

THE GOVERNMENT OF THE REPUBLIC OF THE UNION OF MYANMAR
MINISTRY OF MINES
THE DEPARTMENT OF GEOLOGICAL SURVEY
AND MINERAL EXPLORATION



FACTS OF JOINT VENTURE PROCEDURES

2012 July

MINISTRY OF MINES

The Ministry of Mines is the government authority responsible for implementation of the policy, legislation and enforcement of law, Rules and Regulations in the mining Sector.

There are 6 Enterprises and 2 Departments under the Ministry of Mines

- 1 No(1) Mining Enterprise (ME 1) is to undertake mining, production and marketing of Antimony, Lead, Zinc, Silver, Iron, Titanium and Copper ores.
- 2 No(2) Mining Enterprise (ME 2) is responsible for mining, production and marketing of Gold, Platinum, Tin, Tungsten, Molybdenum, Niobium, Columbium, Heavy mineral and Gold ores.
- 3 No(3) Mining Enterprise (ME 3) is responsible for productions and supply of industrial raw minerals such as Barites, Bauxite, Bentonite, Gypsum, Limestone, Dolomite, Clay, Manganese and Coals.
- 4 Myanmar Gem Enterprise (MGE) is responsible for mining and marketing of various precious Gemstones and Jade.
- 5 Myanmar Pearl Enterprise (MPE) handles breeding and cultivating of mothers of Pearl, and production of Pearl.
- 6 Myanmar Salt and Marine Chemical Enterprise (MSMCE) is responsible for production and marketing of common Salt, esporn salt, marine chemical and soda ash.
- 7 Department of Mines is responsible for administration of mineral policy and planning mineral legislation, mine inspection and safety, mineral conservation and environmental conservation.
- 8 Department of Geological Survey and Mineral Exploration (DGSE) is responsible for country wide geological mapping, mineral prospecting and mineral exploration.

- ❖ The policy of the Ministry of Mines is not to make new investment on its own, but to encourage foreign and local investors to invest in the mining Sector.
- ❖ At present the Ministry of Mines has licensed to the existing mines and large deposits to the local investors for production.
- ❖ Foreign companies or Investors shall have to start from the grass root exploration at the interest potential areas if they desire.

INVESTMENT OPPORTUNITY (JOINT VENTURE)

- ❖ 1988 Union of Myanmar Foreign Investment Law
- ❖ 1994 Union of Myanmar Mines Law
- ❖ 1996 Rule relating to Mines Law
- ❖ To invite participation in terms of technical know-how and investment from sources with in the country and abroad.
- ❖ Now Myanmar Foreign Investment Law and Myanmar Mines Law are revised to fulfill the present situation and will submit to the Pyithu Luttaw (Parliament) in near future.

CATEGORIES OF MINING PERMITS

- | | | | |
|----|---------------------------|---|--|
| 1. | Prospecting Permits | - | 1 yr (4200 sq.km.) |
| 2. | Exploration Permits | - | 1 yr (3150 sq. km.)
(Extendable 2 times) |
| 3. | Feasibility Study | - | 1 yr |
| 4. | Large Scale Mining Permit | - | 25 yrs |
- Funds required to conduct the prospecting, exploration and feasibility study shall borne by the investor 100% at his own risk.
- ❖ Signature Bonus - US \$ 50000 to 100000
 - ❖ Performance Bank Guarantee - US \$ 100000 to 200000

Tax Regime in the Mineral Sector in Myanmar

- **Dead Rent**

- Dead Rent according to the type of operations is shown in the table on page 87 Section 115 of Myanmar Mines Rules. Surface Rent is payable to the Department of Mines after acquiring Land Lease. The rent levied is minimal.

- **Royalty**

For metallic minerals is	3 to 4 %
For Precious mineral is	4 to 5 %
For Gems and Jade is	5 to 7.5%
For Industrial mineral is	1% to 3%

- as prescribed in chapter 6 of the Myanmar Mine Law.
- Royalty is levied on value of mineral sold. It is a sale based royalty and not a production based royalty. (Refer section 115 of the Myanmar Mines Rules)
Royalty may be exempted or relief may be given by the Ministry of Mines.

Production Sharing Contract (P.S.C) System

1. Ministry of Mines has practiced the Production Sharing Contract (PSC) system in mining.
2. In the production sharing types of agreement the investor shall have to contribute 100% of investment in which case the government would expect a share of the production and a production sharing will be signed with sharing ratio to be agreed upon between the parties.
3. The Production Sharing Ratio is based on the mineral commodity like Gold, Copper, Lead, Zinc, Tin, Tungsten, Nickel, Manganese, Industrial Raw Mineral and Coal etc. and as well as based on the current LME (London Metal Exchange) prices.
4. The Production Sharing Ratio has to negotiate with concerning Mining Enterprises when the Foreign Company is proposed for Mining.

- At present, a Chinese Companies, namely Myanmar-china Non-ferrous Metal & Mining Co., Ltd is cooperation with No.(3) ME on Production Sharing Contract (P.S.C) basis for Nickel Mining at Tagaung Taung at Mandalay Region.
- One Thai Mining company, namely, Myanmar-Pongpipat Co., Ltd is cooperation with No(2) Mining Enterprise on production sharing contract (P.S.C) basis for tin mining at Heinda mine at Tanintharyi Region
- A Vietnamese company, Simco Songda is cooperation with No (3) Mining Enterprise on production sharing contract (P.S.C) basis for Decorative Stone mining at Nay Pu Taung at Rakhine State.

**Procedures for the Foreign Investment in Mining Sector
in the Republic of the Union of Myanmar**

1. Foreign company has to send request letter for a courtesy call to the Union Minister for the Ministry of Mines through the respective Embassy in Myanmar to Ministry of Foreign Affairs to the Ministry of Mines officially.

2. The Union Minister or responsible personnel from the Ministry will meet the company. At the meeting the investor can discuss the opportunities of investment in Mining sector at Myanmar and mention the interest mineral and area to be implemented.

3. Field visit will arranged if requested by the investor or company and technical discussion will be made for the assistant of site visit.

For the field site visit the following documents are required:

- (1) Proposal letter (submit in 2 weeks ahead of the trip schedule)
- (2) Tentative Field trip schedule
- (3) Recommendation letter from the Embassy of the concerning country
- (4) Letter of undertaken for each personnel of the group
- (5) Individual Passport copy

4. After the field visit, the investor decide to invest in Myanmar, a proposal or letter of intention must be submit to the Ministry of Mines and copy to Department of Geological Survey and Mineral Exploration(DGSE). Proposal should clearly mention the area with coordinates, kinds of mineral, proposed activities (prospecting, exploration, feasibility study), capital investment, technical know how, methods apply for operation, duration and general terms preferred by the company.

5. Mineral prospecting, exploration and feasibility study are concerned to DGSE.

6. The following documents are required with the proposal:

- (a) Company Registration
- (b) Company Profile and other relevant facts about the company

- (d) Recommendation and endorsement of the respective Embassy in Myanmar
- (e) Financial bank statement
- (f) List of the Board of Directors
- (g) Initial work programme
- (h) Map of the proposed area with coordinates.

7. After the approval of the Ministry of Mines, the investor shall have to negotiate with DGSE for the preparation of the Agreement Draft. DGSE will provide the Agreement Draft model which is already accepted by the Ministry and all the information about financial matter.

8. The investor prepares the Agreement Draft and submits to DGSE, which should consist of Signature Bonus, Dead Rent, Performance Bank Guarantee and minimum expenditure etc.

9. DGSE will submit the Agreement Draft to the Scrutinizing Committee of the Ministry for assessment.

10. After the approval from the Scrutinizing Committee DGSE will submit to the Ministry and from Ministry it will send to the Union Attorney General Office and the Office of the Auditor General of the Union for their recommendation.

11. At this stage the company needs to apply the following recommendation documents;

- (a) Recommendation letter from concerning State/ Region Government
- (b) Recommendation letter from Township Administrative Department
- (c) Recommendation letter from the Township Forestry Department
- (d) Recommendation letter from Township Land Record Department.

12. After the completion of all the required recommendation documents the proposal and the Agreement Draft will send to the Myanmar Investment Commission (MIC).

13. While submitting to the MIC the company shall have applied for the company registration to the Department of Investment and Company Registration under the Ministry of Economic and National Planning.

13. After the approval of the MIC it will send to the Cabinet and after the approval of the Cabinet MIC will issue the Investment Permit.
14. DGSE and the Investor or the Company will make signing on the Agreement and the Ministry of Mines will issue the respective Prospecting, Exploration, and Feasibility Study Permit.
15. The company shall have to conduct the work programme within a month.
16. If the company wants to extend the period, submit prior in 3 months before the termination.
17. The company must return back all the permits issued by MIC and the Ministry of Mines within a month after the termination of the Agreement.
18. To proceed for the production the company has to contact to the concerning Enterprises.

DOCUMENTS REQUIRE FOR SITE VISIT

1. Proposal letter (submit in 2 weeks ahead of the trip schedule)
 2. Field trip schedule
 3. Recommendation letter from the Embassy of the concerning country
 4. Letter of undertaken for each personnel of the group
 5. Individual Passport copy
- Proposal letter submit to the Ministry of Mines and copy to DGSE.
 - Two geologists will accompany and assist during the site visit

DOCUMENTS REQUIRE FOR THE PROPOSAL

1. Proposal letter address to the Union Minister, the Ministry of Mines, mention the Mineral and area of interest.
2. Attached map with the area and their coordinates.
3. Recommendation letter from the Embassy of the concerning country
4. Company registration
5. Company profile
6. List of Board of Directors
7. Bank Statement
8. Project Investment
9. Initial Work Plan

RATE OF DEAD RENT (Kyat / Sq. Km.)

Sr	Mineral Commodity	Prospecting		Exploration					Feasibility Study		Development			Production up to 20 years
		1 st year	2 nd year	1 st year	2 nd year	3 rd year	4 th year	5 th year	1 st year	2 nd year	1 st year	2 nd year	3 rd year	
1	Industrial Raw Mineral (Coal, Lst, etc)	50,000	100,000	100,000	200,000	400,000	600,000	800,000	800,000	1,200,000	1,400,000	1,600,000	2,000,000	2,000,000
2.	Metal (Cu, Pb, Zn, Sb, Sn-W, Fe, Ni, Cr, Mn, etc)	100,000	200,000	200,000	400,000	800,000	1,200,000	1,600,000	1,600,000	1,600,000	1,800,000	2,100,000	2400000	3,000,000
3.	Precious metal (Au, Ag, Pt, Ta, Nb etc)	200,000	400,000	400,000	800,000	1,600,000	2,400,000	3,200,000	3,200,000	3,200,000	3,600,000	4,200,000	4,800,000	6,000,000

RATE OF DEAD RENT (US\$ / Sq. Km.)

Sr	Mineral Commodity	Prospecting		Exploration					Feasibility Study		Development			Production up to 20 years
		1 st year	2 nd year	1 st year	2 nd year	3 rd year	4 th year	5 th year	1 st year	2 nd year	1 st year	2 nd year	3 rd year	
1	Industrial Raw Mineral (Coal, Lst, etc)	62.5	125	125	250	500	750	1000	1000	1500	1750	2000	2500	2500
2.	Metal (Cu, Pb, Zn, Sb, Sn-W, Fe, Ni, Cr, Mn, etc)	125	250	250	500	1000	1500	2000	2000	2000	2250	2625	3000	3750
3	Precious metal (Au, Ag, Pt, Ta, Nb etc)	250	500	500	1000	2000	3000	4000	4000	4000	4500	5250	6000	7500

LETTER OF UNDERTAKING



1. MR. -----(N-----) is Mine Expert from Thailand. I am not involving in any political matters and I hereby acknowledge that I will follow the rules and regulations of Myanmar and will stay and work only in the permitted area.

Yours Faithfully,

MR. ----- - Name
----- - Pass Port No
----- - Position

2. MR. -----(N-----) is Mine Expert from Thailand. I am not involving in any political matters and I hereby acknowledge that I will follow the rules and regulations of Myanmar and will stay and work only in the permitted area.

Yours Faithfully,

MR. ----- - Name
----- - Pass Port No
----- - Position

(U Zaw Win Kyu)
Deputy Director General
(for Director General)