



MINING REPORT:
January 2022
Bolivia

P·P·O

• LEGAL & TAX •

WHAT IS NEW IN MINING



Karachipampa is declared a Public Industrial Free Trade Zone

Ministry of Mining and Metallurgy

11/05/2021: The Minister of Mining and Metallurgy carried out an inspection at Empresa Metalúrgica Karachipampa, with the aim of verifying the progress attained towards the consolidation of a Public Industrial Free Trade Zone, whose objective will be to attract the entire production of lead concentrates produced in Potosí and recover metals such as tin, silver and zinc. It also verified the progress of the start-up of the new smelting and refining plant in Karachipampa.

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Presentation of SINACOM's modernization project and launching of the New phase of the Responsible Gold Swiss Initiative in Bolivia

Ministry of Mining and Metallurgy

11/11/2021: The Modernization Project of the National Information System for Marketing and Mining Exports (SINACOM), that is in its final phase, and constitutes the result of a joint effort between the Bolivian government and the Responsible Gold Swiss Initiative. The modernization of SINACOM will allow the simplification of procedures, and will incorporate mechanisms to enhance security and transparency in terms of the information and export processes, interconnection and interoperability with domestic entities, to improve the control of exports as well as the payment of mining royalties.

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The mining activity grew by 55.6%; It shows the highest level of recovery

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11/18/2021: According to the information furnished by the National Statistics Institute (INE) the mining activity grew by 55.6% until August 2021, as a result of ore production, exports and foreign quotations that foster the development of the mining sector. Moreover, foreign sales of silver, gold, zinc and tin as of September, 2021 totaled 484 million U.S. Dollars, a figure that represents an important increase in the value of total exports. This evidences a gradual recovery of the mining sector due to the higher demand of these minerals.

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The Governor's Office allocated Bs. 10 million for mine prospecting and exploration

La Patria

11/08/2021: The Governor's Office in Oruro made an approximate payment totaling 10 million Bolivianos to Servicio Nacional de Geología y Minería (SERGEOMIN) so the latter may carry out geological mine prospecting and exploration activities, generating information about the resources found as well as geo-scientific information in different municipalities, with the aim of knowing what and how much mineral reserves there are in the department.

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Prospecting and exploration at the Santo Tullu Hill presents positive results

Ministry of Mining and Metallurgy

11/11/2021: The first stage of the geological prospecting and exploration project at the Santo Tullu Hill, financed by the Governor's Office in Potosí together with SERGEOMIN, showed positive results. The intercepted veins presented high contents of Silver, Lead and Zinc. Moreover, SERGEOMIN was entrusted with the execution of new exploration activities with the aim of reactivating the mining industry in Bolivia

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ANALYSIS AND OPINION

Author: Victor Armaza, PPO Associate.

Approval of Regulations to Process Administrative Mining Protection Actions

Law No. 535 on Mining and Metallurgy (Law 535) ensures that the State respects and guarantees mining rights, investments and the implementation of activities by productive mining actors, implementing among its basic principles the legal security that must be assured to those actors that legally carry out mining activities. Demanding full and effective protection from the competent authorities constitutes a right consecrated in Law 535 and the means to exercise this right is through the filing of an Administrative Mining Protection action, which is a juridical precept created on the basis of Law 535, which allows the holder of mining rights to materialize and make effective its request for state assistance and protection as a result of disruptions or impediments that do not allow it to continue with its activities and operations. Even though this procedure is also regulated by the mining law, it does not clearly and precisely reflect certain specific aspects, therefore, the processing of this legal action does not have a uniform procedure to be followed before the Departmental or Regional Directorates.

The Ministry of Mining and Metallurgy, through Ministerial Resolution No. 341/2021 dated November 12, 2021, approved the regulations for the filing of Administrative Mining Protection actions whose purpose is to establish the requirements and generic procedure to process Administrative Mining Protection actions before the Jurisdictional Administrative Mining Authority (AJAM for its Spanish acronym), thus establishing, clear criteria for the processing thereof, as well as regulating the existing gaps and other aspects that failed to be foreseen by Law 535.

The Regulations establish that the Administrative Mining Protection action must be presented to the corresponding Departmental or Regional Directorate, submitting the "Request Form for an Administrative

Mining Protection action", accompanied by other documents and evidence of the payment of fees. Within the next 48 hours following receipt of said request, compliance with the requirements must be verified and an Admission Order must be issued, indicating the date for the in Situ Inspection, to be carried by AJAM with the aim of accrediting the existence of infringements to the mining rights, through a Technical-Legal Report that must be issued within 72 hours after the inspection is performed.

The Departmental or Regional Directorate, upon receiving the Technical-Legal Report will be granted 48 hours to issue the corresponding Resolution rejecting or conferring the requested Protection. In case it is conferred, AJAM will order the restitution of the mining right and will submit a denunciation to the Prosecution Authorities, and the holder of the mining right will become the claimant and/or victim. Moreover, AJAM may request the assistance of the public force to reconstitute the right in favor of the title holder of such mining right.

For one part, these Regulations fill juridical and procedural gaps, generating juridical security for the holders of mining rights. For the other part, they incorporate new aspects of a technological nature, by establishing that all communications and notifications between the petitioner and AJAM must be made through e-mail, fax or electronic and telematic means, and this must be accomplished through the implementation of computerized systems and digital forms to address the requests foreseen in the Regulations. These inclusions reflect the intention of the mining authority to reduce the times and procedures that are necessary to process and resolve Administrative Mining Protection actions, and in this manner, provide timely protection to the holders of mining rights.



DID YOU KNOW THAT...

Mining operation modalities

Mining rights in Bolivia, are those conferred by the competent authority with the aim of granting to title holders the authorization to carry out mining activities in a determined area. The existing legal instruments or mechanisms for the conferral or acknowledgement of mining rights are known as mining operation modalities, which once conferred or acknowledged will not be subject to assignment or transfer. The existing legal mining operation modalities can be divided into mining licenses and contracts.

There are four (4) types of licenses that can be requested depending on the mining activity to be developed: (i) The aerial prospecting license confers the title holder the faculty to carry out aerial prospecting activities in vacant areas for a period no greater than six (6) months; (ii) The prospecting and exploration license confers the title holder the faculty to carry out prospecting and exploration activities in a determined vacant mining area that should not exceed five hundred (500) squares and for a maximum period of five (5) years, extendable, prior justification, for a period not exceeding three (3) years; (iii) The operation license confers the title holder the faculty to carry out isolated or integrated activities comprising concentration, processing, smelting and/or refining of minerals and metals; and, finally, (iv) The marketing license confers the title holder the faculty to carry out isolated marketing activities of minerals and metals in the domestic or foreign market with buyers authorized by pertinent legal norms.





The contractual mining regime is subdivided as follows: (i) Administrative Mining Contracts (CAMs for its Spanish acronym), which are contracts of an administrative nature; through the CAMs, the Jurisdictional Administrative Mining Authority (AJAM) acknowledges and confers to a mining actor the right to carry out mine production activities inside a determined mining area; (ii) Mining Contracts signed with state mining companies. This type of contracts are characterized by the State's agreement, through any of its Public Companies, with a mining actor to carry out mining activities. There are four (4) contracts of this type: (a) Mining Association Contracts, by virtue of which the State, through any of its Public Companies, agrees with a productive mining actor, either cooperative or private, Bolivian or foreign, the execution of associated mining activities within their mining areas; (b) Mining Production Contracts, which are subscribed by private productive actors with Corporación Minera de Bolivia (COMIBOL) to develop mining activities inside the conferred areas, acknowledged in favor of COMIBOL; (c) Mining Cooperative Contracts, with a similar content as the latter, except that they must be subscribed between COMIBOL and the mining cooperatives; and, finally, (d) Special Association Contracts, through which private actors or cooperatives that hold prospecting and exploration licenses or administrative mining contracts, are associated with a State mining company to jointly execute mining activities inside the mining areas of the mining actor.

In any case, both the licenses and the contracts must be registered at the Mining Registry in order to be valid and effective before third parties.

ABOUT US

PPO Abogados is the largest law firm in Bolivia, with more than 100 professionals working from their offices in La Paz, Santa Cruz, Sucre, Cochabamba and Cobija. PPO is recognized for being the leader in the Bolivian legal market and has highly specialized teams in mining.

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