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Mongolia Ends Moratorium on Issuing Mineral Exploration Licenses

By Michael Kohn July 02, 2014

Mongolia ended a four-year moratorium on issuing mineral exploration licenses, boosting opportunities for mining companies as the nation seeks to spur investment.

A law passed by parliament yesterday also extends periods of exploration to 12 years from nine, according to Otgochuluu Chuluuntseren, director general of the Ministry of Mining's strategic policy and planning department.

The law must be formally published before it's effective, and the ministry must set out exploration boundaries, he said.

Erdenebulgan Oyun, vice minister for mining, said in May the law would expand the area of Mongolia's land available for mining and exploration to about 20 percent from 8 percent. Mongolia is seeking to boost the economy after almost two years of declining foreign direct investment, including a 52 percent slump last year and 64 percent in the first five months of 2014.

"Lifting the moratorium for new exploration licenses was needed to save a sector which was otherwise becoming non-existent because of the age of the existing licenses and limited land available," Sam Spring, chief executive officer of Vancouver-based Kincora Copper Ltd. (KCC), said by e-mail.

License rules including procedures for companies to extend them have been eased to spur investment, Otgochuluu said. The passage of the law also increases the chance of reversing the cancellation of 106 exploration licenses, he said.

"It is now closer to resolving that issue," Otgochuluu said. "We can handle it case-by-case."

The licenses, with 11 held by foreign investors including Kincora, were revoked by the government.

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