



Australia Mongolia Extractives Program

Phase 2

CONTEXT

The Government of Mongolia would like to attract investment in the resources sector to increase the discovery and exploitation of economically viable resources within its borders to accelerate the nation's development

TRIGGER

The Mongolian Government has recognised that it needs a transparent and supportive regulatory framework to attract investors in a competitive international market.

QUESTION

What is “best practice” and what are some simple steps the Mongolian Government can take to develop a framework?

We have reviewed the licensing process in three Australia States

Of the X licensing mechanisms, the X process is the best option for X reasons

Therefore, the following X steps can be taken to move towards X approach

STRUCTURE OF LEGAL INFLUENCES

WHAT

Primary statutes (Acts)

HOW

Regulations

WHEN/IF

Policies and guidelines

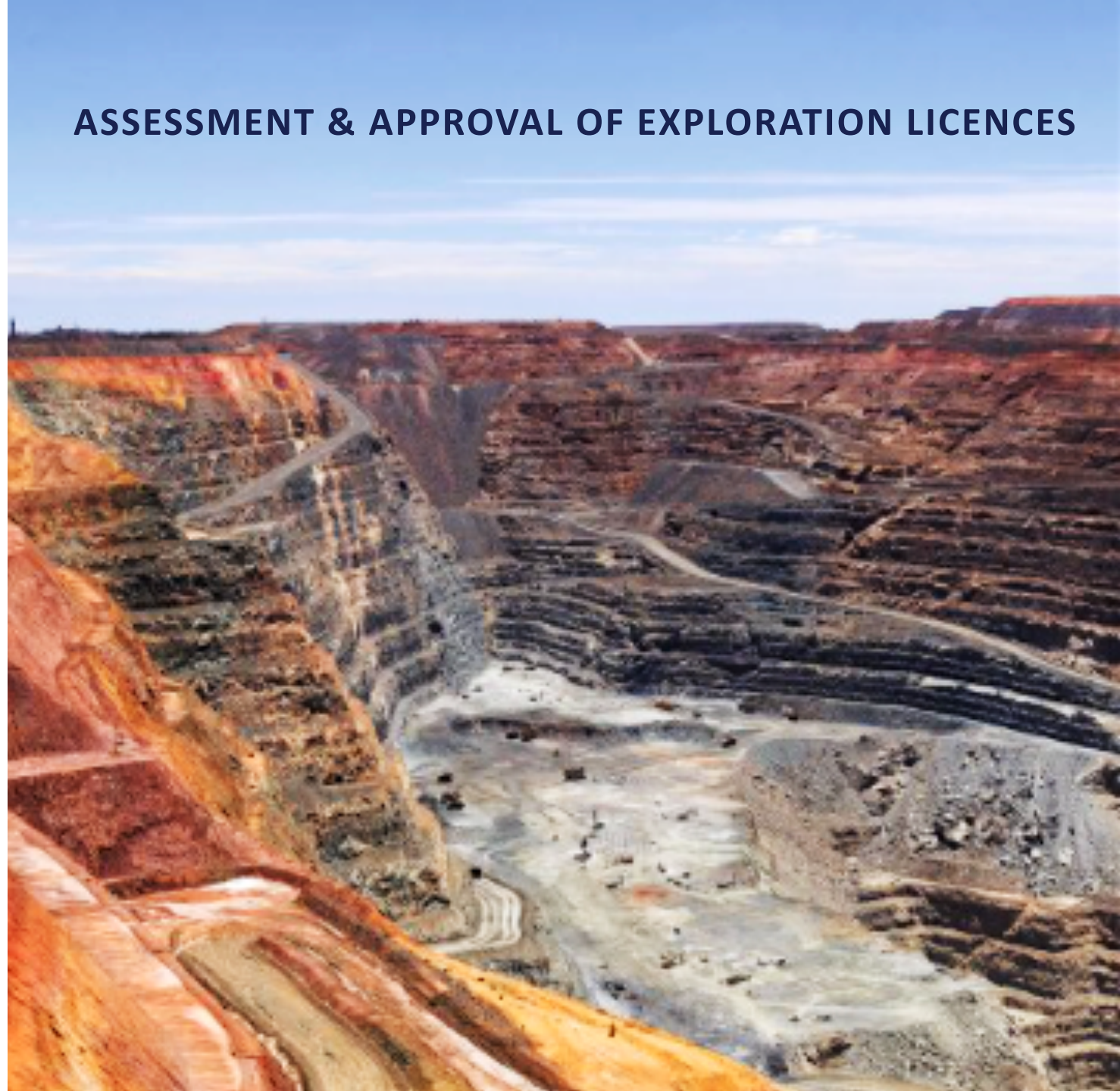
- Statutes (legislation), regulations and policies are all considered in a court of law; they are not considered in isolation
- All three are required for the effective administration of mining legislation.

KEY PRINCIPLES

Transparency, consistency, certainty

- Certainty of process, timing (i.e. decision-making timeframes) and scope
- Consistency in the implementation of:
 - Legislation/applications
 - Regulations
 - Policies
- Clear systems, processes (policies and guidelines), communication
- Transparency around decision making e.g. strict vs substantial compliance etc.
- Easy to access, good quality geoscience data

ASSESSMENT & APPROVAL OF EXPLORATION LICENCES



FUNDAMENTAL REQUIREMENTS:

- Financial capacity (able to fund the proposed work program)
- Technical capability
- 'Fit and proper person' requirements (management, board members etc.)
- Robust geological rationale underpinning the proposed work program + expenditure

MECHANISMS FOR GRANTING EXPLORATION LICENCES:

- Legislative/application process
- Tenders based on technical work program (successful tenderers then go through legislative process)
- Cash bids/auctions (off-shore petroleum, least used)

REPORTING

- ❖ **Annual:**
 - **Technical (activities, data)**
 - **Expenditure**
- ❖ **Relinquishment, surrender, final**

OBLIGATIONS

- ❖ **‘Use it or lose it’ – work program outcomes/expenditure over the term must be met for renewal**
- ❖ **Variations/exemptions to conditions etc. must be submitted in advance (if required)**
- ❖ **On-time payment of annual rent, fees (e.g. environmental, council) etc.**

RENEWAL

- ❖ **Demonstrated compliance**
- ❖ **Life of licence is capped**
 - **e.g. 15 year cap, made up of three 5-year term renewals**
 - **Renewal beyond cap, only in exceptional circumstances**