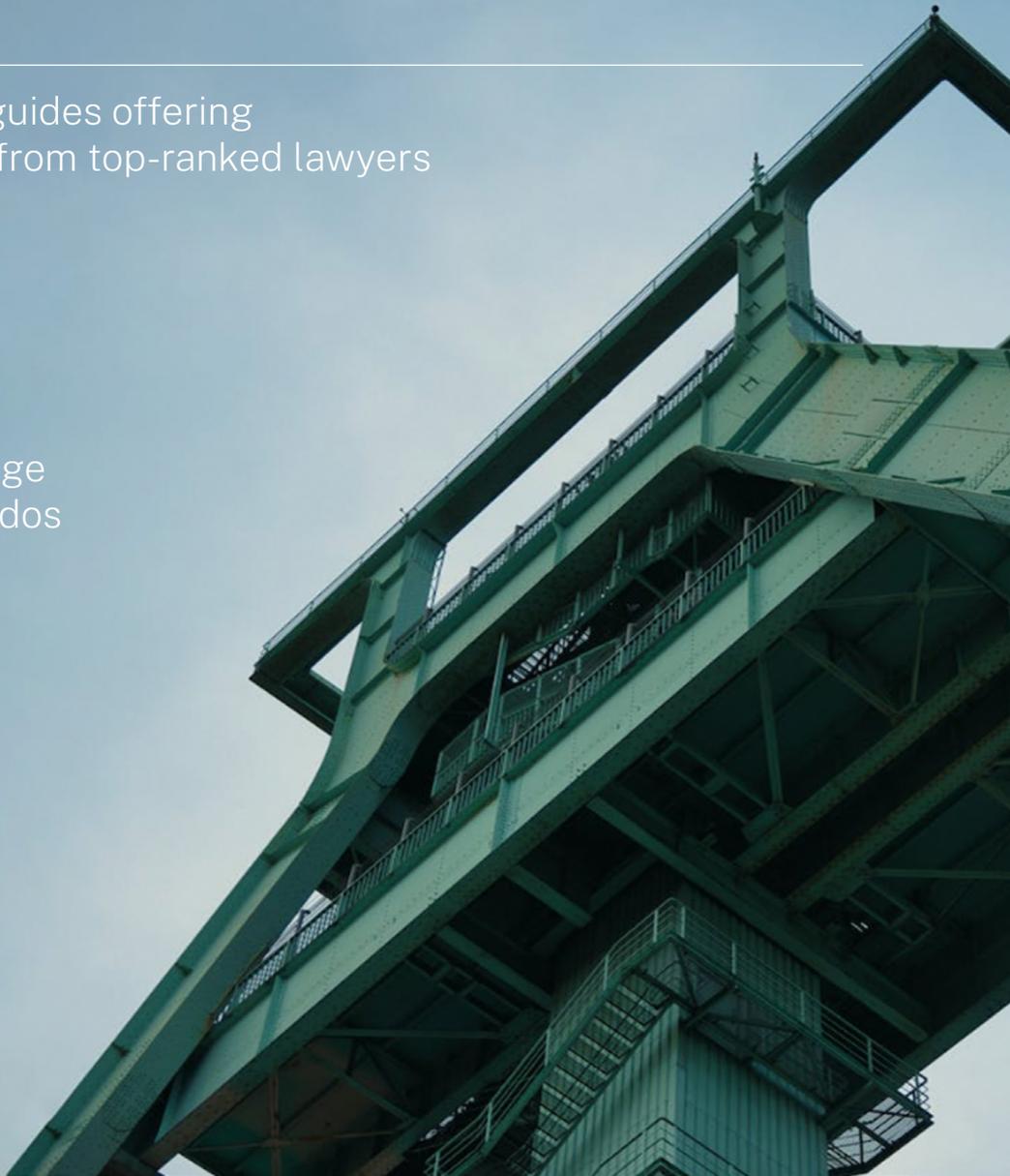

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2026

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Published by

Chambers and Partners

165 Fleet Street

London

EC4A 2AE

Tel +44 20 7606 8844

Fax +44 20 7831 5662

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DOMINICAN REPUBLIC



Law and Practice

Contributed by:

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Guzmán Ariza Abogados

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Guzmán Ariza Abogados is a full-service Dominican law firm founded in 1927, providing comprehensive legal and business advisory services nationwide, across a wide range of industries. Through its Mining & Natural Resources practice, Guzmán Ariza offers end-to-end legal support, including the negotiation and assignment of concession contracts, structuring of operating entities, project financing, environmental compliance, permitting, and the initiation and continuity of mining operations. This work is complemented by the firm's Environmental & Regulatory

Law group, which brings together a multidisciplinary team of professionals, including specialists in geology, engineering, biology and related fields. The team supports environmental impact assessments, regulatory compliance, feasibility studies and environmental due diligence for mining and other high-impact projects. By integrating corporate, regulatory, environmental and natural resources expertise, Guzmán Ariza is uniquely positioned to guide clients through complex mining ventures in the Dominican Republic within a robust legal and technical framework.

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1. Mining Law: General Framework

1.1 Main Features of the Mining Industry

The mining industry in the Dominican Republic is characterised by the presence of metallic resources (notably gold, copper, nickel/ferronickel, silver and zinc) and non-metallic minerals (limestone, marble, industrial sands) extracted in both large-scale projects and smaller operations. The regulatory framework focuses on State-granted rights for exploration, exploitation and processing of mineral substances, and there is growing attention to critical minerals and rare earths. The sector is centrally regulated by the State through national agencies, and mining activity requires exploration permits, exploitation concessions and processing authorisations, as well as Environmental Licences and local approvals.

1.2 Legal System and Sources of Mining Law

The Dominican Republic is a civil law jurisdiction in which mining activities are governed by codified statutes and sector-specific administrative regulations. The legal framework is hierarchical, beginning with the Constitution, followed by organic and sectoral laws, and complemented by implementing regulations, decrees and technical norms issued by the competent authorities.

Constitutional Framework

The 2015 Constitution establishes the overarching principles applicable to natural resources.

Articles 14 and 17 establish State ownership of non-renewable natural resources and require that their exploration and exploitation be conducted through State-granted concessions, licences or contracts, subject to environmental sustainability and with economic benefits directed towards national and local development.

Primary Legislation

The main statutory instruments governing mining are the following.

1. Mining Law No. 146-71 (as amended by Law No. 79-03)

This is the core legal framework regulating the exploration, exploitation and beneficiation of metallic and

non-metallic mineral substances. It defines the categories of mineral rights, the procedures for granting and maintaining concessions, the rights and obligations of concessionaires, and the applicable fiscal and sanctioning regimes.

2. Law No. 64-00 on Environment and Natural Resources

This is the principal environmental statute governing environmental impact assessment (EIA), environmental licensing, emissions controls, monitoring and enforcement. All mining projects – metallic and non-metallic – are subject to this law.

3. Law No. 123-71 on Materials of the Earth's Crust

Regulates the extraction of aggregates and construction materials (sands, gravels, limestone, clays). It applies particularly to non-metallic mining and is administered jointly with local authorities in matters of land use.

4. Law No. 100-13 creating the Ministry of Energy and Mines (MEM)

Designates MEM as the sector's governing authority, responsible for mining policy, evaluation and granting of mineral rights, and technical oversight of the industry.

Regulations and Decrees

The statutory framework is developed through various regulatory instruments, including the following.

1. Regulation No. 207-98 (Reglamento de Aplicación de la Ley Minera)

Implements the Mining Law by detailing administrative procedures for concession applications, technical evaluations, reporting obligations, opposition processes and State supervision of mining activities.

2. Regulation No. 1315-71 on the Extraction of Components of the Earth's Crust

Applies primarily to non-metallic mining and quarrying. It regulates operational aspects such as extraction methods, volume controls, site management requirements, safety measures and post-extraction rehabilitation.

3. Decree No. 430-18 (Fiscal Reserve “Ávila”)

Declares the Ávila area as a Fiscal Mining Reserve, granting the State exclusive rights to evaluate and develop rare earth elements and strategic minerals. It establishes a framework for State-led or State-controlled exploration in areas of high geological interest.

4. Decree No. 453-24 (Creation of EMIDOM)

Creates Empresa Minera Dominicana, S.A. (EMIDOM), a State-owned mining company empowered to carry out exploration, exploitation and commercialisation activities in strategic mineral areas, including those declared as fiscal reserves. EMIDOM may partner with private operators under special contractual frameworks.

Sector-Specific Environmental Norms

Environmental norms for non-metallic mining operations

These technical standards complement Law 64-00 and regulate non-metallic mining in areas such as water and waste management, dust and noise control, slope stability, progressive rehabilitation, mine closure and community safety.

Administrative Resolutions and Technical Standards

The MEM and the General Directorate of Mining (DGM) regularly issue sectoral resolutions, technical requirements and mapping updates governing:

- geological reporting and reserves certification;
- fiscal reserves and strategic areas;
- concession maintenance;
- operational standards; and
- mine closure and post-closure obligations.

1.3 Ownership of Mineral Resources

In the Dominican Republic, mineral resources belong to the Nation, not to the surface landowner. The Constitution establishes that non-renewable natural resources form part of the public domain of the State (Article 14) and may only be explored or exploited by private parties through State-granted concessions, licences or contracts (Article 17). Building on this constitutional mandate, Dominican law recognises that the State’s sovereign authority over subsurface mineral resources exists independently of – and prevails

over – any private property rights on the land where such resources are located.

This regime is implemented through Mining Law No. 146-71 (as amended by Law No. 79-03), which confirms that all mineral substances remain the exclusive property of the State, irrespective of the ownership, possession or use of the surface land. The State may therefore authorise third parties to carry out exploration or exploitation activities through administrative concessions, without requiring the consent of the landowner and without such concessions being contingent upon private property rights. Private parties may acquire legally enforceable rights over mineral resources solely by virtue of these concessions, which constitute public-law entitlements derived directly from the State’s dominion over the national subsoil.

1.4 Role of the State in Mining Law and Regulations

In the Dominican Republic, the State acts primarily as a grantor and regulator of mineral resources. As the Constitution declares all non-renewable natural resources to form part of the public domain, the State retains ownership of all mineral substances while delegating exploration and exploitation activities to private parties through administrative concessions, licences or contracts granted under Mining Law No. 146-71.

The State exercises this authority mainly through the MEM and the DGM, which oversee the granting, administration and supervision of mineral rights, as well as technical compliance and sectoral policy. Environmental regulation and permitting remain under the jurisdiction of the Ministry of Environment.

As a general rule, Dominican law does not impose mandatory State participation, State equity or government joint ventures in mining projects. Private operators may develop mining activities without a requirement to include the State as a partner, unless otherwise provided by special legislation.

However, the legal framework now includes an express exception for rare earth elements. Under a recently issued decree governing the exploration and exploitation of rare earth minerals, the State reserves

for itself the right to directly undertake these activities, shifting from a traditional grantor-regulator role to an owner-operator model for this specific category of strategic minerals. The decree authorises the State, acting through the MEM or a designated State-owned entity, to carry out exploration and exploitation activities directly, or to engage private parties only under special contractual schemes in which the State leads or retains control. As a result, rare earth projects fall outside the standard concession regime and are subject to heightened State participation and strategic oversight.

This exception reinforces the State's sovereign authority over critical mineral resources and establishes a dual system: a concession-based regime for general mining activities, and a State-operated or State-controlled regime for rare earth elements deemed essential to national strategic interests.

1.5 Nature of Mineral Rights

Mineral rights in the Dominican Republic have an indirect constitutional basis and derive formally from statute, not from contract. The Constitution establishes that non-renewable natural resources are part of the public domain of the State, which provides the foundation for the regime of State-granted mineral rights.

Under this framework, mineral rights are created exclusively through administrative concessions granted pursuant to Mining Law No. 146-71 (as amended by Law No. 79-03). These concessions confer a real right in rem over the defined concession area, allowing the holder to explore or exploit mineral substances under State supervision.

Although the underlying minerals remain the property of the State, the concession itself is recognised as a property right of the concessionaire with economic value, capable of being transferred, encumbered or inherited, subject to regulatory approval.

1.6 Granting of Mineral Rights

Mineral rights in the Dominican Republic are granted exclusively at the national level. The MEM, acting through the DGM, serves as the competent authority to evaluate applications and issue administrative resolutions granting reconnaissance permits, exploration

concessions and exploitation concessions pursuant to Mining Law No. 146-71 (as amended by Law No. 79-03).

Although the MEM is the sole authority empowered to grant mineral rights, project development requires interaction with other governmental bodies, which creates areas of jurisdictional overlap – particularly in the case of non-metallic mining. Under Non-Metallic Mining Law No. 123-71 and the Mining Law, the MEM and the Ministry of Environment share concurrent responsibilities over quarrying and non-metallic resource exploitation. The MEM retains authority over the granting and technical regulation of mining rights, while the Ministry of Environment exercises mandatory environmental control, including the issuance of environmental authorisations, operational conditions and land-use restrictions. As a result, non-metallic mining projects must comply simultaneously with the MEM's mining regulations and the Ministry of Environment's environmental and territorial requirements, which often produces practical overlaps in permitting, inspection and enforcement.

Despite these overlaps, mineral rights themselves remain strictly within national jurisdiction. Municipal governments may issue land-use or operating permits for specific activities, but they hold no authority to grant or deny mineral rights.

Mineral rights are not granted through private contracts. They arise solely from administrative acts issued by the MEM in accordance with the Mining Law. In exceptional situations – such as when the State declares a fiscal reserve or strategic area – the State may enter into a special contract with a private operator to structure exploitation activities; however, the underlying entitlement continues to derive from the State's administrative authority rather than from private law.

1.7 Mining: Security of Tenure

Security of tenure in the Dominican Republic is based on State-granted administrative concessions, which confer exclusive rights over a defined area for legally established periods, subject to compliance with technical, fiscal and environmental obligations.

Term Length and Progression

Exploration concessions are granted for up to three years, with the possibility of renewal if minimum work programmes and reporting obligations are met, as established in Mining Law No. 146-71.

Holders that demonstrate a commercially viable deposit may apply for an exploitation concession, which grants long-term rights to extract and beneficiate minerals for up to 75 years, typically granted in successive periods as defined by law.

Maintenance Requirements

Concessionaires must:

- carry out minimum exploration or production work;
- pay applicable fees, surface canon and royalties;
- submit required technical and environmental reports; and
- comply with environmental management and monitoring obligations.

Cancellation Mechanisms

Concessions may be suspended or cancelled for statutory causes, including:

- failure to meet minimum work or investment requirements;
- non-payment of fees or royalties;
- abandonment of operations; and
- serious environmental or regulatory violations.

Operating Control and Marketing

Mineral production extracted under an exploitation concession may be freely processed, marketed and exported, subject to compliance with export and reporting regulations.

Transferability

Concessions are recognised as real rights with economic value and may be transferred, assigned or encumbered, provided that any transfer receives prior approval from the MEM.

2. Impact of Environmental Protection and Community Relations on Mining Projects

2.1 Environmental Protection and Licensing of Mining Projects

Environmental regulation in the Dominican Republic operates within a centralised national framework grounded in the Constitution, which declares all mineral resources to be property of the State (Art. 14) and recognises the right to a balanced and healthy environment (Arts. 66–67). The principal statute is Law No. 64-00 on Environment and Natural Resources, which creates the Ministry of Environment as the competent authority and establishes the national system for EIA and environmental permitting.

Mining activities are governed by Mining Law No. 146-71, which expressly subjects all exploration and exploitation stages to compliance with environmental legislation. The environmental licensing process is strictly national – there is no provincial or municipal layer – and is implemented through Law No. 64-00, its regulations, and the Regulation on Environmental Authorisations (eg, Resolución 09/2015).

Exploration requires an Environmental Authorisation, typically supported by an Initial Environmental Assessment or Environmental Management Programme. Mining exploitation requires a full EIA under Articles 38–45 of Law No. 64-00, including baseline studies, impact modelling, public participation, and a mine closure and rehabilitation plan. Once approved, the Ministry of Environment issues an Environmental Licence, the binding instrument governing environmental performance throughout the life of the project.

The Ministry of Environment exercises broad supervisory and enforcement powers under Articles 169–175 of Law No. 64-00, including inspections, corrective orders, sanctions and suspensions of operations. Although capacity varies, large-scale mining projects are subject to rigorous technical review, inter-agency oversight and continuous monitoring, resulting in a generally robust and increasingly sophisticated regulatory environment.

2.2 Impact of Environmentally Protected Areas on Mining

The Dominican Republic maintains an extensive network of protected areas that materially influences the feasibility and design of exploration and mining projects. Law No. 202-04 on the Sector for Protected Areas establishes the National System of Protected Areas (SINAP) and classifies zones into strict protection, biodiversity conservation, natural monuments and multiple-use categories, each with its corresponding restrictions.

Strict-protection categories – such as scientific reserves and marine mammal sanctuaries – generally prohibit all forms of mineral exploration and extraction. Multiple-use or buffer zones may allow limited activity but are subject to enhanced scrutiny and stringent environmental management requirements imposed by the Ministry of Environment.

These restrictions are reinforced by the Constitution, which protects water resources of strategic value (Art. 15) and imposes State duties to preserve ecological integrity (Arts. 66–67). Law No. 64-00 on Environment and Natural Resources (Arts. 122–128) further designates protected areas as environmentally sensitive zones requiring expanded baseline studies, cumulative impact assessments, and stricter mitigation and restoration measures.

In practice, protected-area designations may limit or entirely bar concession applications under Mining Law No. 146-71. Even where mining is technically permissible, project design must adapt to conservation mandates, often resulting in reduced footprints, altered access routes, operational constraints and intensified monitoring. Early spatial analysis and proactive engagement with regulators are therefore essential for project viability.

2.3 Impact of Community Relations on Mining Projects

Community relations in mining are addressed through constitutional principles, environmental legislation and administrative practice. Although Mining Law No. 146-71 does not create a stand-alone community-relations regime, Law No. 64-00 on Environment and Natural Resources integrates mandatory mechanisms for

public participation and social-impact management into the environmental permitting process.

Under Articles 38–45 of Law No. 64-00, the EIA process requires public consultation for high-impact projects, including mining. The Ministry of Environment conducts or oversees public hearings, disclosure sessions and comment periods, ensuring that affected communities can express concerns and participate in the assessment of environmental and social impacts. These consultations form part of the technical basis for granting an Environmental Licence.

Environmental Licences often include Social Management Plans and ongoing stakeholder-engagement requirements, mandating continuous communication, grievance mechanisms and monitoring of social commitments. Issues such as land access, resettlement, cultural heritage and community development are reviewed within the EIA and regulated through licence conditions.

Although not legally required, voluntary community-development programmes – such as local procurement initiatives, employment commitments and social investment projects – are common, particularly for large-scale mining operations. These measures supplement regulatory obligations and support long-term social licence to operate.

2.4 Prior and Informed Consultation on Mining Projects

Prior and informed consultation is required in the Dominican Republic, but it is not organised as an autonomous legal regime equivalent to free, prior and informed consent. Instead, consultation is embedded in the public-participation procedures of Law No. 64-00 on Environment and Natural Resources, which apply to all high-impact projects undergoing a full EIA.

Responsibility for ensuring consultation lies primarily with the Ministry of Environment, which organises or supervises hearings, validates participation, and integrates community feedback into the environmental evaluation. The project proponent must supply all technical studies, social impact information and communication materials, and often supports logistical and outreach activities. Investors frequently engage in

additional voluntary consultations to strengthen social relations beyond formal requirements.

The law does not grant communities veto power, but adequate consultation is a mandatory precondition for obtaining an Environmental Licence. Deficiencies in consultation – either substantive or procedural – can delay or block project approval.

2.5 Impact of Specially Protected Communities on Mining Projects

The Dominican Republic does not recognise Indigenous or traditional peoples as specially protected communities within its legal framework. Unlike jurisdictions such as Canada, the United States, Australia, Brazil, Peru or Colombia, Dominican law does not provide differentiated rights, prior-consultation regimes, collective land protections or cultural heritage safeguards tailored to Indigenous groups.

This absence of a specialised regime is primarily historical. The Indigenous Taíno population that inhabited the island at the time of European contact did not survive as a distinct cultural or ethnic group due to demographic collapse during the colonial period. As a result, the Dominican Republic does not have legally recognised Indigenous peoples whose cultural continuity or ancestral territories would require specific statutory protection. Consequently, the Constitution and ordinary legislation do not establish Indigenous status, associated rights, or special consultation or participation obligations.

In practice, all community engagement obligations, social impact considerations and cultural heritage protections applicable to development or mining projects are governed by the general legal framework – particularly Law No. 64-00 on Environment and Natural Resources – which provides for public participation through the EIA process and grants the Ministry of Environment authority to protect archaeological, palaeontological and cultural resources of national interest.

2.6 Community Development Agreement for Mining Projects

Community development agreements (CDAs) are not mandatory in the Dominican Republic. Neither Mining

Law No. 146-71 nor Law No. 64-00 on Environment and Natural Resources requires formal benefit-sharing agreements, co-management structures or revenue-sharing mechanisms with local communities.

Nevertheless, CDAs or similar voluntary arrangements are increasingly used in practice, particularly for large-scale mining projects. These agreements often address local employment commitments, procurement opportunities, infrastructure development, social investment initiatives and grievance-handling procedures. They are frequently used to complement regulatory social management requirements and strengthen a project's social licence.

2.7 ESG Guidelines and Regulations

The Dominican Republic has not adopted a dedicated ESG regulatory framework specifically for the mineral sector. There are no stand-alone ESG statutes or mandatory reporting standards applicable exclusively to mining companies. However, several existing laws incorporate ESG-aligned requirements that operate collectively as the country's de facto ESG framework.

Law No. 64-00 on Environment and Natural Resources establishes EIA, mitigation, monitoring and public-participation obligations that align with environmental and governance principles. Social considerations – such as community engagement, resettlement, cultural heritage and grievance mechanisms – are integrated into the EIA process and enforced through environmental licensing conditions.

Mining operators are increasingly adopting voluntary ESG standards, including IFC Performance Standards, ICMM Principles and corporate sustainability reporting practices, particularly for projects involving international lenders or multinational companies.

Overall, while no formal ESG-specific regulations exist for the mining sector, ESG-related obligations are embedded within the broader environmental and social regulatory framework and are reinforced through industry practice and investor expectations.

2.8 Illegal Mining

Illegal mining does occur in the Dominican Republic, but it is mainly associated with informal artisanal

and small-scale mining rather than large clandestine operations competing with industrial producers. While these activities can generate environmental impacts, safety risks and land-use conflicts, they are not materially disruptive to the country's industrial mineral production, which is dominated by a few large, fully regulated operations.

Government action focuses on formalisation and enforcement. The Specialised Environmental Prosecutor's Office (*Procuraduría Especializada para la Defensa del Medio Ambiente*) and the Environmental Compliance and Enforcement Directorate of the Ministry of Environment play a key role in investigating and sanctioning illegal extraction. Mining companies typically respond through site security, community engagement and co-operation with authorities to manage and reduce informal activity.

2.9 Good and Bad Examples of Community Relations/Consultation Impacting Mining Projects

The Dominican Republic presents both constructive and challenging examples of environmental and community relations in mining. On the positive side, local development mechanisms such as the *Consejo Provincial para la Administración de los Fondos Mineros de Sánchez Ramírez* (FOMISAR) – the provincial council responsible for managing a portion of mining revenues – are widely regarded as examples of effective tripartite governance, transparency and alignment with local priorities. Several companies have also implemented training programmes, local-content initiatives and continuous engagement strategies that strengthen social licences and reduce conflict.

Conversely, challenges persist. Independent studies have identified localised water-quality impacts associated with mining activities, reinforcing community concerns regarding contamination and long-term environmental management. An Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development (IGF) assessment further notes inconsistent consultation practices, limited integration of socio-economic planning into permitting, and public distrust where engagement is perceived as insufficient or overly procedural.

Overall, while the regulatory framework and industry practices have evolved, persistent gaps in early engagement, environmental oversight and communication can generate tension around new or expanding projects.

3. Climate Change, Energy Transition and Sustainable Development in Mining

3.1 Climate Change Effects

Climate policy is increasingly shaping how mining is planned, permitted and operated in the Dominican Republic. The country is highly vulnerable to extreme rainfall, hurricanes and water stress, and climate risk is expressly recognised in the National Development Strategy 2030 (Law No. 1-12) and in sectoral planning.

Although there is no mining-specific climate statute, Law No. 64-00 on Environment and Natural Resources requires comprehensive EIAs, and climate-related factors – flooding, erosion, hydrology and water quality – are increasingly scrutinised for large mining projects. Independent studies in mining districts have highlighted the sensitivity of water bodies to cumulative impacts, which reinforces regulatory emphasis on water management, tailings stability and baseline monitoring.

At the policy level, the National Climate Change Policy (Decree No. 269-15), the National Adaptation Plan 2015–2030 (PNACC-RD) and the national MRV system for greenhouse gases (Decree No. 541-20) promote mainstreaming climate adaptation and mitigation across sectors, including mining.

In practice, climate initiatives are translating into stricter EIA terms of reference, greater attention to drainage and extreme-event design criteria and growing expectations – especially from lenders and international partners – that mines reduce reliance on fossil electricity and align with lower-carbon, more resilient operating models.

3.2 Climate Change Legislation and Proposals Related to Mining

The Dominican Republic's climate framework consists of international commitments and domestic instruments that indirectly regulate mining. Internationally, the country is party to the United Nations Framework Convention on Climate Change, the Kyoto Protocol and the Paris Agreement, which underpin national mitigation targets and reporting obligations.

Domestically, Law No. 64-00 on Environment and Natural Resources establishes the environmental licensing system through which climate-related risks are assessed for mining and other high-impact projects. Law No. 1-12 elevates climate change, disaster risk reduction and sustainable natural-resource use to national policy objectives. Climate governance is supported by Decree No. 601-08, which created the National Council for Climate Change (revamped to include carbon-market functions), Decree No. 269-15 adopting the National Climate Change Policy, and Decree No. 541-20 establishing the national greenhouse-gas MRV system. The National Adaptation Plan (PNACC-RD 2015–2030) provides sectoral guidance, with water resources and land-use management – key mining interfaces – identified as priorities.

Additionally, Law No. 57-07 on Renewable Energy Incentives promotes decarbonisation of the national grid, indirectly influencing the energy profile of mining operations. While no stand-alone climate-and-mining law exists, climate considerations are increasingly embedded in environmental permitting, sectoral planning and financing standards relevant to the mining industry.

3.3 Sustainable Development Initiatives Related to Mining

Sustainable development considerations are fully integrated into the Dominican Republic's policy framework. The National Development Strategy and the National Adaptation Plan incorporate environmental protection, climate resilience and social equity across all sectors, including mining. In the energy sector, Law No. 57-07 promotes renewable-energy development through tax incentives and tariff benefits, indirectly supporting the decarbonisation of mining operations.

The country also participates in the Extractive Industries Transparency Initiative, which enhances transparency and accountability in the extractive sector. Additionally, through its collaboration with the IGF, the government has reviewed its legal and policy framework to strengthen community development, mine closure planning, artisanal mining governance and socio-economic benefit optimisation.

3.4 Energy-Transition Minerals

The Dominican Republic has taken concrete steps to prioritise strategic and energy-transition minerals, particularly rare earth elements (REEs). Decree No. 430-18 established a state-controlled mining reserve for REE exploration in Pedernales. Decree No. 453-24 created EMIDOM, a state-owned enterprise tasked with promoting the sustainable development of strategic minerals. Most recently, Decree No. 388-25 designated critical minerals and rare earths as matters of national security and established a national oversight council.

Although there is not yet a comprehensive critical-minerals statute, these measures demonstrate a clear policy direction emphasising state leadership, strengthened contractual oversight, and alignment with environmental and climate objectives in the development of strategic mineral resources.

4. Taxation of Mining and Exploration

4.1 Mining and Exploration Duties, Royalties and Taxes

The Dominican Republic applies a mixed fiscal regime to mining activities, combining royalties, general taxes and complementary fiscal obligations. Under Article 117 of Mining Law No. 146-71, concession holders must pay a mining royalty calculated on the value of the extracted mineral. This royalty is typically structured as an ad valorem percentage of the gross value at the mine mouth. However, for large-scale metallic mining projects, special fiscal regimes – such as those implemented for Barrick Pueblo Viejo and Falcondo – introduce profit-based components, including Net Smelter Return, net profits taxes and special participations. These schemes generally arise from special contracts with the State, which must be approved by

Congress. In practice, although the general rule is a revenue-based royalty, major mining projects often operate under a negotiated hybrid system designed to ensure long-term fiscal stability.

Regarding income taxation, mining companies are subject to the standard corporate income tax rate of 27%, with no distinctions between domestic and foreign companies. Dominican tax legislation does not differentiate based on the investor's nationality.

In addition to royalties and income tax, mining projects are subject to several other significant fiscal obligations. These include the 1% Assets Tax, from which companies may benefit through exemptions during the construction phase or when the income tax payable exceeds the assets tax; the 18% ITBIS (VAT), for which credits may be claimed on capital goods and exploration-related expenditures; withholding taxes applicable to cross-border payments (including interest, services and dividends); and municipal taxes, such as municipal business licences.

Finally, it is important to emphasise that the country guarantees equal treatment for national and foreign investors. This principle is upheld by the Constitution (Article 221), Foreign Investment Law No. 16-95 and international commitments under the Dominican Republic–Central America–United States Free Trade Agreement (DR-CAFTA), all of which ensure non-discriminatory access and parity of conditions in the fiscal and regulatory treatment of investors.

4.2 Tax Incentives for Mining Investors and Projects

The Dominican Republic provides a range of tax incentives aimed at supporting mining investment, both during the exploration stage and throughout project development and extraction. These incentives seek to ease the financial burden of early-stage exploration, promote capital investment and ensure the long-term viability of mining operations in the country.

During the exploration phase, investors benefit from several important fiscal advantages. Equipment, machinery, drilling tools, vehicles and exploration consumables can generally be brought into the country under temporary import regimes with reduced or

exempted customs duties, significantly lowering upfront costs. Additionally, the ITBIS (VAT) paid during exploration activities may be accumulated as a credit, reducing future tax liabilities once the project begins generating income. Exploration expenditures may also be capitalised and amortised over a period of up to ten years, in line with the prevailing practice of the Dominican Tax Administration (DGII), allowing companies to match their deductions with the longer-term nature of mining investment.

Once a project advances into development and extraction, the tax system continues to offer supportive measures. Companies may apply accelerated depreciation under Articles 289 and 290 of the Tax Code (Law No. 11-92), enabling them to recover capital costs more efficiently. Mining operators may also qualify for an exemption from the 1% Assets Tax during the construction and start-up periods – an important relief for capital-intensive projects. In certain cases, mining or metallurgical activities that fall within the scope of non-traditional exports may also be eligible for special Free Zone regimes, which provide additional tax benefits.

The Dominican Republic also recognises the importance of long-term fiscal predictability for large-scale projects. For this reason, tax stabilisation agreements are available, typically in the form of special contracts with the State. These agreements, which must be approved by Congress, may stabilise key fiscal parameters – such as royalties, income tax rates and customs treatment – over the life of the project. In practice, stabilisation clauses are a central component of major metallic mining contracts, offering both investors and the State greater certainty and reducing exposure to regulatory or fiscal volatility.

4.3 Transfer Tax and Capital Gains on the Sale of Mining Projects

The Dominican Republic does not impose a specific transfer tax on the sale or assignment of a mining concession. Mining rights are administrative concessions, not real property, so their transfer does not trigger real estate transfer taxes or stamp duties. However, any change of ownership requires formal approval from the DGM and the MEM, and is subject to the fees

established under Mining Law No. 146-71 and Resolution No. 035-2016.

Although no transfer tax applies, the sale of a mining project may generate capital gains, which are taxable under the general regime of the Tax Code at the standard 27% corporate income tax rate. Capital gains taxation applies to the sale of the concession itself, shares of the local operating company, and related tangible or intangible assets. These rules apply equally to Dominican and foreign investors.

Mining operators remain subject to sector-specific fiscal obligations under the Mining Law, including the annual mining patent, the 5% royalty on exports of minerals in natural or concentrate form (creditable against income tax), and the general income tax. Additional charges include the DOP0.10 per cubic metre extraction tax under Law No. 123-71 and various environmental fees under Decree No. 145-03 and Resolution No. 0011-16, regardless of whether a transfer takes place.

Importantly, capital gains rules also extend to indirect or offshore transfers. If a foreign entity sells shares in another foreign vehicle whose principal asset is a Dominican mining concession, the DGII may consider the gain Dominican-source income. The DGII relies on the source-of-income rules (Art. 269), the substance-over-form doctrine (Art. 2) and anti-avoidance principles. Scrutiny increases where the Dominican asset represents a significant portion of the group's value or where the holding company is a special-purpose vehicle.

In short, while no transfer tax applies to mining concessions, the sale of mining projects – whether direct or through offshore structures – may be taxable, and the DGII has authority to assert taxing rights when Dominican mining assets are effectively transferred. Investors should anticipate regulatory approvals, documentation requirements and potential DGII review when structuring these transactions.

5. Mining Investment and Finance

5.1 Attracting Investment for Mining

The Dominican Republic offers a combination of legal stability, mineral potential and investor-friendly policies that make it an attractive destination for mining investment. Several key features contribute to this favourable environment.

First, the country operates under a clear and structured legal framework for mining, primarily governed by Mining Law No. 146-71, the Tax Code and Foreign Investment Law No. 16-95. These laws provide legal certainty, define concession rights, and ensure equal treatment of national and foreign investors. Mining concessions are granted on a first-come, first-served basis, and once awarded, they grant exclusive rights for exploration or exploitation, with long durations and renewal options.

Second, the Dominican Republic offers fiscal and economic incentives that support investment across the project life cycle, including duty relief for exploration equipment, VAT credits, accelerated depreciation, exemptions from the 1% Assets Tax during construction, and the possibility of negotiating tax stabilisation agreements for large-scale or strategic projects. The country also maintains transparency mechanisms and refund procedures administered by the DGII.

Third, the regulatory environment provides investors with security of tenure and transparent procedures before the DGM, the MEM and the Ministry of Environment. Although permitting is rigorous – especially for environmental authorisations – it is predictable and grounded in established norms, including Law 64-00 on Environment and Natural Resources.

Fourth, the Dominican Republic promotes mining investment through its open foreign investment regime, which imposes no sector-specific ownership restrictions and allows 100% foreign participation. Investors enjoy protections under various international treaties, including DR-CAFTA and multiple bilateral investment treaties (BITs), as well as access to international arbitration mechanisms.

Finally, the country benefits from solid infrastructure, a skilled workforce, and an established track record with major multinational mining operations. A stable macroeconomic environment, competitive energy options and proximity to North American markets further reinforce the country's attractiveness as a mining investment destination.

5.2 Foreign Investment Restrictions and Approvals in the Exploration and Mining Sectors

The Dominican Republic has an open foreign investment regime, and there are no special approval requirements or restrictions for foreign participation in exploration or mining.

Foreign investors may own 100% of mining companies and can apply for, hold and transfer mining concessions under the same conditions as local investors.

Foreign investment does not require prior authorisation – only a simple post-registration with ProDominicana for statistical purposes. The main constitutional limitation applies to the purchase of real property in border zones, but this does not restrict foreign ownership of mining concessions, which are administrative rights rather than land.

Protections for foreign investors are reinforced through national treatment guarantees, Foreign Investment Law No. 16-95, DR-CAFTA and various BITs.

5.3 International Treaties Related to Exploration and Mining

The Dominican Republic is party to several multilateral and bilateral treaties that provide robust protections for foreign investment in the mining and exploration sectors.

First, as a member of DR-CAFTA, the country grants investors national treatment, most-favoured-nation (MFN) treatment, protection against unlawful expropriation, fair and equitable treatment, and access to investor–state arbitration under ICSID or UNCITRAL rules. These protections apply to mining and natural resource investments.

Second, the Dominican Republic has executed multiple BITs with countries including Spain, Canada, France, Switzerland, the Netherlands, South Korea and Taiwan, among others. These BITs provide guarantees such as non-discrimination, full protection and security, free transfer of capital, and recourse to international arbitration.

In addition, the Dominican Republic is a contracting state to the ICSID Convention, allowing foreign mining investors to bring claims directly against the State before international tribunals.

Together, these treaties ensure that foreign investors in the mining and exploration sectors benefit from strong legal protections, international dispute resolution mechanisms and guarantees of fair treatment.

5.4 Sources of Finance for Exploration, Development and Mining

Mining activities in the Dominican Republic are generally financed through a combination of equity contributions, private investment and international capital markets, reflecting the high capital requirements and risk profile of the sector.

First, equity financing from foreign parent companies remains one of the primary sources of funding, particularly during the exploration phase. Exploration activities, which typically do not generate revenue and carry significant geological risk, are most commonly supported through shareholder capital injections rather than debt financing.

Second, mining companies – especially junior and mid-tier operators – frequently obtain financing through private equity funds and public capital markets.

Third, large-scale mining projects typically rely on project finance structures, in which lending is secured primarily by the future cash flows of the project rather than by the general credit of the sponsoring company. Such structures customarily combine financing from commercial banks with participation from multilateral financial institutions.

Given the still-developing nature of the Dominican local capital market, domestic financing plays a comparatively limited role and is more common in the context of late-stage development, operational expansions or working capital needs rather than early-stage exploration.

In sum, mining financing in the Dominican Republic is predominantly sourced from international capital providers, global stock exchanges, private investment vehicles and multilateral lenders, with the structure of financing varying according to the project's stage of development and risk profile.

5.5 Role of Domestic and International Securities Markets in the Financing of Exploration, Development and Mining

Domestic securities markets in the Dominican Republic play a limited role in financing exploration and mining. The local capital market is relatively small and primarily oriented towards government bonds, financial institutions, and corporate debt from established local companies. As a result, early-stage exploration companies and large mining developers rarely rely on Dominican exchanges for equity or long-term project funding.

For large-scale projects, international markets also support debt financing, often in combination with project finance structures involving commercial banks and multilateral lenders.

5.6 Security Over Mining Tenements and Related Assets

Under Dominican law, mining concessions are treated as real and transferable rights, and they may serve as collateral in financing transactions, subject to specific regulatory requirements. Mining Law No. 146-71 expressly permits the creation of mining mortgages (*hipotecas mineras*) over exploration and exploitation concessions, allowing lenders to take security interests in these rights. Any encumbrance, however, must receive prior authorisation from the DGM and be registered in the Mining Registry, in accordance with Articles 89–96 of the Mining Law.

In addition to the concession itself, lenders may take security over related assets, including surface rights,

buildings, processing plants, equipment, machinery, vehicles and receivables. These security interests are perfected through registration in the corresponding systems:

- the Registry of Titles for real property interests;
- the Movable Property Registry (*Garante Mobiliaria*) for equipment and contract rights; and
- the Mining Registry for rights directly associated with the concession.

In project finance structures, security packages often extend to shares of the local operating company, bank accounts, off-take contracts and insurance proceeds. Share pledges are governed by the Commercial Code and perfected through endorsement and registration before the Chamber of Commerce and Production.

Foreclosure on mining concessions requires regulatory oversight, as the State must approve any transfer or assignment of concession rights. As a result, enforcement actions must comply with both the general rules on secured transactions and the administrative procedures governing changes of control over mining rights. The State may refuse transfers to entities that do not meet the legal and technical qualifications required of concessionaires.

In summary, mining concessions and associated assets in the Dominican Republic can be pledged as security, but such arrangements are subject to mandatory governmental approval, specialised registration requirements, and administrative constraints on enforcement and transfer.

6. Mining: Outlook and Trends

6.1 Two-Year Forecast for the Mining Sector

Over the next two years, the Dominican Republic's mining sector is expected to evolve through a combination of regulatory modernisation, strategic focus on critical minerals and continued strengthening of ESG standards.

A key development will be the government's ongoing work to update Mining Law No. 146-71, aimed at modernising concession procedures, clarifying fiscal

terms, strengthening environmental and mine-closure obligations and improving institutional coordination. Although no draft has yet been formally advanced, legislative reform discussions are expected to gain momentum in the coming period.

The sector will also be shaped by the State's increasing focus on energy-transition minerals and rare earth elements (REEs). Through Decree No. 430-18, the Ávila area was designated a Fiscal Mining Reserve for REE evaluation, and Decree No. 453-24 created the State-owned EMIDOM to lead strategic mineral development, including REEs, either independently or in partnership with private operators.

These measures are expected to drive expanded geological mapping, exploratory work in REE-prospective zones and the potential creation of additional fiscal reserves or special contractual regimes.

Environmental and climate regulation will continue to be tightened. Operators should expect more rigorous requirements related to water management, tailings facilities, emissions reporting, rehabilitation and closure planning, aligned with national climate resilience and carbon neutrality commitments.

In the non-metallic segment, regulatory developments include the Ministry of Environment's updated procedure for extraction authorisations, which now allows permits to be granted for up to two years, reflecting an effort to streamline the permitting system while enhancing regulatory oversight and sustainability performance.

Overall, the sector is anticipated to remain stable but be increasingly shaped by:

- the forthcoming modernisation of the mining legal framework;
- the strategic development of rare earths through EMIDOM; and
- progressively stronger ESG standards.

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