

Notice of the Ministry of Land and Resources on Regulating the Entrustment for Mining Right Appraisals

(No.181 [2008] of the Ministry of Land and Resources)

The departments of land and resources (departments of land, environment and resources, bureaus of land and resources, administrative bureaus of land, resources and housing, or administrative bureaus of houses and land resources) of all provinces, autonomous regions and municipalities directly under the Central Government:

To promote the transparency of governmental affairs and regulate the entrustment for appraising the purchase price of mining rights, we hereby notify the relevant issues as follows according to the Administrative Measures for the Appraisal of Mining Rights (for Trial Implementation) (No. 174 [2008] of the Ministry of Land and Resources):

I. Where an administrative department of land and resources establishes a new project the purchase price of whose mining rights needs to be appraised, a qualified mining right appraisal agency shall be selected in an open and fair way by the Ministry of Land and Resources or the provincial administrative department of land and resources according to their respective examination and approval authority in this respect.

II. If the mining rights whose purchase price is to be appraised are to be transferred by way of competition, the necessary geological materials shall be provided by the administrative department of land and resources according to the examination and approval authority with respect to mining rights to the selected mining right appraisal agency.

If the mining rights are to be transferred by agreement, the applicant for mining rights shall apply for appraising the purchase price of the mining rights in question and provide the following materials:

1. a geological survey report or a mineral reserve verification report issued by a qualified geological survey agency according to the current criteria and provisions;
2. a letter of commitment on the authenticity and integrity of the geological materials provided by the qualified geological survey agency;
3. a written opinion on mineral reserves that has been placed in the archives; and

4. in the case of a mineral prospecting right, a follow-up survey plan made by the qualified geological survey agency; or in the case of a mining right, a feasibility study report, a development and utilization plan and an approval document on the coal mine construction project.

Other materials necessary for the appraisal shall be collected by the appraisal agency.

III. After the preparation of the necessary materials is done, the administrative department of land and resources shall announce the appraisal project together with the following information:

1. the basic information about the appraisal project and the appraisal fees; and
2. the requirements on the qualification, professional requirements, performance, credit record and appraisal report quality evaluation record of the appraisal agency.

IV. Any appraisal agency that satisfies the above-mentioned requirements shall, within five workdays after the aforesaid announcement is made, file the relevant materials in writing with the administrative department of land and resources, and the filing shall not be effective unless all required application materials are filed once and for all.

V. The administrative department of land and resources shall, within three workdays after the expiration of the time limit for filing applications, publish a list of appraisal agencies whose filing has become effective, and the time, location and procedures for selecting a qualified appraisal agency in an open way. Any entity with any demur against the list may present its demur within four days so that the administrative department of land and resources can verify and solve the problem.

VI. Five workdays after the list is published, the administrative department of land and resources will select a qualified appraisal agency by lottery or any other open and fair way at the announced time and location, and announce the selection result on the same day. The selected appraisal agency shall conclude an appraisal contract (see Annex for the basic format) with the administrative department of land and resources within five workdays. If the selected appraisal agency gives up the opportunity for undertaking the appraisal project, it shall notify the administrative department of land and resources in writing within three workdays after announcement of its selection, and the appraisal shall be made by another qualified appraisal agency selected thereafter or by the alternative appraisal agency selected at the same time when the appraisal agency which gives up is selected.

VII. Where the administrative department of land and resources finds that any of the application materials filed by the applicant is unauthentic, it shall disqualify it from participating in the open selection, nullify the selection result or terminate the appraisal project if the project has been entrusted to the applicant, put it into the applicant's credit record and publish it to the public.

VIII. The selected mining right appraisal agency shall conduct the appraisal according to the relevant provisions and submit the appraisal report on schedule as stipulated in the contract.

IX. The administrative department of land and resources shall examine the regulation-compliance of the report, publish it, make an acceptance check upon it and then archive it pursuant to the relevant provisions of the entrustment contract and the announcement.

X. When the administrative department of land and resources has paid the appraisal fees as agreed to in the appraisal contract after the appraisal report is archived, it means that both parties have performed the appraisal contract.

XI. For the transfer of mining rights, the appraisal fee shall be paid by the administrative department of land and resources, which shall work out the charging rates for the appraisal of the purchase price of mining rights applicable within its jurisdiction for a certain period of time according to the Administrative Measures for the Use Fee and Purchase Price of Mineral Prospecting Rights and Mining Rights (No. 74 [1999] of the Ministry of Finance) and the Notice on Further Strengthening the Administration of the Purchase Price of Mineral Prospecting Rights and Mining Rights (No. 97 [2004] of the Ministry of Land and Resources). The determination of appraisal fees shall be based on the basic work hours, costs, statutory taxes and reasonable profits of the subject matter under appraisal as well as the complexity, responsibility and risks of appraisal projects according to the Administrative Measures for Intermediary Service Charges (No. 2255 [1999] of the State Development and Planning Commission). The charging rates shall not be interconnected with the appraisal results or make the appraisal agencies compete solely with lower prices.

XII. For the appraisal of mining rights over mineral reserves of the medium size or above, an appraisal agency shall be selected for each single project. It is the general principle that at most two small appraisal projects can be put together as a package.

XIII. The administrative department of land and resources may not impose any restrictions not required for a specific appraisal project on any mining right appraisal agency practicing in its

jurisdiction, set up any procedure that may increase the appraisal costs of appraisal agencies or charge any fees in selecting a qualified appraisal agency.

Annex: Format of the Contract on the Appraisal of the Purchase Price of Mining Rights

Ministry of Land and Resources

September 4, 2008