



The Concession Contract

In Colombia, to constitute, declare and prove the right to explore and exploit state-owned mines, it is necessary to obtain a concession contract.

What is a concession contract?

It is a contract signed between the State and an individual so the latter one can, at their own risk, conduct studies, exploration and exploitation activities of the minerals owned by the state within a specific zone. The minerals have to be exploited under the terms and conditions established by the law (Mining Code).

What rights are the under a concession contract?

A concession contract grants the right to conduct, within the given zone, the studies and works to establish the existence of the minerals covered in the contract and to exploit them under the principles, rules and criteria of the geology and mining engineering techniques. It also grants the right to install, assembly, and build facilities and equipment within and out the given zone necessary for the execution of the contract.

How to apply for a concession contract?

The awarding of mining exploitation rights is based on the “first come, first served” principle, with the exception of those zones declared as strategic zones by the National Agency of Mining–NAM. The strategic mining zones will be awarded through objective selection processes led by the NAM. In addition, mining rights can be negotiated among private parties and concession rights can be partially or totally transferred.

What requirements must a concession contract proposal fulfill?

The interested party must sign up on the Online Concession Application System on the NAM’s website (www.anm.gov.co) and file the following data and documents: details of the applicant, details of the application, and details of the requested location.

Once the application is filed, the interested party must submit, in hard copy, the following documents to the National Agency of Mining offices:

- Filing certificate
- Copy of the ID (for individuals)
- Certificate of incorporation and legal representation (Art. 17 of the Mining Code)
- Copy of the ID of the Legal Representative (for legal entities)
- Copy of Tax Identification Number (for legal entities)
- Plan (comply with Decree 3290 of 2003 and Art. 270 of the Mining Code)
- Technical exhibit (document that describes the exploration works)



- Copy of professional licenses of the geologist or mining engineer who created the plan
- Estimate of the economic investment*
- Copy of the professional license of the public accountant*

*Doesn't apply for Temporary Applications, however the applicant of a Temporary Authorization must submit the certification or contract of the project as specified by the law

By submitting the above mentioned documents, the pre-contractual stage of the concession contract commences.

Who may be awarded with a mining title?

- Individuals with legal capacity
- Legal entities whose social purpose states mining exploration and exploitation activities
- Consortiums
- Joint ventures
- Economic solidarity organizations established to carry out mining activities
- Mining community projects
- Associations or cooperatives of miners, or individual miners, linked to community plans
- Community associations of miners

What are the phases of a concession contract?

A concession contract involves the following stages:

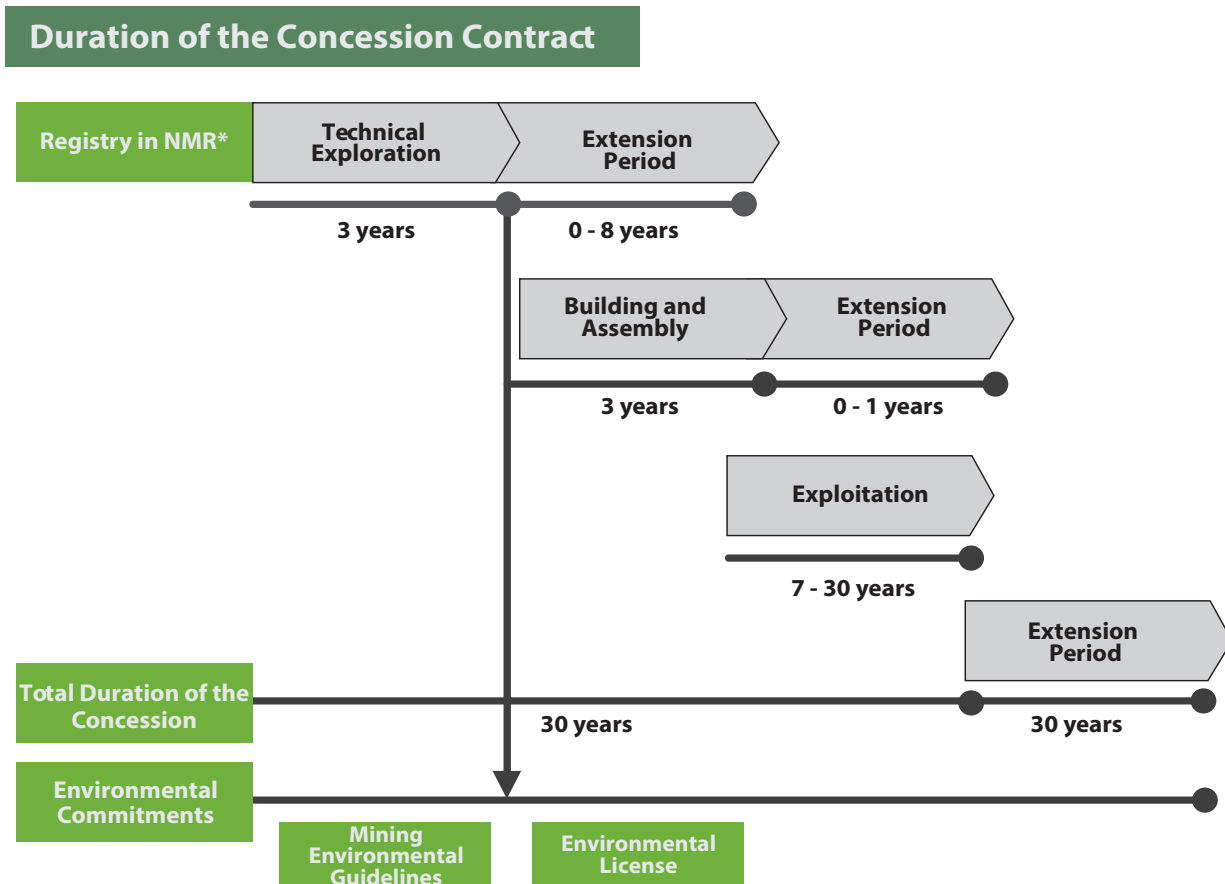
- Exploration
- Building and assembly
- Exploitation

Stages	Term Years	Extension Years	Term Reduction	
			Situation	Condition
Exploration	38		It may be less than 3 years as requested by the proposer	Compliance with the minimum obligations required at this stage
Building and assembly	3	1	It may be shorter if early exploitation activities are taking place and if the infrastructure and provisional assemblies allow it.	Prior written notice to the mining authority and submission of the Construction and Work Program for the early exploitation
Exploitation	24	30	It can be shorter if the concessionaire asks for extensions during the exploitation and building & assembly stages	



What is the duration of a concession contract?

A concession contract is signed for the term requested by the proposer, but no longer than thirty (30) years. Such term commences as of the registration of the contract in the National Mining Registry.



* National Mining Registry

Is it possible to request an extension for a concession contract?

Before the exploitation stage ends, concessionaires may ask for a concession contract extension for thirty (30) additional years. The request must include the corresponding supporting documentation set forth in the mining regulations (Mining Code). Such extension must be formalized through a document signed by the parties and must be recorded in the Mining Registry. Once the extension expires, concessionaires have preferential rights to be awarded the same zone, case in which the exploitations activities do not have to stop during the formalization stage of the new contract.





What to do in case minerals different from the ones in the purpose of the concession contract are found?

If during the exploration or exploitation stages minerals different from the ones in the purpose of the contract are found, the interested party may request that the purpose of the contract be extended to covers such minerals as well. This amendment will not modify nor extend the duration of the original contract, and if that is the case, the corresponding extension or amendment of the environmental license to cover the new minerals shall be carried out in case the impact derived from their exploitation is different from the original exploitation activities.

When may a concession contract proposal be rejected?

- When the whole requested area overlaps mining excludable zones.
- When the whole requested area overlaps areas of existing contract proposals or concession contracts.
- In case all the requirements are not fully submitted. In case the deficiencies of the proposal are not rectified.

When a concession contract may be terminated?

A concession contract is not only terminated due to expiration of terms, but it can also be terminated if the concessionaire requests the termination by mutual agreement, if the concessionaire dies, or by a statement of termination.

Legal references

Mining Code – Act 685 of August 15th 2001

Decree 0933 of 2013

Decree 0934 of 2013

Decree 0935 of 2013

Decree 0943 of 2013

