

Raising Investor Awareness

For Building Materials Quarry
Exploitation License Investors

Mar 2025



Contents

-  **Saudi Mining Services Company (Esnad)**

-  **Mining minerals and ores**

-  **Building materials quarry licenses**

-  **Utilizing building material ores for public and private projects**

-  **Regulatory timelines for provided services**

-  **Special requirements for amendment requests**



الشركة السعودية لخدمات التعدين
SAUDI MINING SERVICES CO.

Saudi Mining Services Company (Esnad)

Introduction

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A Future Vision for the Mining Sector

The Saudi Mining Services Company Esnad was established in 2020 as a main enabling arm of the mining sector within the objectives of Vision 2030, to lead transformation in the mining field through innovation, enhancing investor experience, and sustainably growing the industry. The National Mining Strategy has been approved with the aim of increasing the mining sector's contribution to the Gross Domestic Product (GDP) and strengthening its role as the third pillar of industry and economy in the Kingdom, alongside oil and petrochemicals.



Partnership



Teamwork



Sustainability



Flexibility &
Efficiency



Added value



Saudi Mining Services Company (Esnad)

Esnad is a key enabler for the mining sector in the Kingdom of Saudi Arabia. It enhances the sector's contribution to gross domestic product (GDP) and establishes mining as the **third pillar of Saudi Arabia's economy**, leading transformation in the mining field through innovative services, efficient management, operational excellence, leading digital transformation, and enabling sustainable growth in the mining sector.

Our Contributions to the Development of the Mining Sector

Mining. Purpose. Passion

Esnad works on facilitating and developing procedures related to the mining sector—one of the main pillars of economic development in Saudi Arabia —by activating its role as a primary business provider for investors in the mining sector. In 2023, the sector achieved revenues amounting to 1.8 billion, reinforcing the company's direction towards digital transformation and infrastructure development through automating processes and increasing efficiency and quality of output.

The company is keen to reduce the environmental impact of mining activities by ensuring investor compliance with sustainability requirements, benefiting the sector and achieving harmony between sustainable development goals and company objectives. Esnad strives in all its activities to support the realization of Saudi Vision 2030 and align with the National Industrial and Logistics Strategy, aiming to maximize the value generated from the mining sector and enhance its utilization.



About the Mining System and Regulations

The Kingdom of Saudi Arabia has issued a new mining investment law and regulations to organize the mining sector within the country. The Ministry of Industry and Mineral Resources is the governmental entity responsible for ensuring compliance with the Mining Investment Law. Investors can obtain a detailed copy of the law and its regulations by visiting the Ministry's website.



Mining Investment Law (2020)

The Mining Investment Law includes licensing provisions, sustainability requirements, financing mechanisms, and monitoring and inspection regulations.



Executive Regulations of the Mining Investment Law (2021)

- Define mechanisms that enhance responsibility, transparency, efficiency, effectiveness, responsiveness, and application of the law
- Set clear licensing procedures based on fairness and transparency to build trust for decision-making
- Strengthen the stability necessary for the development of mineral deposits to benefit stakeholders
- Ensure efficiency in operations conducted under mining activities
- Establish effective mechanisms for dispute resolution



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Mining Minerals and Ores

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Mining minerals and ores

A

Metallic minerals, gemstones, and ores requiring advanced processing.

Key examples:

Category

• Gold • Aluminum • Copper • Phosphate

B

Non-metallic minerals, industrial minerals, and raw materials used as industrial inputs.

Key examples:

Category

• Limestone • Feldspar • Kaolin • Gypsum

C

Materials commonly found in nature and used as raw building materials.

Key examples:

Category

• Aggregate • Fill materials • Sand and gravel • Decorative stones and rocks



Mining Complexes Across the Kingdom of Saudi Arabia

Esnad supervises mining complexes across regions of the Kingdom to enhance 24/7 regulatory oversight and improve service quality.

Esnad has developed 12 mining complexes around Saudi Arabia, serving 516 building material licenses, representing 32% of the total building materials quarry licenses.





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Building Materials Quarry Licenses

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Building materials quarry licenses

Overview

A license that entitles its holder to conduct mining activities in a designated area to exploit Class (C) minerals used for construction purposes, as classified in the regulations.

License Provisions

Mineral Type	C
Maximum license area*	1 km ²
Maximum license duration*	10 years
Maximum Renewal duration	5 years for each renewal
Maximum number of renewals	None
Application fee	10,000 SAR
License issuance fee	20,000 SAR
Annual surface rental fees	10,000 – 25,000 SAR (depending on area)
Financial compensation	Applicable based on mineral/ore type and extracted quantity

License Application Requirements

- Complete the application form.
- Submit a work program plan.
- Provide proof of financial capability.
- Provide proof of technical capability.
- Submit an environmental and social impact management plan.
- Provide financial guarantee for rehabilitation and closure.
- Submit an environmental permit.
- Pay the required fees.

License Requirements

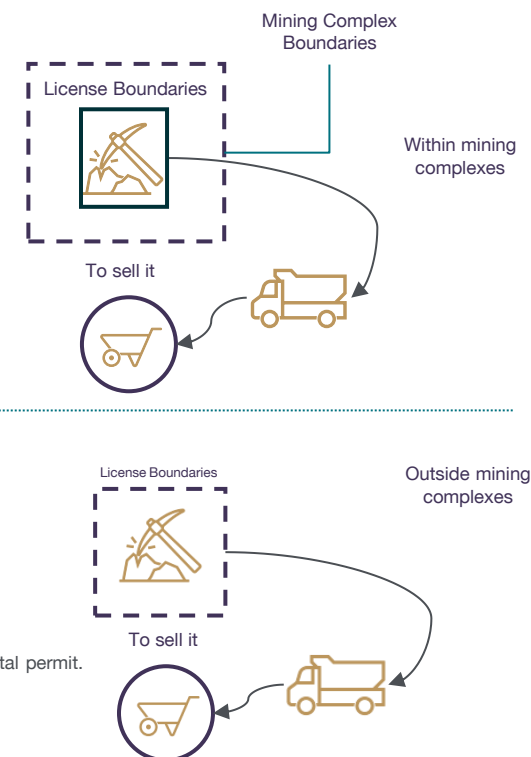
- Applicant must be a company registered in Saudi Arabia, and mining activity must be included in the company's commercial registration.
- Company capital must not be less than 100,000 SAR.
- Applicant must not have held a prior license that was terminated within the past three years.
- The location must be selected within mining complexes; if the requested location is outside a mining complex, an exploration license is required for that site.

For licenses outside mining complexes: an exploration license must be issued for a site at least 60 km away from the nearest mining complex of the same ore type.

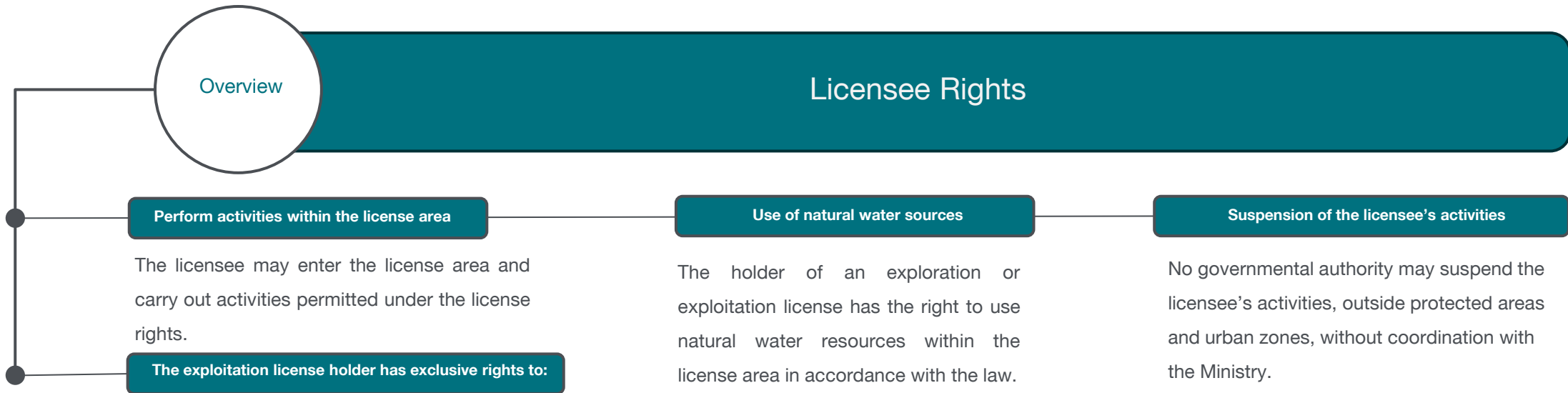
Entitles its holder to:

- Produce and exploit minerals specified in the license through excavation, crushing, concentration, smelting, and processing.
- Transport and sell minerals/ores in their original or refined state.
- Export minerals and ores for commercial purposes.
- Build and operate all mines, buildings, and facilities necessary for permitted mining activities within the license area.
- Establishing infrastructure networks, power stations, and private roads, subject to obtaining written approval from the Ministry.
- Use gravel, sand, and similar materials located within the license area as needed for the license purpose, after paying applicable compensation.
- Use available water resources to carry out licensed operations.

* Based on the investor's experience and technical justification



Building materials quarry licenses



Building materials quarry licenses

Overview

Obligations of a Building Materials Quarry License

Saudi Employment

Appoint a Saudi employee knowledgeable about the requirements of the law and regulations, with the job title (Quarry or Mining Supervisor), who must be present at the license site continuously during operational times to ensure compliance with the license terms and conditions.

Commencement of works

The licensee may not start any development work or mining activity on the licensed land without obtaining the necessary approvals and permits.

Submission of Reports

Submit the required reports using the forms prepared by the Ministry.

Transport or Sale of Extracted Ores

The licensee must not transport, allow the transport, or sell any ores or minerals extracted from the license site unless accompanied by a document issued by the licensee for each load, confirming that the materials were extracted legally. The document must include a description of the materials, quantities, and the receiving party. Copies of these documents must be kept for the Ministry review during inspection and in accordance with instructions issued by the Ministry.

Account Books and Production Records

Maintain accounting books and production records for each exploitation license as required based on quarrying operations and related commercial activities. The licensee must allow Ministry representatives to review these records upon request.

Payment of Financial Dues

Pay the applicable financial fees and surface rent due for the license.

Quantity Measurement Methods

The licensee must comply with the measurement methods specified by the Ministry to calculate the quantities of minerals produced at the license site.



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Official timeframes for provided services

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Regulatory Timelines for Provided Services

1

Issuance

Article **49** of the Executive Regulations of the Mining Investment Law:

 The application processing period is **30** days from payment of the application fee to verify fulfillment of requirements stated in the law and regulations.

 The applicant is granted **15** days from the date of notification to complete all requirements.

2

Extension

Articles **51 & 52** of the Executive Regulations of the Mining Investment Law:

 The licensee may submit an extension request, provided it is submitted at least **90** days before expiration.

 The application processing period is **30** days from submission to verify compliance with legal requirements.

 The applicant is granted **15** days from notification to complete outstanding requirements.

3

Amendment

Article **62** of the Executive Regulations of the Mining Investment Law:

 Amendment requests may be submitted and processed during the validity of the license.*

 The application processing period is **30** days from submission for requirement verification.

 The applicant is granted **30** days from notification to complete all requirements.

* The request must be submitted with sufficient time before license expiration to allow for review.

4

Transfer

Article **66** of the Executive Regulations of the Mining Investment Law:

 A transfer request may be submitted no less than **180** days before license expiration.

 The processing period is **60** days from receipt of the application to verify requirements.

Regulatory Timelines by Request Type

5

Relinquishment

Article 65 of the Executive Regulations:



The applicant must submit all legal requirements to the Ministry within a maximum of **180** days.



Without prejudice to regulatory requirements, the Ministry shall issue a relinquishment decision within **30** days from the request date.



The licensee remains responsible for obligations imposed by law, regulations, and license terms even after the relinquishment decision.



Subject to the rehabilitation and closure plan, relinquishment of exploitation licenses follows the same rules and requirements as license termination.

6

Change of Licensee Control

Article 67 of the Executive Regulations:



The licensee must notify the Ministry within **30** days of any change of control, using the designated form.



Upon meeting the requirements, the Ministry will provide an acknowledgment receipt including reference number and date within **30** days of submission.



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Special Requirements for Amendment Requests

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Special requirements for amendment requests

Amendment Request

- Amendments apply to work programs, plans, and studies after they are approved by the Ministry.
- The specified technical and financial capacity **must** be met in accordance with the new amendment.
- **Without prejudice to rehabilitation, closure**, and all partial relinquishment requirements, a partial amendment may be requested for the boundaries and coordinates of the exploitation license site, in accordance with the following:
 - The license area after the amendment must not exceed the regulatory area.
 - The site to be amended and added to the exploitation license must have undergone detailed survey works and fulfilled all obligations and requirements for obtaining the exploitation license, except for Class (C) licenses located within complexes.
 - The reasons for the amendment must be technical, economic, or due to obstacles affecting the licensee's operations.
 - Amendments to the license site must not exceed **50%** of the total license area.
 - The amendment must not conflict with any other existing rights.
- The amendment request must include the following:
 - License information and any program or plan related to the amendment request.
 - Any document or report explaining the reasons for the amendment request, including technical, economic, and natural justifications.
 - Any other documents specified by the prepared form.



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Utilization of Building Material Ores for Public and Private Projects

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Utilization of Building Material Ores for Public and Private Projects

1

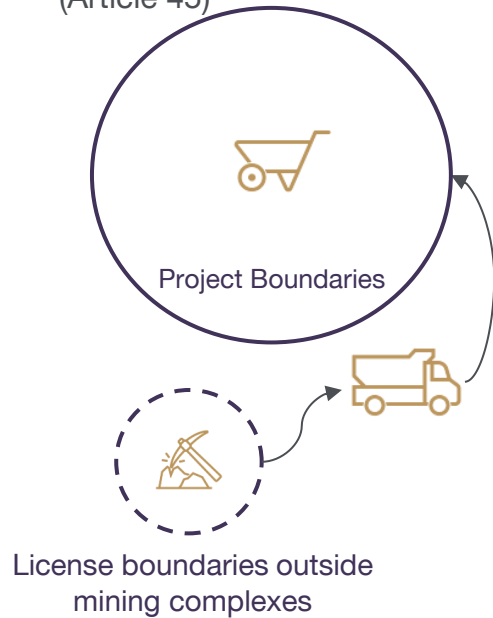
Use of Building Materials Within Project Boundaries (Article 44)



Does not
Require a license

2

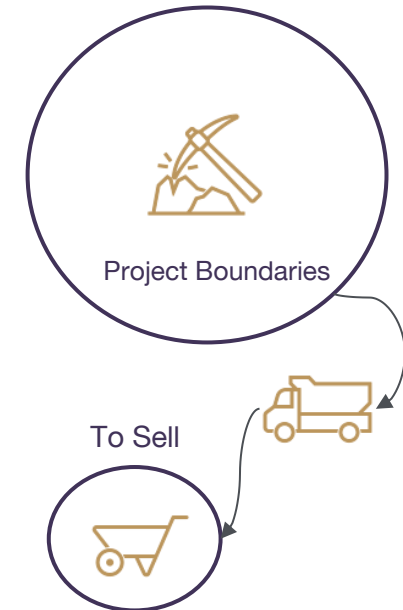
Building Material License for Public Projects Outside Project Boundaries (Article 45)



Require a license

3

Surplus Mineral Ores License (Article 53)



Require a license

Use of Building Materials Within Public and Private Project Areas (Article 44)

Overview

Owners of private projects and contractors working with government entities may use Class (C) building materials within project limits without obtaining a license from the Ministry.

Requirements

Submit a notification to the Ministry before starting work, including:

- Project name, start and end date
- Type of mineral used and quantity (in tons)
- Coordinates of mineral extraction location
- Project boundary coordinates

Conditions

- Project owner must be a private owner or a contractor with a public entity
- Extracted materials must be Class C



Project Boundaries

Entitles its holder to:

- Utilize Class C materials within the project area only for project purposes, including excavation, cutting, crushing, etc.

Does not entitle its holder to:

- Transport or sell minerals in any form to any third party without obtaining the required license authorizing sale or transport.

Building Material License for Public Projects Outside Project Boundaries (Article 45)

Overview

A license is required to extract and use building materials outside the limits of the project.

License Provisions

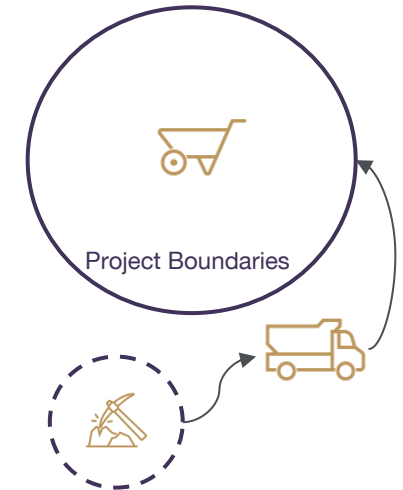
Mineral type	C
Maximum license area	0.25 km ²
Maximum license duration	Linked to project duration
Maximum Renewal duration	As determined by the project owner
Application fee	10000
License issuance fee	20000
Annual surface rental fees	Based on license area
Financial compensation Per Ton	Based on mineral/ore type

License Requirements

- The applicant must be the main contractor contracted by the project-owning entity.
- The license period must not exceed the duration of the project contract.
- The applicant must not have any outstanding payments owed to the Ministry related to any license.
- No licensed sites or mining complexes with the required minerals should exist within 60 km of the project site.

License Application Requirements

- Complete the application form
- Attach required permits from relevant authorities
- Submit an environmental impact management plan and rehabilitation program
- Submit the environmental permit
- Submit a support letter from the government entity owning the project
- Provide financial guarantee for rehabilitation and closure
- Obtain approval from the regional governorate



License boundaries outside mining complexes

Entitles its holder:

- Utilize Class C materials extracted from the licensed site to meet the needs of the project.

Does not
entitle its holder to:

- Sell or transport deposits to any area outside the project scope unless a license permitting such activities is obtained.

Building Material License for Public Projects Outside Project Boundaries (Article 45)

Rights and Obligations

- The licensee may not sell or transport deposits outside the project area—for which the license was granted—without obtaining a license authorizing it.
- The license may be extended based on endorsement from the government entity owning the project, using the designated form.
- The licensee must pay surface rental fees, minimum exploitation financial compensation, and additional financial compensation for quantities exceeding the minimum production capacity.
- The applicant must commit to rehabilitating the license site.
- The applicant must not have overdue payments, fines, or outstanding obligations to the Ministry related to any license.
- Pay the application fee as stated in the annexed schedule of the law.
- The applicant must comply with using extracted minerals solely for the project's purposes.

- Failure to comply with rights and obligations may subject the licensee to penalties and legal accountability in accordance with the Mining Investment Law and its Executive Regulations.
- The licensee may not sell or transport deposits outside the project area unless an authorizing license is obtained.

Surplus Mineral Ores License (Article 53)

Overview

The Ministry may grant any natural or legal person a license for surplus mineral ores located at project sites, or on privately or publicly owned lands, to transport them off-site for sale or utilization.

License Provisions

Mineral type	Class C Minerals
License area	Based on the requested site
License duration	1 Year
License Extension	According to the Ministry's discretion
Application fee	10000
License issuance fee	20000
Annual surface rental fees	None
Financial compensation Per Ton	Based on mineral/ore type and quantity

License Application Requirements

- Complete the application form
- Specify the area of the site from which materials will be removed and provide geographic coordinates

License Requirements

- The applicant must be the owner of the land or project
- The exploited minerals must be Class C

- Specify the type and quantity of ore to be utilized
- Provide proof of land or project ownership

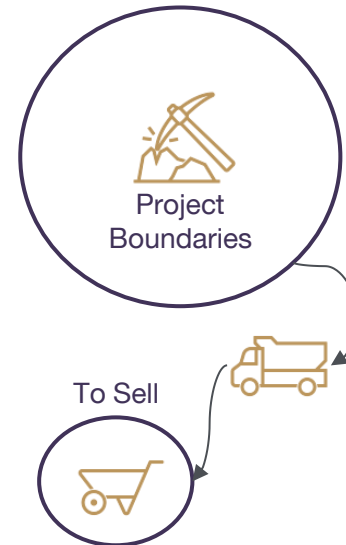
- Submit the necessary permits from relevant authorities allowing work on the site
- Submit commitments regarding surplus mineral license requirements and environmental compliance

Entitles its holder to work in order to

- Utilize Class C minerals at the licensed site for transport off-site for sale or use.

Does not
entitle its holder to:

- Construct permanent facilities or units on-site related to crushing, grinding, processing, or technical operations.
- Transport or sell extracted minerals from the site without a document issued for each load, specifying the type, quantity, and recipient of the minerals.



THANK YOU



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