

**DECREE NO. 238-2012**

**GENERAL MINING LAW**

**PART I**  
**GENERAL DISPOSITIONS**

**CHAPTER I**  
**OBJECTIVE, NATURE, PRINCIPLES  
AND POSTULATES**

**ARTICLE 1.-**The objective of this Law is to regulate the mining and metallurgical activities in the country; it is therefore, of public order, public interest and compulsory.

**ARTICLE 2.-**The State of Honduras exercises eminent, inalienable, and imprescriptible domain on all the minerals found in national territory, territorial sea, continental shelf and maritime exclusive economic zone. In exercise of this domain, the State regulates the inorganic mineral resources and monitors the technical and rational utilization of the same.

**ARTICLE 3.-** The State guarantees that mining procedures comply with the principles of legality, transparency, certainty, simplicity, publicity, consistency, efficiency, citizen participation, simultaneity and sustainability.

**ARTICLE 4.-** The postulates of this Law are the following:

- a) Ensure the correct and effective application of its standards, to guarantee legal security in the mining sector;
- b) Safeguard human life and health in general, favoring the care of soil, water, air, flora and fauna, through the application of rigorous environmental controls in all mining operations; and,
- c) Strengthen the State and municipal finances through the establishment of real and competitive tax regimes.

**PART II**  
**OF THE MINING RIGHTS**

**CHAPTER I**  
**THE MINING RIGHT**

**ARTICLE 5.-**The Mining Right is the legal relationship between the State and an individual that stems from an administrative act of the Mining Authority or municipalities, in each case, and comprises the concession, permit or registration, granting the holder rights according to the corresponding activity and substance of interest.

**ARTICLE 6.-**The mining activities are protected under the figure of Mining Concession or Permit in the case of the small-scale or artisanal mining, except for the marketing, which will be made through a registry system.

**ARTICLE 7.-**The Mining Right constitutes a royal right different and separate from the ownership of the surface area where the property is located, and its integral and accessory parts will keep such condition even if located outside its perimeter.

Accessory parts of the Mining Right are all assets owned by the holder that are applied permanently to the economic purpose and expressly identified as such for any relationship with third parties.

## **CHAPTER II** **OF THE CLASSIFICATION OF THE** **MINING RIGHTS**

**ARTICLE 8.-** According to its activity, the Mining Concessions may be Exploration, Exploitation and/or Extraction; furthermore, according to the substance of interest, these may be metallic, non metallic, of gems or precious stones.

**ARTICLE 9.-** The Mining Permits are classified in metallic, non metallic, and of gems or precious stones.

**ARTICLE 10.-** The Mining Authority has to determine the classification of the Mining Law in case of doubt over its characteristics, which will determine the type of concession or permit that corresponds to be granted.

**ARTICLE 11.-** In the exercise of the mining rights, the holder has the obligation to establish and comply with all the necessary and relevant measures, aimed to guarantee the rights of the human person and its environment, especially life and health. Furthermore, the holder has the obligation to fulfill its use harmoniously with the principles and standards of rational exploitation of the non renewable natural resources and the environment, within a comprehensive concept of sustainable development and of economic and social strengthening of the country.

## **PART III** **OF THE MINING ACTIVITIES**

### **CHAPTER I** **OF THE PROSPECTING**

**ARTICLE 12.-** The Prospecting has the objective of investigating a prospect in order to determine indications of mineral deposits.

**ARTICLE 13.-** The Prospecting is free in all the national territory except for the exclusion zones established in this and other legislation, and in the areas in which, through previous legal procedures, the State has granted a Mining Right and is currently effective.

### **CHAPTER II** **OF THE EXPLORATION**

**ARTICLE 14.-** The Exploration comprises the set of jobs for the location, structure determination of the mineral deposit, the morphology, size and conditions of the outcrop of the ore body, the tectonics of the area that contains it, the calculation of the reserves and the content and quality of the types of minerals in it, determining the geophysical and geochemical characteristics of the explored perimeter, with the purpose to determine the viability of the mining project.

The Exploration stage will be regulated by the Environmental Best Practices Manual for Mining, which should be revised periodically to keep it updated.

**ARTICLE 15.-** At the end of the Exploration stage, a definite delimitation of the zone of the concession area that will remain linked to the jobs and exploitation work must be submitted, plus the work strictly necessary for the extraction, internal transportation, support services and environmental work for which the values, location and calculation of existing reserves should be submitted.

**ARTICLE 16.-** The Concession for Exploration of non metallic minerals and of gems and precious stones has a maximum duration of two (02) years, as of the date it was granted.

The Concession for Exploration of metallic minerals, will have a maximum duration of five (05) years, as of the date it was granted.

In both cases, it may be extended for an equal term one time only.

**ARTICLE 17.-** The State will not grant a Concession for Exploitation if the Concessionaire of the Mining Right of Exploration has not complied with the obligations established in the previously granted Mining Right.

In case the Concessionaire does not continue from an Exploration to an Exploitation Concession, it must comply with the corresponding closure.

### **CHAPTER III** **OF THE EXPLOITATION**

**ARTICLE 18.-** The Exploitation comprises the mining operations, tasks and work aimed at the preparation and development of the mines, for the technical and rational extraction of minerals, its marketing and extraction.

**ARTICLE 19.-** The Mining Authority, in no case will grant the Exploitation or Extraction Concession, as long as the Concessionaire does not prove to have the corresponding environmental license, which will be issued by the corresponding authority in a period of time no greater than ninety (90) business days.

**ARTICLE 20.-** In the construction and execution of Exploitation work, Security, Hygiene and Occupational Health, and Community measures should be adopted and maintained, as well as have the necessary staff and materials to preserve life and integrity of the people related to the company and third parties, in accordance to effective regulations. The State will adopt strict supervision measures, to guarantee the conservation and adequate management of resources.

**ARTICLE 21.-** During the stage of Exploitation, registrations and updated inventories will be kept of the production in mine head and collection sites, to establish at all times the volumes of crude minerals and of the ones delivered to

extraction plants, if it were the case. This registries and inventories will be submitted to the Mining Authority, periodically according to its indications.

**ARTICLE 22.-** The Exploitation Concession of non metallic minerals and of gems and precious stones, will have a term of not less than ten (10) years as of the date it was granted.

The Exploitation Concession of metallic minerals will have a term of not less than fifteen (15) years as of the date it was granted.

**ARTICLE 23.-** The Concessionaire may request an extension of the Mining Right within three (03) months prior to the expiration of the term.

In any case, for the term of the Mining Concession, as well as for its extension, they will be subject to the proven reserves and exploitation regime.

In order to determine the probable reserves, the Concessionaire may perform the exploration activities deemed necessary.

#### **CHAPTER IV** **THE EXTRACTION**

**ARTICLE 24.-** The Extraction comprises the physical, chemical and/or physicochemical processes performed to extract or concentrate the valuable parts of a mineral aggregate and/or to purify, melt or refine metals.

**ARTICLE 25.-** The Extraction Concession grants the right to perform any of the following processes:

- a) Mechanical separation;
- b) Metallurgy; and,
- c) Refining

In order to encourage the installation of mineral extraction plants in the country to obtain the final product, the State may grant the incentives necessary to achieve this purpose according to Law.

**ARTICLE 26.-** Those who build and operate independent plants and facilities to extract minerals from third party exploitations, as well as those dedicated to the goldsmith industry and processing of gems, should obtain the corresponding Extraction Concession and abide by the rights and obligations subject to the Mining Right granted.

**ARTICLE 27.-** The execution of the exploitation and extraction activities should be performed applying the adequate technologies effective at the time of approval of the project, to guarantee the life, human health and protection of the environment.

The Extraction Concession will be compulsory for those, who do not hold an exploitation Concession, capture minerals or mineral intermediate products from Concessionaires and third parties in order to extract them.

#### **PART IV**

## OF THE POST-PRODUCTIVE ACTIVITIES

### CHAPTER I THE CLOSING

**ARTICLE 28.-** The mine closure includes the rehabilitation actions the holder of the mining right should simultaneously perform in the development of its productive activity or at the end of this activity, according to the schedule and conditions established in the closure program approved and supervised by the Mining Authority; which may be temporary, progressive or definitive.

**Temporary closure** is understood as the remedy measures applicable in case of a suspension of activities, which may be for up to a maximum of two (02) years; the Mining Authority may approve a second period of temporary closure for up to two (02) more years, if after this period the mine is still inactive, a definitive closure should be performed.

**Progressive closure** is understood as the remedy measures applicable simultaneously to the exploitation process and may be definitive.

**Definitive closure** is understood as the total remedy of the tasks, operations and facilities aimed at the exploitation of a mine, and of the areas used according to the approved closure program, in order to eliminate all environmental liabilities generated in the area.

The Mining Authority will issue within a period of ninety (90) business days, Special Regulations to regulate the closure of mines.

**ARTICLE 29.-** At any time, the Concessionaire may request the closure and verification or abandon of the mining activities, according to the program established and approved for each one of the stages. The Mining Authority together with the Environmental Authority have a period of six (06) months to determine if the Concessionaire has complied with the requirements of the closure program.

**ARTICLE 30.-** To ensure the development of the closure activities referred to herein, the Concessionaire has the obligation to issue a warranty based on the closure costs calculated and filed by the Concessionaire and approved by the Mining Authority, before beginning the work.

**ARTICLE 31.-** The amount of the warranty, which will be indicated by the Mining Authority, will be the amount calculated necessary to comply all the stages described in the closure program and will also include the State's administrative costs during the execution. The amount of the warranty may change during the course of development of the project to always maintain it according to the obligations that need fulfillment.

### CHAPTER II

## **OF THE VERIFICATION AND ABANDON**

**ARTICLE 32.-** At the moment the Concessionaire requests abandon, the Mining Authority should verify that all the obligations from the Concession are fulfilled, including the ones related to other institutions involved in the activity. For the purpose of safeguarding the interests of the State and the communities, the warranty referred to in the previous Article will remain effective for the term of five (05) years as of the approval of the closure process. Once the requirements of the corresponding closure is fulfilled, the warranty established by Law will be released.

### **CHAPTER III** **OF THE EXPORT**

**ARTICLE 33.-** The mineral substances, regardless of its state, in order to be exported from the country, have to be previously analyzed qualitatively and quantitatively under the international standards for these type of products, by certified laboratories indicated by the Mining Authority in order to determine the mineral wealth; even though the State, through accredited representatives in the country of final destination of the export, may authorize the practice of comparative analysis, taking samples of the exported material.

From the analysis certificate that is verified, the Mining Authority will send copies to the Secretary of State of Industry and Commerce, Tax Authority, Municipalities involved and the Honduras Central Bank. This report, together with the export documents and sales invoices in the destination country, will serve as a basis for the fiscal and municipal taxes, according to the procedure established for such purpose.

**ARTICLE 34.-** The procedure to quantify the export of mineral substances, regardless of its status, once a copy of the analysis and concentration tests have been obtained, will be established in the Regulations of this Law.

**ARTICLE 35.-** The authorization to export mineral products is not allowed if the customs authority has not previously received from the exporter the certificate that attests the product analysis, origin certificate and the accreditation of the marketing registry issued by the Mining Authority.

**ARTICLE 36.-** The Mining Authority, according to the nature of the substance to be extracted, will decide to approve the exploitation method proposed by the holder of the Mining Right, taking into consideration, in any case, the feasibility study and modern techniques on the subject matter, foreseeing safeguarding the human life, health and environment.

### **CHAPTER IV** **OF THE MARKETING**

**ARTICLE 37.-** The mining Concessionaire of exploitation and extraction, in its case, as authorized people, have the free disposal of their products. The Marketing of mineral products is free, internal and external and does not require the granting of a

Concession to exercise it, however, they must apply for a marketing registry for the control of the marketing of mineral products and file a quarterly return of their sales volume before the Mining Authority and the Municipal Authority.

**ARTICLE 38.-** The mineral products bought to people authorized for their disposable, are not recoverable. The purchase from non authorized people, subject the buyer to administrative, civil and criminal jointly shared liability. The buyer has the obligation to verify the origin of mineral substances.

Any person that under any title provides minerals exploited in the country to be used for work, industries and services, must establish the licit origin of these minerals with the identification of the mine from which they were extracted, through a certificate of origin issued by the beneficiary of the mining title.

## **PART V** **OF THE BOUNDARIES AND DIMENSIONS OF THE MINING RIGHTS**

### **CHAPTER I** **OF THE SURFACE MEASURES OF THE MINING RIGHTS**

**ARTICLE 39.-** The area of the mining Concession is a solid of indefinite depth, bounded by vertical planes corresponding to the sides of a square, rectangle or closed polygon, which vertex are referred to Universal Transverse Mercator (UTM) coordinates, except for the mining Concession for extraction.

**ARTICLE 40.-** The basic unit of surface measure of the mining rights except for the extraction Concession, that is granted according to the dispositions herein, is a geometric figure, bounded by Universal Transverse Mercator (UTM) coordinates, according to the Grid System that the Mining Authority will make official.

The base square of the Grid System will be one (01) hectare (100 meters by 100 meters) and these should be adjacent at least by one side.

**ARTICLE 41.-**The mining Concession of metallic exploration and exploitation will be granted in minimum sizes of one hundred (100) up to one thousand (1,000) hectares, in grids or a group of grids adjacent by at least one side, except in the continental shelf where it can be granted in minimum grids of one hundred (100) up to ten thousand (10,000) hectares.

**ARTICLE 42.-** The mining Concession for exploration and exploitation of non metallic, gems or precious stones will be granted in sizes of one hundred (100) up to four hundred (400) hectares, in grids or a group of grids adjacent by at least one side, except in alluvial farms with a maximum of ten (10) hectares; in the territorial sea and continental shelf where it can be granted in grids of one hundred (100) up to one thousand (1,000) hectares.

**ARTICLE 43.-** In order to avoid monopoly of mining Concessions, an individual or company, can only be a holder of a maximum of ten (10) mining Concessions, for which it should prove before the Mining Authority, their technical and financial capacity for its execution.

**ARTICLE 44.-** The areas for artisanal mining will be granted as requested to the corresponding municipality up to a maximum of one hundred (100) hectares per municipality, whose entity should identify the areas, in grids or group of grids adjacent by at least one side.

**ARTICLE 45.-** The permits in small-scale mining will be granted in sizes up to ten (10) hectares, in grid or group of grids adjacent by at least one side.

**ARTICLE 46.-** The holders of mining rights referred to herein, may only exploit the mineral subject to their right, which once extracted becomes their property.

**ARTICLE 47.-** When a mineral is discovered different to the authorized in the Concession, the holder of such Concession is under the obligation to notify the Mining Authority, without detriment of the right to request the addition, modification or substitution of the substance of interest.

The request for addition, modification or substitution should be filed together with the corresponding feasibility study of the substance(s) of interest, which will be subject to verification by the Mining Authority, who will promptly decide on the subject matter.

## **CHAPTER II** **EXCLUSION ZONES OF MINING RIGHTS**

**ARTICLE 48.-** In no case may the Mining Authority grant mining rights in the following areas:

- a) The Protected Areas declared and registered in the Catalog of the Inalienable Public Forest Heritage and the Registry of Property, productive zones of declared waters, beaches and low tide areas declared as tourist vocation;
- b) Areas that were once intervened by any type of project or other reasons, that are in recovery and environmental mitigation determined or authorized by the Environmental Authority;
- c) Areas of renewable energy generation when it is not compatible with the mining activity or results as more lucrative than the mining project; and,
- d) Areas declared as national heritage and those declared as humanitarian heritage by the UNESCO.

**ARTICLE 49.-** Areas of territory that remain permanent or temporarily excluded from the mining may not be established, without compliance with the corresponding legal procedure.

## **CHAPTER III** **OF THE REGIME OF TENANCY OF THE SUPERFICIAL PROPERTY**

**ARTICLE 50.-** The granting of mining Concessions cannot affect the guarantee of private property and property of Municipalities, established by the Constitution and developed by the Civil Code and the international treaties for the Indigenous Peoples and Afro-descendants Rights, paying particular respect to the Convention 169 of the International Labour Organization (ILO) on Indigenous and Tribal People in Independent Countries and the United Nations Declaration of the Indigenous Peoples Rights.

**ARTICLE 51.-** The holder of the Mining Right, in common agreement with the owners of the land or with the corresponding authority in case the property is owned by the State, may establish easements over the superficial land where mining Concessions are located.

The easements established should be registered in the Mining and Cadastral Registry Unit and in the Property Institute. In case there is no agreement with the owners of the land, the legal path that the parties decide is expedited.

#### **CHAPTER IV** **OF THE SPECIAL AREAS OF** **MINING INTEREST**

**ARTICLE 52.-** The State may establish Memorandums of Understanding for the Prospecting, Exploration and Exploitation of any mineral with national or foreign companies to incorporate public, private or mixed companies.

#### **PART VI** **OF THE RIGHTS AND OBLIGATIONS OF** **HOLDERS OF MINING RIGHTS**

#### **CHAPTER I** **OF THE RIGHTS AND GUARANTEES**

**ARTICLE 53.-** The Concession holder, has the following rights:

- a) Use of the Concession area when dealing with properties, owned by the State, that are not being used for productive work of any nature, with the previous authorization from the corresponding authority;
- b) Establish the easements necessary in the land of third parties or Concession areas, for the rational use of the Concession, in agreement with the parties or according to the corresponding legal rules;
- c) Use, according to the special legal dispositions applicable, the water within or outside the Concession area, should it be necessary for the domestic use of the staff, workers and operations of the concession; for this last case a municipal and state permit will be necessary, paying the corresponding canons, and granting preferential right of use of water to persons.
- d) Take advantage of the mineral substances found in the water generated in the Concession area with their work;

- e) Request the Mining Authority inspection of the activities of neighboring or adjacent mining concessions, when there is rational indications they have exceeded their concession limits, when there is justified flooding risks, landslides or fires, or due to the development of work in these areas;
- f) Perform its operations directly or through third parties, with notification to the Mining Authority. When it is performed through third parties, there is joint liability for the operations;
- g) File request to the Mining Authority and obtain the resolutions within the legal timeframe. If no resolution is issued, follow the dispositions of the Administrative Procedure Law;
- h) Enjoy confidentiality as it pertains to the technical information and financial statements provided to the Mining Authority, except for the requirements from competent authority and payment of taxes and contributions to the State, including the Municipalities and others that stem from the requirements of the Transparency Initiative of Extractive Industries;
- i) Enjoy the benefits and guarantees established herein, during the period for which the Mining Right was granted;
- j) Temporary suspension of operations, when the conditions of the national or foreign market does not allow the continuing operations, requesting with three (03) months in advance before the Mining Authority, except when the cause has its origin due to unforeseeable circumstances or force majeure, when it should be requested within a term of ten (10) days after the fact, without detriment to the obligations established herein.

In no case will the suspension of mining activities be greater than four (04) years, according to the second paragraph of Article 28 of this Law.

- k) Request the addition, modification or substitution of the mining Concession, according to the substance of interest.

## **CHAPTER II** **OF THE OBLIGATIONS**

**ARTICLE 54.-** The holders of the mining rights have the following obligations:

- a) Comply with all the legislation effective in the country, to ensure an optimum advantage of mining resource, guaranteeing the protection of life and health of the human being, land, water, air, flora and fauna;
- b) Apply the precautionary principles in the adoption of preventive measures, in the assumption of possible danger; without detriment to the State's duty to apply this principle;
- c) Within the frame of corporate social responsibility, support the information programs, training and environmental awareness of its staff, municipal staff and population of the areas of influence of the project, to encourage actions that minimize the environmental deterioration and protection of the flora and fauna of the areas of influence.

The planning and execution of such programs should be notified annually in the consolidated annual statement before the Mining Authority;

- d) Immediately suspend the mining activities and notify when remains of the country's cultural heritage is found in the exploration and exploitation area, in order for the corresponding authorities to proceed with defining the area, which will be left excluded of the mining activity;
- e) Facilitate and provide the collaboration necessary at any moment, for the free access to the Mining Authority or any entity assigned, as well as for the corresponding Municipalities, for the inspection of the corresponding obligations;
- f) Annually file before the Mining Authority and the corresponding Municipalities, during the month of January of the following year, a Consolidated Annual Statement that will consist of a technical, economical, social and environmental report of the activities developed in the previous year, according to the program of activities approved by such authority.

The information contained in the Consolidated Annual Statement and other reports, will be provided by the Mining Authority to other State entities, on its own motion or at the request of a party;

- g) In case of foreign companies Concessionaires, they should have a local address registered and an administrator or legal representative in Honduras, with the faculties necessities to receive and execute the requests by competent authority, according to the dispositions that are adopted in regards to the Concessions; and,
- h) Immediately paralyze the exploitation activities, as soon as there is knowledge that during their execution they have exceeded the limits authorized in the Concession affecting another concession or the State, without detriment to return to the legitimate owner the value of the extracted minerals, without any deduction.

**ARTICLE 55.-** To guarantee the development and compliance with the mining activities, according to each one of the stages, the holders of mining Concessions are in the obligation to establish and maintain a deposit in favor of the State, which amount will be determined by the Mining Authority, according to the amounts established in the investments plans.

## **PART VII** **OF THE ROYALTIES**

### **CHAPTER I** **OF THE TERRITORIAL ROYALTY**

**ARTICLE 56.-** The Territorial Royalty is the periodical monetary compensation that should be paid as of the year the request for the Mining Right was prepared and during its effectiveness, in the following manner:

- a) The equivalent in national currency of ONE DOLLAR AND FIFTY CENTS OF UNITED STATES DOLLARS (US\$1.50) per year and per hectare or its fraction granted or requested, in case of Concession for metallic exploration;
- b) The equivalent in national currency of THREE DOLLARS AND FIFTY CENTS OF UNITED STATES DOLLARS (US\$3.50) per year and per hectare or its fraction granted or requested, in case of Concession for metallic exploitation;
- c) The equivalent in national currency of FIFTY CENTS OF UNITED STATES DOLLARS (US\$0.50) per year and per hectare or its fraction granted or requested, in case of Concession for exploration of non metallic or of gems and precious stones; and,
- d) The equivalent in national currency of TWO DOLLARS OF UNITED STATES DOLLARS (US\$2.00) per year and per hectare or its fraction granted or requested, in case of Concession for exploitation of non metallic or of gems and precious stones.

**ARTICLE 57.-** The Territorial Royalty that corresponds to the year in which the Mining Right request was filed, should be paid and credited in connection with its filing. This amount is non refundable if the request is denied.

The Territorial Royalty that corresponds to the second year, calculated as of the first day of January of the year after the Mining Right request was filed, should be paid in the first two weeks of the month of January of the following year. The same rule applies for subsequent years.

The holders of mining rights, granted before the publication of this Law, will pay the territorial royalty in the same amounts established in this section for mining concessions in the stages of exploration and exploitation respectively.

## **PART VIII** **OF THE MINING PRODUCTION**

### **CHAPTER I** **OF THE MINIMUM PRODUCTION**

**ARTICLE 58.-** The Mining Concession requires the execution of the investment project for the production of mineral substances, in the terms established in it. The production cannot be less than the equivalent in national currency of FIVE HUNDRED DOLLARS OF UNITED STATES (US\$ 500.00) per year per hectare granted, in the case of concessions of metallic exploitation; and the equivalent in national currency of THREE HUNDRED DOLLARS OF UNITED STATES (US\$300.00) per year per hectare granted, in the case of concessions for exploitation of non metallic or of gems and precious stones.

Granted the exploitation concession, the holder is in the obligation to reach the minimum production no later than the third year, as of the date the concession was granted.

Production should be proven with sales liquidations issued with the formalities required by commercial and tax regulations. Such sales liquidations should be filed before the Mining Authority together with the Consolidated Annual Statement referred to in subsection 6) of Article 54 herein.

## **CHAPTER II** **THE SANCTIONS FOR LACK OF PRODUCTION**

**ARTICLE 59.-** The Concessionaire that does not fulfill the minimum production required is in the obligation to pay in addition to the territorial royalty, a monetary sanction equivalent in national currency to TEN DOLLARS OF UNITED STATES (US\$10.00) per year per hectare in the case of concessions of metallic exploitation; and of FIVE DOLLARS OF UNITED STATES (US\$5.00) per year per hectare, in the case of concessions for exploitation of non metallic or of gems and precious stones. This sanction will be doubled annually during the time the Concessionaire does not reach the minimum production as established in the previous Article.

## **PART IX** **OF THE LIMITS OF MINING RIGHTS TRANSFER**

### **CHAPTER I** **OF THE TRANSFER OF MINING RIGHTS**

**ARTICLE 60.-** Granted the Mining Concession, it may not be modified, encumbrance nor transferred under any title, except with previous authorization from the Mining Authority, and succinctly publishing the change of the Mining Right holder, in the Official Newspaper La Gaceta and two (02) written publications of mass circulation, in the area where the mining project is developed.

The breach of the abovementioned will result in the cancellation of the Mining Right.

**ARTICLE 61.-** In case of the modifications or transfers, the acquiring Concessionaire automatically assumes all the rights and obligations of the original Concessionaire and all the same conditions of suitability and inabilities will apply.

## **PART X** **OF THE PRIORITIES OF MINING RIGHTS**

### **CHAPTER I** **THE ORDER OF PRIORITIES**

**ARTICLE 62.-** When a concession of hydrocarbons has been granted by the competent authority and there are indications of mineral deposits in the Concession area, the concessions may coexist as long as the feasibility to perform both operations is proven, according to the Hydrocarbon Authority and the Mining Authority.

In this same manner a hydrocarbon concession may be granted over an already granted mining concession.

**ARTICLE 63.-** In case two (2) or more petitioners for a mining concession request the same area, the one that filed the request first will be protected.

**ARTICLE 64.-** In the meantime that a mining concession request is in process and there is no definite resolution, another request over the same area may not be accepted, regardless of the petitioner, not even conditioned to a refusal resolution, unless that due to national interest the State makes use of their preeminent right to execute a Public-Private Partnership.

In order to not affect a particular interest, this State right should be done in a period not greater than three (3) years.

**ARTICLE 65.-** The exploitation of mineral substances is forbidden in the following cases:

- a) In a distance less than two hundred (200) meters of the central axis of the main roads; and
- b) In a distance less than five hundred (500) meters upstream and five hundred (500) meters downstream of the bridges, piers, box-bridge, dams, urban infrastructure, channels of rivers and streams.

The exceptions of subsection b), are the clean-up tasks, corrections, drainage, flooding control tasks of river channels executed by the municipalities or Secretary of State of Public Work, Transportation and Housing (SOPTRAVI) under the technical guidelines of the Mining Authority. The drainage material or excess after the conformation of slopes, dikes and levees, should be marketed to obtain its financing. In any case, the right to market the excess material will be the obligation of the corresponding municipality.

In case the benefit work for the community, national or of emergency is the repair of a road, the extraction can take place no less than twenty five (25) meters of its central axis, observing the technical recommendations of the Mining Authority.

**PART XI**  
**OF THE PROCEDURE TO GRANT THE**  
**MINING CONCESSION**

**CHAPTER I**

## **OF THE GRANT OF EXPLORATION CONCESSION**

**ARTICLE 66.-** The request for the Exploration Concession should contain the following requirements:

- a) Full identification of the petitioner and its capacity to perform commercial activities;
- b) Description of the vertexes of the requested area;
- c) Substance(s) of interest;
- d) Receipt of payment of the established royalty;
- e) Program of activities with the corresponding description and the committed minimum investment plan;
- f) Financial Statements; and,
- g) Copy of the notification filed with the corresponding municipality informing of the intention to file the request for the Mining Concession of Exploration.

Once the request is admitted together with the corresponding documents, the Mining Authority will order the publication of one time only of an extract of such request in a written newspaper and a radio broadcast in the area and in the Mining Authority's website, as well as begin with the technical and legal evaluation.

If within the fifteen (15) days following the publication there is an opposition filed, being incidental, it will be processed in a different file, according to the corresponding administrative procedure. If no opposition is filed or it is resolved, the Mining Authority will proceed to decide on the mining Concession request, in a period of time no greater than forty five (45) days.

The Mining Authority will issue the corresponding decision and if it is favorable, proceed to order its registration in the Mining and Cadastral Registry Unit.

**ARTICLE 67.-** Prior to the decision to grant an Exploitation Concession, the Mining Authority will request from the corresponding Municipal Corporation and the population to carry out a citizen consultation in a period no greater than sixty (60) calendar days, as of the date of notification, in the terms established in the Municipalities Law, and the results will be notified in a term no greater than ten (10) business days. The decision adopted in the consultation is binding for the grant of the Exploitation Concession.

If the results of the citizen consultation were of opposition to the exploitation, it may not be repeated until after three (03) years.

The corresponding municipal authority should request technical assistance and supervision from the Supreme Electoral Tribunal (TSC) for the development of the consultation.

**ARTICLE 68.-** When the concession area covers more than one municipality, the consultation referred to in the previous article, should take place in the municipality where the concession covers more territory, without detriment that the population from the other municipalities may concur to the consultation.

**CHAPTER II**  
**OF THE GRANT OF EXPLOITATION CONCESSION**

**ARTICLE 69.-** The request for the Metallic Mining Exploitation Concession should contain the following requirements:

- a) Results of the Exploration, which should at least contain the reserve calculation, quality, deposit conditions, associated mineralogy, General and Detailed Geology;
- b) Feasibility project that contains as a minimum the following:
  - (a) Description of the exploitation design that contains equipment, staff, project's hierarchical structure, inputs and reagents that will be used;
  - (b) General and detailed building plans of all the work;
  - (c) Transverse and longitudinal sections of the sites to exploit;
  - (d) Economic study;
  - (e) Flowchart of the mining process;
  - (f) Program of activities and a Committed investment plan; and,
  - (g) Certification issued by the Supreme Electoral Tribunal (TSC) that verifies the results of the process;
- C. Detailed plans of the communities, municipalities, properties, water sources and facilities involved.

Once the request is admitted, the Mining Authority will decide in a period of time no greater than forty five (45) days.

**ARTICLE 70.-** The request for the Non Metallic Mining Exploitation Concession should contain the following requirements:

- a) General Geology, type of material to exploit and its use;
- b) Description of the exploitation design that contains equipment and staff employed;
- c) General building plans of all the work;
- d) Flowchart of the mining process;
- e) Certification issued by the Supreme Electoral Tribunal (TSC) that verifies the results of the consultation.

**CHAPTER III**  
**OF THE GRANT OF EXTRACTION CONCESSION**

**ARTICLE 71.-** The request for the Extraction Concession should contain the following requirements:

- a) A specification of the plant and its main facilities, auxiliary and complementary, indicating the type of mineral that will be treated, daily

- installed capacity, extraction procedure, reagents, nature of the final products, waste, distance to populations or close agricultural areas and flowchart of plant;
- b) Drawings and longitudinal sections at 1:500 scale of the works described in the preceding paragraph;
  - c) Authorization for use of water; and,
  - d) Environmental license.

The above requirements are also requested from the holder of the Mining Exploitation Concession that intends to perform extraction activities.

**ARTICLE 72.-** Once the request is filed with the technical requirements established in the previous Article, the authority will proceed to decide within a term of fifteen (15) days.

**ARTICLE 73.-** The corresponding decision will be registered in the Mining and Cadastral Registry Unit and will be notified to the Municipality(ies) where the Mining Right is located.

**ARTICLE 74.-** The decisions issued by the Mining Authority may be appealed according to dispositions established in the Administrative Procedure Law.

#### **CHAPTER IV** **OF THE CAPACITY AND DISABILITIES TO OBTAIN** **MINING RIGHTS**

**ARTICLE 75.-** The individuals and companies incorporated in the country or authorized to conduct business in Honduras have the capacity to be holders of Mining Concessions. The exceptions are:

- a) The President of the Republic and Appointed to the Presidency; members of Congress, Judges of the Judicial Power; Secretaries and Sub-Secretaries of State and General Directors of Public Administration; Attorney General and Sub-Attorney General of the Republic; Managers, Presidents and Directors of Autonomous Institutions, decentralized or deconcentrated entities of the State; Attorney and Sub-Attorney General of Environment and Natural Resources; Magistrates of the Supreme Audit Court; Public Prosecutors and Officials appointed by the National Congress. The relatives within the fourth degree of consanguinity or second of affinity and the spouses of the mentioned herein are also considered disabled.
- b) The Political Governors, members of Municipal Corporations and Armed Forces and Police in the territory of their jurisdiction. Furthermore, the relatives within the fourth degree of consanguinity or second of affinity and the spouses of the mentioned herein are also considered disabled.
- c) The public employees and officials that direct or indirectly intervene, rule or decide on the mining subject matter. This disability is extended up to two (02)

- years after they have ceased in their functions; as well as their relatives the fourth degree of consanguinity or second of affinity and the spouses.
- d) The people in Default with the State and Municipality in regards to tax obligations; and,
  - e) Members of the Judicial Council.

The people listed in this Article should not request, obtain or direct or indirectly possess mining rights during the exercise of their functions or remain in positions for which they were elected or appointed or as long as the situation that renders them disabled persists.

## **PART XII** **OF THE TAX REGIME**

### **CHAPTER I** **OF THE TAXES**

**ARTICLE 76.-** The following taxes are applicable to the holders of exploitation and extraction Concessions, according to the special legislation:

- A. As indicated in the Income Tax Law;
- B. As indicated in the Sales Tax Law;
- C. Net Asset Tax,
- D. Fees and taxes for services established in the Municipalities Law and the Municipal Excise Plan;
- E. Security Fee according to the descriptions in the sub-sections f) and g) of this Article;
- F. Effective Right or Surface Right or the Territorial Royalty; and
- G. The non metallic industrial mining or of gems or precious stones, will pay two point five percent (2.5%) based on the FOB value or based on the value in plant or ex-factory according to the case, detailed as so:
  - a) One percent (1%) for the municipality where the material is extracted;
  - b) Cero point fifty percent (0.50%) in favor of the Mining Authority;
  - c) One percent (1%) for the Security Fee
- H. The metallic mining, oxides and sulfides (non metallic) from which metals are extracted will pay six percent (6%) based on the FOB value of sales or export, detailed as so:
  - a) Two percent (2%) for the Security Fee that must be assigned to the General Treasury of the Republic;
  - b) Two percent (2%) for the municipal tax, that must be assigned directly to the Municipal Treasury where the mining exploitation is located;
  - c) One percent (1%) as a counterpart in the development projects of the Law for the Promotion of Public-Private Partnerships (COALIANZA); and,
  - d) The remaining one percent (1%) in favor of the Mining Authority to strengthen their control and scientific investigation activities.

The taxes established in sub-sections g) and h) are not applicable to holders of artisanal exploitations.

**ARTICLE 77.-** The monthly tax that correspond to the Municipality(ies), a five percent (5%) will be assigned to make up a Social Investment Fund, under a Trust, in order to execute investment projects in areas different than mining, for the generation of jobs in other fields.

The tax referred to in this Article will be paid within the first five (5) days of the following month, according to the filing of liquidations and export returns of the previous month and is deductible as an expense for the calculation of the Income Tax.

In addition to the taxes mentioned above, the mining Concessionaire have the obligation to pay the state taxes established in other applicable legislation.

The investment conditions of the Fund referred to in this Article will be determined in the Regulations of this Law.

### **PART XIII** **OF THE SUSPENSION AND TERMINATION OF** **MINING RIGHTS**

#### **CHAPTER I** **OF THE CAUSES FOR SUSPENSION**

**ARTICLE 78.-** The Mining Authority, prior confirmation, will order the holder of the Mining Right through a resolution, the suspension of the mining activities in the following cases:

- a) Due to imminent risk or danger to human life or their property;
- b) Due to breach of the occupational safety dispositions, according to the laws of the subject matter;
- c) Due to expiration of the environmental license and its renewal process is not proven; and,
- d) Due to when the production exceeds the proven mineral reserves. This last disposition does not apply to extraction concessions.

Once the cause for suspension of the Mining Right has been established, and within the term of five (5) days, a hearing will be scheduled for the holder of the right to speak on its behalf and present the evidence deemed necessary. Concluded this term, and with the evidence provided, the issue will be resolved.

#### **CHAPTER II** **OF THE TERMINATION OF THE MINING RIGHTS**

**ARTICLE 79.-** The mining rights can be terminated through annulment, cancellation or extinction.

**ARTICLE 80.-** The causes for annulment of a Mining Right are:

- a) When granted to a person with an incapacity to hold such right;
- b) When granted without fulfilling the requirements established herein; and,
- c) When granted for the advantage of minerals or substances not subject to this Law.

The official that breaches these dispositions, will be civil and criminally liable.

**ARTICLE 81.-** The causes for cancellation of a Mining Right are the following:

- a) Lack of payment of a Territorial Royalty, Extraction Royalty, penalties and national and municipal taxes, for to two (2) consecutive years;
- b) Lack of filing the Consolidated Annual Statement for two (2) consecutive years;
- c) Having been sanctioned three (3) times in a period of two years for the same facts;
- d) Cancellation of the environmental license by the corresponding authority, for the execution of a final judgment, as a consequence of an environmental crime; and,
- e) If the holder of the right is deceased, the heirs do not prove their capacity or legal suitability to manage and assume all the responsibilities mentioned in the Mining Right, in a period not greater than six (6) months.

**ARTICLE 82.-** The causes for extinction of a Mining Right are the following:

- a) Expiration of the term for which the Concession was granted without having requested an extension three (3) months before its expiration;
- b) When the deposit has exhausted its reserve, without detriment to the compliance of the Closure Program;
- c) Dissolution of the Concessionaire company;
- d) Financial insolvency that prevents the compliance with the Concession obligations; and,
- e) Express resignation from the holder of the Mining Right before the Tax Authority.

**ARTICLE 83.-** The suspension and termination statements of mining rights will be made without detriment to the compliance of the responsibilities and obligations derived.

**PART XIV**  
**OF THE SANCTIONS**

**CHAPTER I**  
**OF THE ADMINISTRATIVE SANCTIONS**

**ARTICLE 84.-** The Mining Authority is the competent entity to supervise, inspect and ensure the compliance and application of this Law and its Regulations and impose the sanctions arising from their breach.

**ARTICLE 85.-** The sanctions will be applied in the following manner:

- a) Fine equivalent to three (3) minimum wages in the highest category applicable in the area, for the extemporaneous filing of the Consolidated Annual Statement and the reports required by the Mining Authority;
- b) Fine equivalent to two (2) minimum wages in the highest category applicable in the area, for the incomplete filing or non related filing of the reports, which does not exempt the holder of the right to rectify during the term established by Law,
- c) Fine equivalent to six (6) minimum wages in the highest category applicable in the area, for the marketing of minerals from illegal exploitations. If as a result of audits it is proven that the marketing and purchase of minerals from illegal exploitations continue, the sanction will be one hundred percent (100%) of the amount exploited and the compensation for damages caused, without detriment to the criminal liability according to Law;
- d) The lack of payment of the territorial royalty or extraction royalty in the timeframe established by Law, will be sanctioned with ten percent (10%) additional to the month(s) overdue;
- e) Marketing of non authorized mineral substances, in which case the total value of the product will be paid with no deductions for production costs;
- f) Fine of two (2) minimum wages in the highest category applicable in the area, for not taking part or send representation to the inspection visits practiced by the Mining Authority, without justifiable cause;
- g) Fine of two (2) minimum wages in the highest category applicable in the area, for performing work or activities not authorized in the activities program and Investment Plans, without justifiable cause; and,
- h) Fine equivalent to six (6) minimum wages in the highest category applicable in the area, for not allowing the Mining Authority, Environmental Authority, Municipalities and other competent institutions, to fulfill their control, supervision and audit functions of the mining activities.

Any other violation of the obligations established herein and not covered in the sub-sections above, will be sanctioned with a fine between two (2) and six (6) minimum wages in the highest category applicable in the area, as per the opinion of the Mining Authority, taking into consideration the seriousness of the violation.

The fines established above will be applied to the small -scale mining in three fourth (3/4) parts.

**PART XV**  
**OF THE SMALL-SCALE MINING AND ARTISANAL MINING**

## **CHAPTER I** **OF THE SMALL-SCALE MINING**

**ARTICLE 86.-** For the purposes of this Law, Small-Scale Mining is understood as the mining activities that use simple mechanical methods and has the following characteristics:

- a) Production capacity up to two hundred (200) tons of undergrowth daily, for metallic mining;
- b) Production capacity up to one hundred (100) cubic meters daily, for non metallic mining;
- c) Exploitation capacity up to ten (10) cubic meters daily, for gems or precious stones; and,
- d) Exploitation capacity of metallic minerals of leisure mining up to fifty (50) cubic meters daily.

**ARTICLE 87.-** Regardless of the existing concessions, to have access to the rights and benefits this Chapter grants, the interested parties have to request to the Mining Authority in case of sections a), c) and d) approved previously and of section b) to the corresponding Municipality, a permit for the condition of small-scale mining, which is subject to the procedure indicated in the Regulation of this Law.

**ARTICLE 88.-** The Mining Authority has to promote, develop, evaluate and follow-up through its programs and institutional actions, the rational and responsible exploitation of the mineral resources carried out by small-scale and artisanal mining.

## **CHAPTER II** **OF ARTISANAL MINING**

**ARTICLE 89.-** Artisanal Mining is understood as the exploitation of mineral resources developed by people individually or in organized groups through the exclusive employment of manual techniques.

The residues or small quantities in bulk of metals or existing precious stones in areas of transport, river beds, beaches, must be exploited in a artisan manner.

The volume allowed to exploit artisanal gold, non metallic minerals individually will be up to ten (10) cubic meters daily and of thirty (30) cubic meters for an organized group and registered before the corresponding authority.

**ARTICLE 90.-** The Mining Authority, as per request of the Municipalities, will grant the artisanal exploitation areas in the Municipalities, in areas free of mining rights.

The granting of artisanal extraction permits is an exclusive responsibility of the municipalities.

**ARTICLE 91.-** Regardless of the responsibilities of the Mining Authority established herein, the Artisanal Mining and Small-Scale Mining will be supervised by the Environmental Municipal Unit, who will ensure for the compliance with the environmental mitigation measures established in the Environmental Mining Best Practices Manual for Artisanal Mining, agreed upon by the Mining and Environment Authority.

**ARTICLE 92.-** The municipal tax for Artisanal Mining for the extraction of non metallic minerals, will be established by the Municipality in its corresponding Excise Plan.

**ARTICLE 93.-** The artisanal miners may exploit mineral resources found within the areas established by the Mining Authority as artisanal mining reserve and in the mining reserves approved by National Congress.

Said activity should be carried out rationally, sustainably and protecting the environment and the communities.

**ARTICLE 94.-** The municipalities have the following obligations:

- a) Maintain an updated registry of the artisanal miners;
- b) Annually send the Mining Authority the registry of permits granted to artisanal miners;
- c) Manage before the Mining Authority reserve areas for artisanal mining;
- d) Collaborate with the corresponding authorities in the surveillance and control of the mining activities;
- e) Control the rational and sustainable exploitation of mineral resources and the protection of the environment in the reserve areas for artisanal mining;
- f) Encourage the organization and training of artisanal mining, so that the mining activities are performed under rigorous measures to protect life and environment with the purpose to optimize their activities to increase income; and,
- g) When dealing with artisanal metallic mining where up to thirty (30) cubic meters of gold are extracted and more than twenty (20) tons a day by individuals or groups, the corresponding municipality, in coordination with the Mining Authority or specialized consultants in the field of geo-sciences, will coordinate the creation of industrial mining parks, which must comply with all the rules for the protection of environment, occupational health and industrial safety.

### **CHAPTER III**

#### **OF THE CUTTING, FILLING AND LEVELING**

**ARTICLE 95.-** For the implementation of civil work, the permit to cut, fill and level will be granted by the corresponding Municipality.

The excess material will be used for public means indicated by the corresponding Mining Authority and will not be marketed under any circumstance.

As for public work, the extraction of materials to be used, will be subject to the Law of Simplification of Investment Procedures in Public Infrastructure.

## **PART XVI** **OF THE MINING AUTHORITY**

### **CHAPTER I** **OF THE HONDURAN INSTITUTE OF GEOLOGY AND MINES (INHGEOMIN)**

**ARTICLE 96.-** Create the Honduran Institute of Geology and Mines which will be identified as INHGEOMIN, as a deconcentrated entity of the State, dependent from the President of the Republic, with domicile in the country's capital, and may establish offices where deemed convenient, with exclusivity in the faculties established herein, which will be exercised with technical, administrative and budget independence. It has the legal capacity to issue acts, contracts, and appear before the courts, within their competence.

INHGEOMIN will act as executors of National Policy of the mining sector in general, with the faculty to develop programs, projects and plan as well as create the administrative, technical and operational units necessary to comply with this Law.

For the purposes of this Law, this entity will be referred to simply as the Mining Authority.

### **CHAPTER II** **OF THE ORGANIZATIONAL STRUCTURE OF THE MINING AUTHORITY**

**ARTICLE 97.** The Organic Structure of the Mining Authority is as follows:

- a) Executive Direction;
- b) Mining Sub-Direction; and,
- c) Mining Investigation and Information Sub-Direction.

**ARTICLE 98.-** The Honduran Institute of Geology and Mines (**INHGEOMIN**) will be composed by the following Units:

- a) Cadastral and Mining Registry;
- b) Investigation and Laboratories;
- c) Mines and Geology;
- d) Mining Supervision;
- e) Environment and Safety; and,
- f) Social Development.

The Units indicated herein, as well as the administrative, technical and operation units, will have their faculties and functions established in the Regulations of this Law.

**CHAPTER III**  
**OF THE RESPONSIBILITIES OF THE HONDURAN INSTITUTE OF  
GEOLOGY AND MINES (INHGEOMIN)**

**ARTICLE 99.-** The responsibilities of the **HONDURAN INSTITUTE OF GEOLOGY AND MINES (INHGEOMIN)** are:

- a) Propose, direct, execute and supervise the Mining Policy;
- b) Grant, modify and extinguish mining rights and other mining obligations according to this Law;
- c) Consolidate in a grid system the area covered by the mining rights;
- d) Supervise, in coordination with the competent entities of the Secretary of State of Labor, Social Security, Health and the Environmental Municipal Units, the compliance of the health and safety rules of the companies that perform mining activities;
- e) Supervise, in coordination with the competent entities of the Secretary of State of Natural Resources and Environment, the compliance of rules for protection, restoration and sustainable management of the environment of the companies holders of mining rights;
- f) Consolidate, systematize, publish and maintain available in a permanent and updated database, the information of mineral resources of the country, through a plan of publications, open library and availability of digital files;
- g) Perform scientific research in the fields of geo-science and mining;
- h) Acquire, promote and spread the scientific and technological knowledge related with the activities of the Institute, through the management and support of plans, programs and projects of investigation, preparation and development, proposing the corresponding policy of Scientific Investigation, Development and Technological Innovation, in the subject matters of the Institute, in accordance with the National Plan and Vision for the Country;
- i) Perform and enter into agreements and contracts, through Public-Private Partnerships for the development of Mining Projects;
- j) Bound the areas for artisanal mining following the requests of the municipalities according to the dispositions in Article 90 herein;
- k) Prepare the Regulations of the Mining Career Regime; and,
- l) Others established in the Constitution of the Republic; International Treaties of the subject, this Law and its Regulations.

**CHAPTER IV**  
**OF THE REQUIREMENTS, RESPONSIBILITIES AND DISABILITIES OF THE  
EXECUTIVE DIRECTOR AND SUB-DIRECTOR**

**ARTICLE 100.-** To become a Director or Sub-director of INHGEOMIN, they must fulfill the same requirements for Secretaries of State and be a College Graduate with knowledge on the subject matter.

These officials are appointed by the President of the Republic, will render promise and the corresponding deposit in the range of Minister and Vice-minister, respectively.

**ARTICLE 101.-** The responsibilities of the Executive Director are:

- a) Manage and practice the legal representation of INHGEOMIN;
- b) Regulate the granting of mineral rights and their use according to Law;
- c) Assign and remove the staff of INHGEOMIN, prior to a curricular and work evaluation;
- d) Approve Manuals and technical guidelines for the implementation of this Law;
- e) Prepare the Regulations for this Law, according to Article 114 of this Law;
- f) Enter into agreements with universities and national and international institutions dedicated to the mining investigation, in order to promote technical and scientific investigation in the field of geo-science;
- g) Execute, coordinate, supervise and evaluate the execution of the mining policy;
- h) Prepare the Budget Bill for INHGEOMIN;
- i) Approve the Annual Operation Plan for INHGEOMIN;
- j) Plan, direct and coordinate investigation programs in the field of geo-science; and,
- k) Others established in the Law and its Regulations.

**ARTICLE 102.-** In the absence of the Executive Director, the Executive Sub-Director of Mining will take office.

**ARTICLE 103.-** The following may not be Executive Director or Sub-Director of the Institute:

- a) Those who incur in the disabilities established in the Constitution for the Secretaries and Sub-secretaries of Estate and the ones established in the General Law of Public Administration for the Presidents, Managers, Directors or Sub-directors of the Autonomous Institutions;
- b) The holders of the mining rights or partners of mining companies; spouses and relatives within the fourth grade of consanguinity and second in affinity; and,
- c) Ex-managers or directors of mining companies, except after three (03) years after leaving the job position.

## **PART XVII** **OF THE LABOR REGIME**

### **CHAPTER I** **OF THE EXCLUSIVITY OF SERVICES, RECRUITING SYSTEMS AND MINING CAREER REGIME**

**ARTICLE 104.-** The officials and employees of INHGEOMIN should render their services exclusively; they may not perform other services related to their performance in the Institution, except for teaching or health, when their work schedule allows it.

**ARTICLE 105.-** The personnel selection will be done through a public tender system.

**ARTICLE 106.-** The technical and administrative personnel of INHGEOMIN is regulated by the Mining Career Regime Regulations.

**PART XVIII**  
**OF THE ECONOMIC REGIME**

**CHAPTER I**  
**OF THE INHGEOMIN ASSETS**

**ARTICLE 107.-** The INHGEOMIN resources are:

- a) The assets that currently belong to the Executive Direction of Mining (DEFOMIN);
- b) The income from services tax, payment of royalties, sanctions and fines;
- c) The amounts assigned in the General Budget Plan of the country and the percentage established by Law; and
- d) Inheritances, Legacies and donations.

**PART XIX**  
**OF THE TRANSITORY AND FINAL DISPOSITIONS**

**CHAPTER I**  
**OF THE TRANSITORY DISPOSITIONS**

**ARTICLE 108.-** INHGEOMIN should assign and hire the services of the employees that work in DEFOMIN as of the date of effectiveness of this Law, in which case they maintain the seniority and other corresponding social and labor rights.

The selection of this personnel will be prior to a curricular, technical, psychometric and performance evaluation.

The DEFOMIN employees that are not hired, will be paid the corresponding legal labor rights.

The employees and officials that choose to voluntarily resign, have the right to their legal severance payment. For these purposes, the Secretary of State of Finance is authorized to adjust the budget.

The initial selection of the staff will be done through a public tender system.

**ARTICLE 109.-** The files that are in process of the request for Concession on the date this Law enters into effect, will continue their process with the regulations they began, without detriment to the review, evaluation and rectifications that may be filed.

The effective mining rights granted under the previous regulations, in regards to the new environmental requirements, obligations and tax impositions will be subject to this Law.

The request for Metallic Mining Concessions filed before the Executive Decree No. PCM-09-2006, published in the Official Newspaper La Gaceta No. 30928 dated February 14, 2006, which suspends the granting of metallic mining Concessions, should be rejected for extemporaneous, and may be filed again under the requirements of this Law and until the approval of its Regulations.

**ARTICLE 110.-** The transition process from DEFOMIN to INHGEOMIN, should be done in a period of time no greater than six (6) months as of the date of effectiveness of this Law.

The transfer of assets from DEFOMIN TO INHGEOMIN will be supervised by an Ad-hoc Commission assigned by the Secretary of State of Natural Resources and Environment (SERNA) with personnel from the Supreme Audit Court.

## **CHAPTER II** **OF THE FINAL DISPOSITIONS**

**ARTICLE 111.-** The Legislative Decree No. 292-98 dated November 30, 1998 published in the Official Newspaper La Gaceta No. 29,298 dated November 30, 1998 that contains the General Mining Law is hereby repealed as well as any other legal dispositions that oppose the disposition herein.

**ARTICLE 112.-** The Secretary of State of the Presidency has the obligation to prepare the Regulations with assistance from INHGEOMIN, in consultation with SERNA, in a period of sixty (60) days as of the date this Law is in effect.

**ARTICLE 113.-** This law will enter into effect twenty (20) days after its publication in the Official Newspaper La Gaceta.

***Translation to English by the Embassy of Honduras in Canada, 2015.***