the private mining productive actors, the procedure and process of verification and reversion on the non-existence of mining activity provided in Law No. 403, dated September 18, 2013, and its Regulatory Decree No. 1801, dated November 20, 2013, with respect to the areas under contract, shall cease to have effect.

II. If, as of the date of issuance of the approving resolution established in Paragraph III of Article 205 of this Law, the verification or reversion procedure or process is in progress and has not been concluded, with respect to the areas under contract.

verification or reversion process with respect to the areas under the contract has not been concluded, the same shall be without effect in the state in which it is, and the proceedings shall be archived.

III. Once the mining administrative contract for adequacy has been signed, the verification of compliance with the Work and Investment Plans shall be subject to the provisions of Paragraph VI of Article 22 of this Law.

THIRD: The Fiscal Reserve Law of December 5, 1917 shall not be applicable in mining matters.

#### REPEALING AND DEROGATORY PROVISIONS

FIRST. The following regulatory bodies are hereby repealed:

- Law No. 719, Creation of CIRESU, dated February 15, 1985. - Law N° 1777, Mining Code, dated March 17, 1997. - Supreme Decree No. 29117 dated May 1, 2007.
- Supreme Decree No. 29164 dated June 13, 2007.
- Supreme Decree No. 29410 of January 9, 2008.
- Supreme Decree N° 1661 of July 24, 2013.

SECOND: The following regulatory bodies are hereby repealed:

- Law No. 3787 of November 24, 2007, with Articles 101 and 102 remaining in force.
- Law N° 3720 of July 31, 2007.
- Sole Article, First, Second, Third and Fourth Transitory Provisions, and First and Second Final Provisions, of Law No. 368, dated May 1, 2013, with the Fifth Transitory Provision remaining in force.
- Article 54 of Supreme Decree N° 0071, dated April 9, 2009. THIRD: All provisions contrary to this Law are hereby abrogated and repealed. To be sent to the Executive Branch for constitutional purposes.

Given in the Sessions Room of the Plurinational Legislative Assembly, on the nineteenth day of the month of May of the year two thousand fourteen.

Eugenio Rojas Apaza, Marcelo William Elío Chávez, Efrain Condori Lopez, Roxana Camargo Fernández, Carlos Aparicio Vedia, Ángel David Cortés Villegas.

Therefore, I hereby enact it to be had and complied with as Law of the Plurinational State of Bolivia.

City of Oruro, on the twenty-eighth day of May of the year two thousand fourteen.

ALVARO GARCÍA LINERA, Juan Ramón Quintana Taborga  
MINISTER OF THE PRESIDENCY AND INTERIM MINISTER OF  
DEVELOPMENT PLANNING, Rubén Aldo Saavedra Soto, Luis  
Alberto Arce Catacora, Juan José Hernando Sosa Soruco, Ana Teresa  
Morales Olivera, Felix Cesar Navarro Miranda, Daniel Santalla Torrez,

José Antonio Zamora Gutiérrez, Nemesia Achacollo Tola, Claudia Stacy Peña Claros, Amanda Dávila Torres. MANDATORY SUBSCRIPTION  
SUPREME DECREE N° 690

NOVEMBER 03, 2010 - Mandatory subscription, without exception, of all public sector entities that make up the organizational structure of the Executive Branch, as well as public entities and companies that are under its dependence or guardianship, to the Official Gazette of Bolivia, under the Ministry of the Presidency, for the physical procurement of Laws, Decrees and Supreme Resolutions.

TEXT FOR CONSULTATION

Official Gazette of the Plurinational State of Bolivia

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