

MINING REPORT

Edition No.6

WHAT'S NEW IN MINING?

BOLIVIA SEEKS LITHIUM INDUSTRIALIZATION IN SEVEN OF ITS SALT FLATS AND LAUNCHES CALL FOR BIDS

Yahoo News

26/01/2024: Bolivia has announced a second global call to industrialize evaporitic resources and lithium using direct extraction technology across seven salt flats, including the vast Uyuni. The initiative seeks partners for industrial projects that go beyond lithium, covering other minerals found in the brines of Potosí and Oruro. With an emphasis on advanced technology, transparency, and respect for sovereignty and the environment, Bolivia aims to expand its lithium production and strengthen its position in the global market..

[Read more](#) 

BOLIVIA SIGNS AGREEMENT WITH CHINESE LITHIUM BATTERY GIANT TO SET UP AN EXPERIMENTAL PLANT

The Associated Press en MSN

17/01/2024: The Bolivian government, along with the Chinese consortium CBC, which includes CATL, BRUMP, and CMOC, has agreed to establish a pilot plant in the Salar de Uyuni to produce 2,500 annual tons of lithium carbonate, essential for lithium-ion batteries. The experimental project will determine the feasibility of a future industrial plant. Additionally, Bolivia is seeking new foreign investors, requiring their participation in the entire production chain. This is Bolivia's second agreement with CATL.

[Read more](#) 

TECHNOLOGICAL MINERALS AND RARE EARTHS IDENTIFIED IN FIVE REGIONS OF BOLIVIA

La Voz de Tarija

15/01/2024: Bolivia has identified technological minerals and rare earths in Cochabamba, Potosí, and Santa Cruz, focusing on transitioning from traditional to technological minerals to meet global demands. The Minister of Mining announced this shift towards more sustainable mining oriented towards renewable energies and electronics. The Bolivian Mining Corporation and the Geological Mining Service discovered these resources, and hundreds of samples have been collected in Santa Cruz. This initiative, supported by a new management established in 2023, seeks to adapt to the changing global energy market.

[Read more](#) 

COMIBOL PROJECTS INVESTMENT OF UP TO \$3 MILLION IN PROSPECTING AND EXPLORATION OF RARE EARTHS

Ministry of EjuTv / La Razón

08/01/2024: The Bolivian Mining Corporation (Comibol) plans to invest between \$2 and \$3 million in the prospecting and exploration of technological minerals and rare earths, as stated by its president, Reynaldo Pardo. The investment will focus on areas such as Cerro Manomó and Rincón del Tigre in Santa Cruz, and a new area in San Luis, Potosí. The aim is to adapt to the growing global demand for these minerals, which are used in advanced technologies such as electric vehicle batteries and electronics, pursuing sustainable mining oriented towards renewable energies. This marks a shift in Bolivia's mining strategy, from traditional metals to technological minerals.

[Read more !\[\]\(4729e517bc6a7cd81c8025b9646574fb_img.jpg\)](#)

MINISTRY OF MINING PLANS TO WORK ON THE EXPLOITATION OF THREE GOLD MINING DEPOSITS

Ministry of Mining and Metallurgy

20/12/2023: The Minister of Mining and Metallurgy of Bolivia, Marcelino Quispe López, announced plans to exploit three gold deposits: Pico Suto, Madre de Dios, and Río Beni. Although initial mining will be modest due to limitations in machinery, these projects aim to strengthen international reserves. A state gold company will be created to manage exploitation and marketing. The Bolivian Gold Company (EBO) has already opened branches in San Ramón and plans one in Riberalta to support the Central Bank of Bolivia. This is part of the state policy of industrialization towards the Bicentennial of the Plurinational State of Bolivia.

[Read more !\[\]\(e474458956c9a37fbf9586ddb60a7fa1_img.jpg\)](#)

BOLIVIA INAUGURATES ITS LITHIUM CARBONATE INDUSTRIAL PLANT

La Razón

17/12/2023: Franklin Molina, Bolivia's Minister of Hydrocarbons and Energy, highlighted the significance of the new Lithium Carbonate Industrial Plant in Uyuni, Potosí. With an annual capacity of 15,000 tons and an investment of Bs. 766.9 million, this plant marks the beginning of industrial lithium production, aiming to make Bolivia one of the leading global producers. This project is part of a strategic lithium development plan, focused on technological innovation and the creation of a strong and extensive industry, ensuring sovereignty and mutual benefit in partnerships with foreign companies. The plant will significantly contribute to the country's revenue.

[Read more !\[\]\(4fe57c3593bf1b21d272ae7ac8dfaf77_img.jpg\)](#)

WHAT'S NEW IN MINING?

BOLIVIA AND RUSSIA SEAL A MULTIMILLION-DOLLAR AGREEMENT FOR LITHIUM EXTRACTION

Deutsche Welle-DW

13/12/2023: Bolivia has signed an agreement to install a lithium extraction pilot plant, with a total investment from the Russian firm Uranium One Group. This plant, part of a \$450 million project until 2025, will initially produce 1,000 tons of lithium carbonate per year, scaling up to 14,000 tons annually. President Luis Arce emphasized Bolivia's participation across the entire lithium production chain, crucial for electric vehicle batteries. Bolivia, with its vast lithium reserves, aims to surpass its gas exports.

[Read more](#) 

FRENCH DELEGATE FOR STRATEGIC MINERALS AND METALS SUPPLIES VISITS BOLIVIA

Los Tiempos

01/12/2023: Benjamin Gallezot, the French Interministerial Delegate for Supplies in Strategic Minerals and Metals, will visit Bolivia on December 1st for meetings with stakeholders in the lithium and rare metals sector. This visit, in the context of growing global demand and France's strategy to reduce dependence on these minerals, aims to promote agreements, scientific cooperation, and sustainable resource management. Gallezot coordinates the French energy strategy, focusing on batteries and low-carbon energies. The visit strengthens the France-Bolivia bilateral relations, initiated at the EU-CELAC summit, with French companies and institutions interested in collaborating with Bolivia.

[Read more](#) 



ANALYSIS AND OPINION

RELATIONSHIP WITH COMMUNITIES FROM A LEGAL PERSPECTIVE

Given the pre-colonial existence of indigenous communities, nations and rural indigenous peoples, the Bolivian State recognizes among its fundamental bases their participation in the different areas of economic development, such as mining. That is to say that, from the beginning, the mining activity carried out in Bolivia has been conditioned not only by purely legal and technical aspects, but also includes a strong and determining social component when it is carried out.

In this sense, the planning, preparation and especially the execution of mining activities in our country, requires the holders of the mining rights – in addition to other requirements required by law – to request what in mining matters is called a “social license”, which refers to the continuous approval and social acceptance granted by the community of a specific place and/or interested parties so that the holders of mining rights can carry out specific mining activities. Now, it should be noted that although the figure of the “social license” is not formally reflected in legal instruments, it constitutes an aspect that takes place based on the recognition of the existence and rights of indigenous, native and peasant peoples. the indigenous autonomy recognized in the Framework Law of Autonomies and

Decentralization “Andrés Ibáñez” and custom as a means of creating law that, due to its habituality over time, has made this figure a legally enforceable aspect.

On the other hand, Art. 30, paragraph II, numeral 15 and 16 of the Political Constitution of the State covers the figure of “social consultation” and establishes that any human community that shares cultural identity, language, historical tradition, institutions, territoriality and worldview has the right to be consulted through appropriate procedures, whenever measures are foreseen that may affect the community, respecting and guaranteeing the right to mandatory prior consultation carried out by the State regarding the exploitation of non-renewable natural resources in the territory inhabited by these communities and allowing their participation in the benefits of the exploitation of the natural resources of their territories.

In addition, Law 535 of May 28, 2014, Mining and Metallurgy Law, establishes some guidelines on prior consultation in mining matters and indicates that mining operations that include only prospecting and exploration do not require prior consultation per se, and indicates some other exceptions that are not subject to the procedure of said consultation.

Thus, it is necessary to understand that both the social license and the prior consultation are processes of intra- and intercultural dialogue, in good faith, free and informed that contemplate, on the one hand, the relationship of the owners and the communities, and on the other hand, the development of successive stages of a procedure between the State, the requesting mining productive actor and the communities as the subject of the consultation. Both figures with the purpose of reaching agreements and cooperation within the framework of the law.

The social license is binding between the mining productive actor and the community, and it emerges from strategic agreements and public interest for the development of the country and its administration. In other words, among the objectives sought to be obtained with the social license, is to promote the development opportunity that ancestral communities have to the extent that they benefit from the agreements obtained with mining producers who request a social license.

This type of relationship with communities, although it entails a social perspective, is a

clear example of protection and guarantee of the rights that communities that exercise control over their territories have. A figure that requires the relationship between the productive actors holding mining rights and the community members of the area where the mining activity is desired.

Some of the legal effects that can emerge from a good or bad relationship with the communities are the total, partial or null authorization of the mining project, the revocation of the social license, and the granting or not of the environmental license based on social aspects that may influence it, the total or partial suspension of the mining project, among others that, in short, constitute and/or produce legal effects emerging from a social component.

Thus, the relationship with communities from a legal perspective entails a dynamic and determining challenge for the mining sector, since it encourages growth and economic-social development in rural areas and commits the productive sector to respect for cultures, beliefs, religions, historical traditions, institutions, territoriality and worldview of the ancestral communities that have historically inhabited Bolivia.

Did you know that

NEW EXTENSION OF DEADLINE FOR CONFORMING MINING RIGHTS TO ADMINISTRATIVE MINING CONTRACTS

On November 11, 2023, the Ministry of Mining and Metallurgy issued Ministerial Resolution No. 388/2023. This resolution extends the deadline until May 5, 2024, for the submission of new applications and the correction of observations in the procedures for conforming Special Transitional Authorizations (STA) to Administrative Mining Contracts (AMC), even for those cases previously out of term.

This additional period, starting from November 5, 2023, is established after successive extensions of the original deadline, dating back to June 2019. The need for these extensions arises from the legal and social complexities inherent in the process. The mining areas in question, some with rights granted over a century ago, show significant variations in terms of grant date, methods of acquiring rights, and supporting documentation.

Socially, the situation of entities such as mining cooperatives, which often operate without formal document management procedures, is highlighted. This results in prolonged delays in their regularization. To prevent social conflicts stemming from possible reversions of mining areas, the authority has opted to repeatedly extend the conformity deadline.

It is crucial that all mining stakeholders who have not yet initiated or followed up on their conformity procedures take note of this extension as definitive. The mining authority deems this extension final and warns that failure to meet the requirements within the established deadline will lead to the definitive reversion of granted mining rights.

THE NEW GOLD EXPORT CERTIFICATE (GEC)

The regulation introduced by Bolivia on November 29, 2023, through Supreme Decree No. 5076, marks a significant change in the supervision of the export of precious metals, with the Central Bank of Bolivia (BCB) playing a predominant role. In this new scenario, the BCB is positioned as the authority that will set limits on the amounts of gold that can be traded internationally, as well as the issuing entity of the indispensable Gold Export Certificate (GEC), without which no gold transaction can be completed.

With the entry into force of Board Resolution No. 156/2023, the BCB has a detailed guide for managing these new responsibilities, including issuing the GEC and setting export quotas. The BCB's Economic Policy Advisory becomes a key consultative figure, whose role will be to recommend the amounts of gold to be authorized for international sale, with the BCB's Board having the final say through specific resolutions.

This resolution not only determines the mandatory content of the GEC but also defines the verification processes that

ensure the export does not compromise national gold reserves. The final decision on the volume of gold released for export is subject to the discretion of the BCB or what its Board deems appropriate in percentage terms.

The decree impacts various tariff items, covering everything from gold minerals and their concentrates to gold in different states, and residues and waste containing precious metal. Until the end of 2023, an export quota of at least two tons has been stipulated.

The implementation of these measures suggests an effort by the Bolivian state to increase control and supervision over gold exports. The establishment of fixed quotas and the centralization of the GEC issuance process signify a notable increase in the BCB's regulatory power, which could be perceived as a commercial restriction. However, this approach also reflects a concern to maintain a detailed and updated record of the amounts of gold leaving the country, which could in turn help preserve national reserves.

CONTACTS

If you require more information about the content of this document, please contact the PPO team



Mattias Garrón

Partner

mgarron@ppolegal.com



Luis Fernando Valle

Senior Associate

lvalle@ppolegal.com



Victor Armaza

Associate

varmaza@ppolegal.com

SANTA CRUZ

Av. San Martín No. 155
Ambassador Business Center | Piso 18

LA PAZ

Av. Ballivián No. 555 Edif. El Dorial | Piso 14

COCHABAMBA

Edificio Empresarial Torre 42, Piso 6,
Calle Papa Paulo No. 604

SUCRE

Calle Ayacucho N° 255, Casa empresarial FEPCH, segundo patio, piso 2

COBIJA

Av. 16 de Julio No. 149 Centro
Tel. (+591) 6 200 20 20

