

Executive Regulation of the Mining

Chapter 1- Exploration

Article 1. Executive of any type of mineral exploration works by the public, cooperative and private (Iranian / foreign) sectors shall require obtaining exploration license from the Ministry of Mines and metals.

Article 2. the maximum area of each exploration license shall be forty (40) square kilometres.

Note 1: the area of the exploration license must not exceed six (6) square kilometers for first category mineral substances and four (4) square kilometers for decorative stones.

Note 2: in special cases, a greater area shall be determined for exploration with the approval of the minister of mines and metals.

Article 3. The period of validity of the exploration license shall be one year as of the date of issue.

Note: this period shall be extended in the case of second category mines, as the case may be, upon the discretion of the Ministry of Mines and metals.

Article 4. All natural and juridical persons applying for exploration license must submit the applications thereof to the Ministry of Mines and metals as per the related form which shall be placed at the disposal same by the said ministry enclosed with the related documentation and maps against receipt. note 1: first category mineral substances and decorative stones exploration license applicants shall be obligated to specify the type of mineral substance applied for in the application form. note 2: natural persons subject of this article must have attained the age of maturity.

Article 5. The application received shall be registered by the Ministry of Mines and metals specifying the hour and date of receipt, and the receipt thereof presented to the applicant.

Note: The Ministry of Mines and metals shall be obligated to record the time and date of receipt of the application on a copy of the maps submitted by the applicant and to place same at the disposal of the applicant forthwith following seal and signature.

Article 6. Following verification of conformity of the area applied for with the related original map, should the area applied for be entirely or partially free, the free part of the area subject of application shall be recorded in the name of the applicant by the Ministry of Mines and metals observing the purport of article ii of the mining act and the specifications of the registered area shall be notified to the applicant within a maximum of seven (7) work days.

Note: Free area is an area, which has not been assigned for execution of exploration or exploitation activities.

Article 7. The exploration applicant shall be obligated to undertake performance of the following within a maximum of two (2) months as of the date of notification of registration of the area and to forward them together with related documentation to the Ministry of Mines and metals. otherwise, the rights pertaining to acceptance and registration of the application for issuance of exploration license shall be extinguished and the area shall be again deemed free:

a. completion and presentation of letter of undertaking in connection with execution of exploration works in accordance with technical principles and due observance of the criteria and terms of the

Ministry of Mines and metals.

b. nomination of the technical expert in charge of the works.

Article 8. The Ministry of Mines and metals shall undertake action with respect to placement of markers (in the presence of the applicant or the representative thereof and the technical expert of the works) and examination of the papers and documents presented within a maximum of two (2) months as of the date of receipt of the documents subject of article 7 of the by-laws, with due observance of the provisions of article 24 of the mining act, and issue the permit for compilation of the exploration plan in the name of the applicant in case of absence of discrepancies.

Note: The applicant shall be obligated to undertake compilation of the exploration plan within the framework of the directives provided by the Ministry of Mines and metals within a maximum of two (2) months following placement of markers, otherwise the right of priority thereof shall be extinguished.

Article 9. The Ministry of Mines and metals shall study the exploration plan, and in case of need for inspection the area of the plan undertake action toward dispatch of an expert to the location. should the plan be in conformity with the criteria of the present by-laws and the related directive, exploration license shall be issued in the name of the applicant within a maximum of twenty (20) days. in case of discrepancy in the exploration plan, the applicant shall have a maximum respite of one (1) month to remedy such discrepancy.

Article 10. The holder of the exploration license shall be obligated to execute exploration works in the operational area thereof within the respite provided in accordance with the provisions of these by-laws, the approved exploration plan and general regulations.

Article 11. The Ministry of Mines and metals may undertake macro and regional studies in connection with identification of mining potentials through utilization of advanced exploration technology. should preliminary exploration studies in tile region result in the finding of mineral substance or substances requiring systematic and more extensive exploration works, action must be taken in the following manner: a. where the region is free and the Ministry of Mines and metals wishes to undertake action directly or through subsidiary organizations or affiliated. governmental companies, exploration license shall be issued with due observance of the provisions of the by-laws. b. where the region encompasses the area of the mining works of natural or juridical persons in such manner that continuation of works would hinder the activities thereof, exploration of the region shall be assigned to the holder of the operations license by the Ministry of Mines and metals. in such case the necessary plan for continuation of works must be prepared and exploration works started by the said operations license holder within period of six (6) months, otherwise the Ministry of Mines and metals shall decide on continuation of exploration works with observing the rights of the holder of the operations license.

Note: Mining works comprise of exploration, equipping, extraction and ore dressing.

Article 12. Each natural person may hold one exploration license at a time. juridical persons may hold a number of licenses in case of approval of the technical and financial qualifications thereof by the Ministry of Mines and metals.

Article 13. The exploration license shall be transferable only once during the period of validity with due observance of the provisions of these by-laws and approval of the Ministry of Mines and metals. the transferee shall be committed and obligated to perform all the obligations of the transferor.

Note: Legal representatives of persons, such as banks, to whom the rights attached to the exploration license are transferred automatically, may in any case utilize the privileges of this

article.

Article 14. Following completion of exploration works with due observance of the provisions of these by-laws, the explorer shall be obligated to prepare a comprehensive report pertaining to finalization of works, duly signed by the individuals preparing the various parts thereof, and to submit same together with the following documentation and information to the Ministry of Mines and metals against receipt:

a. the volume of surface and sub-surface exploration works executed, such as road construction, building construction, earthwork and excavation, digging of trench, sump, well, exploration tunnel, etc., stating expenses incurred.

b. the amount of explosives and materials used, such as wood, iron and the likes thereof, stating costs thereof.

c. costs of preparation of maps, tests and expert services.

d cost of ore dressing and processing tests, industrial tests and other expenses.

e. the final report of the works, including the type or types of mineral substances, proved and possible amount of reserve, average grade of the mineral substance discovered and the related documentation in connection with the manner of reserve calculation method thereof enclosed with all the maps and results of sample analyses.

f. the initial techno-economic feasibility study report and the results thereof within the framework of the forms provided by the Ministry of Mines and metals. in case of non-submission of the report of finalization of exploration works by the holder of the exploration license within the respite provided, the exploration license thereof shall be cancelled and the Ministry of Mines and metals shall bear no obligation against expenses incurred.

Article 15. In cases where the exploration license is cancelled due to deficiency of the works and incapability of the exploration license holder or due to any other reason, and from the expert standpoint the continuation of works is deemed exigent, the Ministry of Mines and metals may, with due observance of the provisions of the by-laws of government transactions, complete the exploration works by selection of subsidiary government organizations and companies or other natural and juridical persons and issue discovery certificate in the name of the selected agent in case of discovery of mine.

Note: The selected agent shall be obligated to pay for the related expenditures borne by the exploration license holder at current prices.

Article 16. Following receipt of the report of completion exploration works, the Ministry of Mines and metals shall verify conformity of the report of the works executed by same with the provisions of these by-laws through study of the said report and dispatch of a technical expert group within a maximum of two (2) months, and in case of approval issue a discovery certificate in the name thereof.

Note 1: The area stated in discovery certificate shall comprise of locations wherein exploration works have been executed in accordance with the provisions of these by-laws and the existence of economic mineral deposits in the said area confirmed. upon issuance of discovery certificate the remainder of the area of the exploration license shall be rendered free.

Note 2: Should exploitation of each of the substances explored be independently feasible, a separate

discovery certificate shall be issued for each mineral substance within specific area with due regard to the amount of the reserve and technical and economic computations with respect to exploitation,

Note 3: Where exploration works do not result in the issuance of discovery certificate, the discovery certificate shall be automatically cancelled and the holder thereof shall have no further rights,

Note 4: Where the discovered deposit is not deemed sufficient by the Ministry of Mines and metals for issuance of discovery certificate, the said ministry may issue short-term exploitation permit for the proved deposit discovered which is approved by the said ministry, in such case, royalty shall be collected in accordance with the provisions of these by-laws.

Article 17. Should the report or exploration works prove deficient following checking the conformity thereof with the provisions of these by-laws, a respite shall be determined by the Ministry of Mines and metals for rectification of it by the holder of exploration license. in case of non-rectification of the deficiency by the end of the said respite, the exploration license shall be cancelled and no privilege shall be deemed for the holder thereof.

Article 18. In case the holder of the discovery certificate wishes to assign the said certificate to another, the application thereof together with the agreement of the parties and full particulars of the assignee must be submitted to the Ministry of Mines and metals prior to expiration of the respite provided in article 7 of the mining act. the said ministry, in case of approval, shall agree with the assignment of the discovery certificate and announce the agreement thereof for compilation of the document instrument of conveyance or assignment. the date of compilation of the document shall be deemed the official date of assignment of the discovery certificate and the assignment shall be obligated to present a copy of the said document to the Ministry of Mines and metals for recording of the assignment.

Article 19. Transportation of mineral substances derived from exploration works by the holder of exploration license for necessary tests shall be permissible with the authorization of the Ministry of Mines and metals and payment of royalty. note 1: the amount of sampling for various types of mineral substances shall be determined by the Ministry of Mines and metals. note 2: following completion of exploration works, the explorer may extract and transport the mineral substance or substances derived from exploration works with the authorization of the Ministry of Mines and metals and payment of royalty in accordance with the provisions of these by-laws.

Article 20. The holder of the discovery certificate shall be obligated to submit the application thereof for issuance of exploitation license, with due regard to the discovery certificate issued and studies undertaken in connection with the extraction potential of the mine from the technical and economic aspects, to the Ministry of Mines and metals in accordance with the provisions of these by-laws and directives of the Ministry of Mines and metals within the respite provided in article 8 of the mining act.

Note: In case of non-submission of exploitation application in time by the holder of the discovery certificate, the Ministry of Mines and metals may undertake designation of holder of exploitation license for the mine in accordance with the provisions of the mining act and these by-laws and to pay the rights of the mineral deposit explorer in accordance with the provisions of the note to article 8 of the act in the manner stipulated in these by-laws.

Article 21. Where, in execution of the provisions of article 8 of the mining act, mine exploitation license is issued in the name of a person other than the holder of the discovery certificate, the designated holder of exploration license shall be obligated to satisfy the holder of the discovery certificate prior to start of exploitation works in accordance with the provisions of the note to article 8 of the mining act. should the designated exploitation license holder fail to satisfy the holder of the discovery certificate within a period of six (6) months, the Ministry of Mines and metals shall

decide the matter based on the opinion of an official expert of the justice administration.

Chapter 2- Exploitation

Article 22. Applicants for exploitation of mineral deposits shall be obligated to prepare the applications thereof, together with the identification documents of the mine, exploitation plan and the required documentation in accordance with the directives issued and to submit same to the Ministry of Mines and metals for receipt of mineral deposit exploitation license. note 1: the mine identification document and the exploitation plan must include such points and information as are announced by the Ministry of Mines and metals. note 2: supply of the raw materials for industrial plants and plants consuming the mineral substance situated in the operational region of the mine, the activities whereof are in accordance with existing standards, shall have priority and the exploitation plan must include information and figures with respect to such plants. consuming industrial units refraining from provision of necessary information in connection with requirements of raw materials shall not enjoy the aforesaid priority.

Article 23. The Ministry of Mines and metals shall undertake action with respect to examination of the documentation and the exploitation plan within two (2) months and should the plan be comprehensive and complete and approved, exploitation license for the mine shall be issued on the basis of the identification document of the mine and the approved plan and notified to the exploitation license holder. in case of deficiency in the criteria or non- approval of the plan, the applicant shall be granted a respite of two (2) months to rectify the defects.

Note: Issue of exploitation license in the name of the holder of the discovery certificate shall be deemed as delivery of the mine to the holder of exploitation license and in other cases delivery of the mine shall be undertaken in accordance with the provisions of these by-laws.

Article 24. The applicant shall be obligated to undertake action with respect to presentation of guarantee of the royalty and the 3% natural resources subject of article 25 of the mining act (equal to six (6) months royalty) and to designate the technical expert in charge of the mining operations prior to issuance of exploitation license.

Note: The guarantee subject of this article shall be adjusted once every three (3) months commensurate with the approved royalty and should the holder of exploitation license has performed the obligations thereof shall be refunded at the end of the period of exploitation.

Article 25. The period of exploitation of the mine shall be determined by the Ministry of Mines and metals commensurate with the mine reserve, the approved exploitation plan and the exploitation potentials of the mine. the said period in an exploitation term shall be at the minimum twice the period of capital recovery on the basis of the exploitation plan and at the maximum, up to twenty-five (25) years.

Article 26. Should the holder of exploitation license wish to renew the exploitation license of the mine, he shall be obligated to submit the exploitation plan for the related period with due regard to the status of the mine reserve and its consumer market together, with the necessary documentation, to the Ministry of Mines and metals at least one year prior to expiration of the exploitation period.

Article 27. The Ministry of Mines and metals shall undertake action within a maximum of four (4) months with respect to dispatch of an expert to the mine and examination of the plan proposed by the holder of exploitation license and in case of absence of defect in the exploitation plan determine the terms for renewal and extension.

Note 1. Non-presentation of application for renewal of the exploitation license at the stipulated time shall be deemed as the disinclination of the holder of exploitation license and the Ministry of Mines

and metals must undertake action in connection with designation of the new holder of exploitation license of the mine prior to expiry of the period of exploitation in such manner that no interruption would occur in the exploitation of the mine.

Note 2. In case of deficiency in the plan, an appropriate respite of the duration whereof shall not exceed three (3) months shall be determined for the holder of exploitation license to rectify such deficiency, otherwise, the exploitation license shall not be extended.

Article 28. The exploitation license shall be transferable following obtainment of certificate of settlement of royalty from the Ministry of Mines and metals by the holder of exploitation license.

Note 1: The final date of transfer shall be the date of endorsement of the exploitation license in the name of the transferee by the Ministry of Mines and metals.

Note 2. Upon transfer of the exploitation license, all the related obligations and requirements shall be transferred to the transferee and the transferee shall be obligated to perform the related obligations in accordance with the provisions of the mining act, these by-laws and related directives.

Article 29. Financial institutions, such as banks, granting financial facilities to the holder of exploitation license may require same to grant the right of automatic transfer of the exploitation license in case of non-performance of the obligations to the institution party as mentioned in the contract with the holder of exploitation license. in such case, it shall be exigent that following drawing-up of the document a copy thereof be forwarded to the Ministry of Mines and metals so that the period of repayment of the loan and the amount thereof be endorsed on the exploitation license together with the other obligations of the holder of exploitation license.

Article 30. The exploitation license holders receiving financial facilities from financial institution, such as banks, for the purpose of execution of the mining plan or expansion thereof shall not have the right of displacement and transfer of the facilities and equipment installed at the mine as well as heavy machinery which have been mortgaged according to the contract entered by and between banks or financial institutions and the exploitation license holder unless they obtain the consent of the interested bank or financial institution.

Article 31. The Ministry of Mines and metals shall be obligated to prepare the specifications of active mines with record of exploitation with due regard to the criteria subject of article 12 of the mining act within one (1) month as of the date of approval of these by-laws and to report same to the council of ministers together with the necessary proposal thereof.

Note: Should the specifications of new mines discovered be in conformity with the provisions of article 12 of the mining act, the matter shall be reported to the council of ministers by the Ministry of Mines and metals for adoption of resolution.

Article 32. Short-term exploitation applicants subject of article 13 of the mining act must i submit the applications thereof including amount of extraction, exact location and area and period of exploitation to the Ministry of Mines and metals. short-term exploitation permit shall be issued by the Ministry of Mines and metals following examination, as the case may be, and in case, the mine is considered as an unclaimed one.

Article 33. The period of short-term exploitation permit of executors of development plans or the contractors thereof shall be commensurate with the period execution of the plans thereof. holders of such permits shall not have right of sale of the mineral substances subject of short-term exploitation and in case of violation of the provisions of this article, shall be subject to the provisions of article 20 of the mining act.

Article 34. In execution of the provisions of article 14. of the mining act, royalty of mines shall be determined by the Ministry of Mines and metals on the basis of the type of mineral substance, location of the mine, conditions and deprivation of the region, amount of capital investment, method of extraction, ore dressing and processing and as a result, the preferred profit of the holder of exploitation license shall be as follows:

a. in respect of underground mines, at the maximum up to six (6) percent of the run of mine price of the mineral substance.

b. in respect of open pit mines, at the maximum up to ten (10) percent of the run of mine price of the mineral substance.

c. in respect of mines exploited both form underground and open pit, at the maximum up to eight (8) percent of the run of mine price of the mineral substance.

Note 1: In mines requiring equipping and preparation, the holder of exploitation license shall be exempt from payment of royalty during the said period.

Note 2: The holder of exploitation license of each mine shall be obligated to deposit the royalty on the basis of extraction figures announced and the amount of extraction stated in the license to the account number which has been or will be opened by the treasury general to be carried to the general revenues account of the government.

Note 3: The run of mine price of the mineral substance shall be determined by the Ministry of Mines and metals on the basis of the average sale price of the mineral substance in the region. article 35: at the end of each year of exploitation, the holder of exploitation license shall be obligated to prepare a comprehensive report of the mine operations including the amount of extraction during the year separately for every quarter, income and expenditure, information pertaining to manpower, amount of overburden removal and the estimation of production and sale for the next year, stating the effective factors and to submit same to the Ministry of Mines and metals.

Note: the statistics pertaining to production and sale of mineral substances must be recorded systematically and kept at mine office.

Article 36. Within two 2: months as of the date of receipt of the mining operation report from holder of exploitation license, the Ministry of Mines and metals shall undertake necessary examinations and should the amount of extraction declared by the holder of exploitation license be unacceptable. the royalty shall be computed by the said ministry and notified to the holder of exploitation license to undertake action with respect to payment thereof. the assessment basis of the Ministry of Mines and metals shall be supervisory inspections. non-notification by the Ministry of Mines and metals within the respite provided shall be deemed as acceptance of the mining operations report of the holder of exploitation license.

Note: in case of non-submission of the mining operation report by the holder of exploitation license at the stipulated time, the Ministry of Mines as metals shall directly undertake computation and claim of royalty.

Article 37. Should the holder of exploitation license refrain from payment of royalty at the stipulated time, he shall be responsible for compensation of the damage due to late payment and in case the delay in payment exceeds one year, the royalty shall be drawn from the guarantee thereof and by grant of a six-month respite the holder of exploitation license shall be notified to undertake action with respect to renewal of the good performance guarantee, otherwise, in accordance with the provisions of article 20 of the mining act he shall be deemed unqualified for continuation of related

works.

Article 38. In case during the period of exploitation, the holder of exploitation license proves that with due regard to the status of the mine, quality and quantity of the mineral substance, sale market and other factors beyond the control thereof, that there is no possibility for execution of the exploitation plan and extraction in the committed amount during the remainder of the period of exploitation, he may submit the reasons and supportive documentation thereof to the Ministry of Mines and metals for amendment of the exploitation plan. the Ministry of Mines and metals, following examination of same, shall undertake action respect to determination of the new annual extraction rate with due regard to the facts, existing situation and the facilities and possibilities presented and duly notify the holder of exploitation license.

Note: Mines assigned by virtue of the provisions of note i of article 10 of the mining act shall be subject to the regulations pertaining thereto.

Article 39. Interruption of mine exploitation works for the purpose of exploration, preparation, equipping and establishment of new facilities or any other reason shall be subject to the approval and obtaining permission from the Ministry of Mines and metals and the holder of exploitation license shall not have the right to close down the mine or to decrease the activities thereof without the notification and approval of the Ministry of Mines and metals. closure of the mine for six (6) consecutive months without obtaining permission shall entail disqualification of the holder of exploitation license except in mines the extraction whereof is usually seasonal. note 1: the period of closure of the mine with the permission of the Ministry of Mines and metals shall be considered part of the exploitation period however; the holder of exploitation license shall be exempt from payment of royalty. during the said period protection of the mine shall be the responsibility of the holder of exploitation license. note 2: the obligations of holder of the exploitation license in connection with the provisions of this article shall be specified in the exploitation license.

Article 40. In the following cases the holder of exploitation license shall be dispossessed of the mine:

- a. exhaustion of the mine reserve, as confirmed by the Ministry of Mines ~ and metals.
- b. completions of the period of exploitation in cases where the conditions of the exploitation license holder for extension of the period of exploitation are not approved.
- c. disqualification of the holder of exploitation license due to non-performance of obligations.

Note: in cases where the former holder of exploitation license is dispossessed of the mine by virtue of the provisions of paragraphs b and c of this article, the Ministry of Mines and metals shall be obligated to undertake action within a period of six (6) months with respect to reactivation of the mine.

Article 41. The cases non-observance whereof shall cause disqualification or collection of damages are as follows:

1. non-observance of the provisions of these by-laws and supervisory directives, which may cause wastage and damage to mine deposits. non-observance of the provisions of mine safety and security by-laws endangering the health or hygiene of the workers.
2. non-exploitation and extraction per year in the amount determined in the approved plan with due observance of the previsions of these by-laws.

3. non-payment of royalty.

4. non-performance of the other obligations specified in the operations license and the identification card attached thereto.

Article 42. The responsibility of protection of the mine and the property used shall be born by the former holder of exploitation license until delivery thereof to the new holder of exploitation license. the period of the said responsibility must not exceed six (6) months as of the date of notification of the Ministry of Mines and metals pertaining to dispossession of the former holder of exploitation license. in case prior to delivery, damage is caused to the mine or the said property is spoiled or wasted and such damage is due to the negligence or fault of the holder of exploitation license, such must be compensated by it.

Note: in case the mine is not delivered within the respite provided in this article, the former holder of exploitation license shall be obligated to deliver the mine to the representative of the Ministry of Mines and metals.

Article 43. Dispossession of a mine and deliver thereof by one exploitation license holder to another, shall be undertaken under the supervision of the Ministry of Mines and metals and by virtue of a process verbal which shall be duly signed by both exploitation license holders and the representative of the Ministry of Mines and metals.

Article 44. The mine exploitation license and the area thereof shall not be divisible and the holder of exploitation license shall not have the right to transact or assign it to another in smaller parts.

Note: the Ministry of Mines and metals may divide the area of unclaimed mines to smaller parts.

Article 45. The holder of exploitation license shall only be authorized to exploit and extract such group of mineral substances as have been specified in the exploitation license. should during mining works within the area of the exploitation license the holder of exploitation license come upon mineral substances other than those specified in the exploitation license, he shall be obligated to duly notify the Ministry of Mines and metals in order to, in case of approval, exploitation of the new mineral substances may be undertaken with due observance of the provisions of these by- laws.

Chapter 3 - Processing

Article 46. The ore dressing, processing and metallurgic unit is a unit the subject of activities whereof is governed by the definition provided in paragraphs m and n article i of the mining act and subject of article 1 of the foundation act of Ministry of Mines and metals, and the products thereof are consumed by various industries.

Article 47. Establishment and expansion permits and exploitation licenses of the foregoing, units and independent research units shall be issued by the Ministry of Mines and metals in accordance with the provisions of these by-laws.

Article 48. Applicants for establishment of ore dressing, processing and metallurgic unities as well as independent research units must submit the applications thereof to the Ministry of Mines and metals together with the techno-economic feasibility study with due regard to the criteria and directives which shall be prepared and notified by the said ministry.

Article 49. The Ministry of Mines and metals shall undertake examination of the documentation and the related proposal within a period of three (3) months and issue establishment permit in the name of the applicant. in case of deficiency in the documentation or non-approval of the proposal, a

respite shall be granted to the applicants for rectification of such deficiencies.

Article 50. The holder of the establishment permit must undertake action within the respite provided and in accordance with the proposal schedule with respect to execution of construction works and other executive works for obtaining exploitation license on the basis of the criteria specified in the general conditions. note 1: the criteria, regulations and general conditions specified in the processing establishment permit shall be an integral part of the permit and execution prescribed. note 2: should the holder of the establishment permit fail to undertake the necessary actions toward execution of the project within the respite provided, the establishment permit shall be cancelled.

Article 51. At such time as the project has reached the experimental production stage, the holder of the establishment permit shall be obligated to submit the application thereof together with the report of execution of works to the Ministry of Mines and metals for obtaining the exploitation license of the processing unit.

Article 52. For the purpose of direction and protection of investment in the mining sector, the Ministry of Mines and metals shall be obligated to rank the priority of mineral substances processing activities every year with due regard to the macro policies and requirements of the country, foreseeing, and undertaking the required researches, feasibility studies, preparation of typical plans and pilot plant construction commensurate therewith and to plan the necessary allocation in the annual budget and to expend same.

Chapter 4 - Conformity and general provisions

Article 53. With respect to the shortage of domestic possibilities regarding the supply and manufacture of spare parts and mining equipment and machinery, the Ministry of Mines and metals shall be obligated to cooperate with the ministry of industry toward solution of the above said problem and achievement of self- sufficiency in manufacturing mining machineries and, until realization of same, to project every year in the foreign currency budgetary quota thereof the currency required for importing mining sector machinery.

Article 54. For the purpose of development of processing and export of mineral substances as well as expansion of exploration and exploitation activities, the equipment and machinery required for mining works imported with approval of the Ministry of Mines and metals, shall be exempt from commercial benefit tax.

Article 55. For the purpose of protection and reduction of investment in the expansion of the mining and metals sector, import of used equipment with approval of the Ministry of Mines and metals shall be permissible.

Article 56. All agreements in principle and exploration permits issued prior to the date of approval of these by-laws, valid with respect to period and other conditions, shall be deemed as exploration license following the stage of approval of the exploration plan and the holder thereof shall enjoy the privileges provided in the mining act and these by-laws.

Article 57. In case of confirmation of performance of the obligations of holders of exploitation licenses or extraction and sale contracts, the Ministry of Mines and metals shall undertake action to conform and issue new licenses by virtue of the provisions of these by-laws.

Article 58. The Ministry of Mines and metals, in case of confirmation of performance of the obligations of holders of exploitation licenses or extraction and sale contracts and where the period of the licenses or contracts whereof has expired as at the date of approval of these by-laws or which shall shortly expire there after, shall grant an appropriate respite to conform the status thereof, with the provisions of these by- laws and at the same time, to execute the exploitation works by payment

of royalty.

Note: In case of failure of the holder of the exploitation license or extraction and sale contract to present the necessary documentation required by the Ministry of Mines and metals within the respite provided, the said ministry shall undertake action with respect to designation of new holder of exploitation license.

Article 59. In case marketable mineral substances are obtained as a result of unauthorized works, the Ministry of Mines and metals shall be obligated, at the same time to act in accordance with the provisions of article 19 of the mining act and to undertake action with respect to sale thereof according to related regulations and in case of exigency of continuation of mining works at the said location, to designate an exploration or exploitation agent, as the case may be, with due observance of the provisions of the mining act and these by-laws.

Article 60. Should holders of exploration or exploitation licenses be obliged to utilize cultivated lands and orchards and to change the usage of such lands in the course of the works, observance of the provisions of the law of protection and usage of lands, enacted in 1995, shall be obligatory. in such cases, if necessary, a representative of the Ministry of Mines and metals shall be invited to participate in the commission subject of note i of article 1 of the aforesaid law to furnish explanations.

Article 61. In execution of the provisions of article 28 of the mining act, the ministries of power, road and transportation, construction jihad, post and telegraph, oil, interior, commerce and other related agencies shall be obligated, in the execution of the development and infrastructure projects and plans thereof, to include such regions wherein mining works should be undertaken and the geographical location and agents whereof are designated and nominated by the Ministry of Mines and metals, in the priorities thereof with respect to supply of water, electricity, gas, telephone and also construction of appropriate connecting roads for transportation of mineral substances and export thereof and to furnish the Ministry of Mines and metals with the necessary cooperation toward development of the mining sector.

Article 62. The schedule of damages arising from late payment of royalty is determined as herein below:

1. up to six (6) months delay, the equivalent of one (1) percent of finalized claims for each month delay.
2. from six (6) months up to one (1) year delay, the equivalent of two (2) percent of finalized claims per each month delay in excess of six (6) months.
3. from one (1) year delay and over, the equivalent of three (3) percent of finalized claims for every month of delay in excess of one year.

Article 63. Execution of exploration and exploitation activities shall require observance of environmental regulations.

Chapter 5 - Supervision

Article 64. In performance of the commitments and obligations of holders of exploitation licenses, the Ministry of Mines and metals shall supervise execution of mining works by virtue of the provisions of the mining act, the executive by-laws thereof, as well as the directives issued. supervision of mining works shall include all such supervisory affairs entailing the health, hygiene and safety of mine employees and workers, observance of the approved plan, performance of obligations of the holder of the exploitation license, checking the operations of the technical expert

in charge of the works, protection and safeguarding of mineral deposits, optimum exploitation of mineral deposits and other instances resulting in the effective execution of the provisions of the mining act and these by-laws as well as observance of safety and security measures in mines.

Note: The supervision criteria shall be compiled by the Ministry of Mines and metals and submitted to applicants for observance upon issuance of licenses.

Article 65. Mining works must be carried out under the supervision of the technical expert and the safety and security expert at the mine. cases of exception shall be established by the Ministry of Mines and metals.

Note: Until enactment and ratification of the law of mine engineering principles and related by-laws thereof, the criteria and scope of responsibility of technical experts of mines shall be determined by the Ministry of Mines and metals and for the safety and security experts shall be designated by the ministry of labour and social affairs in coordination with the Ministry of Mines and metals.

Article 66. The technical expert in charge of the works is the individual responsible for administration of all technical affairs of the mine who shall be selected by the holder of the exploitation license from among qualified individuals and nominated to the Ministry of Mines and metals.

Note: In cases where the holder of the operations license is personally qualified to undertake the technical responsibility of the mine, he may bear such responsibility.

Article 67. In case of occurrence of accident, the holder of exploitation operation license, his representative or the technical expert in charge of the mine shall be obligated to report the matter to legal authorities for with and to inform the Ministry of Mines and metals expeditiously of the accident.

Article 68. By virtue of the provisions of paragraph 3 of the labour safety and hygiene by-laws, in all mines with over twenty-five (25) workers, the works must be executed under the supervision of a qualified safety and security expert and in mines with less than twenty-five (25) workers, such responsibility shall be born by the individual in charge or the technical expert of the mine. in any case, presence of i' safety and security expert or technical expert in charge of the mine shall not obviate the legal responsibilities of the holder of the operations license.

Note: Technical experts, whose qualifications are approved by the ministry of labour and social affairs, may simultaneously undertake the safety and security responsibility of mines.

Article 69. The Ministry of Mines and metals shall utilize the services of qualified natural and juridical persons as supervision engineers for the purpose of supervision and checking of mining works throughout the country.

Article 70. Holders of mining operation licenses shall be obligated to keep at the pithead the necessary documentation in accordance with directives issued and to have same ready for presentation to the mine supervision engineer or the experts and representatives of the Ministry of Mines and metals upon refer to and inspection of the mine.

Note: The mine supervision engineers and experts dispatched by the Ministry of Mines and metals may inspect various parts of the mine and the facilities thereof and the holder of the exploitation license or the representative thereof shall be obligated to cooperate with them.

Article 71. Technical principles of mining comprise the knowledge, criteria and directives used for

execution of mining works, including exploration, mine preparation and equipping, extraction and ore dressing, which must be compiled and notified by the Ministry of Mines and metals.

Note: Such group of holders of operation licenses intending to conform the activities thereof with technical principles of mining or international standards shall enjoy the support of the Ministry of Mines and metals.

Article 72. Extraction of decorative stones must be undertaken with technical and advanced methods and utilization of explosive materials in the extraction thereof shall be prohibited, except in special cases and with the approval of the Ministry of Mines and metals.

Article 73. In case of non-observance of technical and extraction safety principles of the mine and proof of violation of the holder of the exploitation license in performing the related obligations, action shall be taken by the Ministry of Mines and metals in accordance with the provisions of these by-laws, by virtue of article 20 of the mining act with respect thereto.

Article 74. In execution of the provisions of these by-laws, necessary directives shall be compiled and notified by the Ministry of Mines and metals.

Article 75. Upon approval of these by-laws, previous by-laws pertaining to mining and later amendments thereof as well as other by-laws, in contrary parts, shall be repealed. this present approval received the confirmation of the president on 23.12.1377 [14.03.1999].