



المملكة العربية السعودية
وزارة الصناعة والثروة المعدنية

Mining Investment Law



Law Contents

- Part 1
Definitions and Preliminary Provisions
- Part 2
Exempted and Non-exempted Lands and Areas
- Part 3
Licensing General Provisions
- Part 4
Rights and Obligations
- Part 5
License Rights
- Part 6
Financial Provisions
- Part 7
Violations and Penalties
- Part 8
General Provisions

Part 1

Definitions and Preliminary Provisions

In this Law, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Law: The Mining Investment Law.

Ministry: The Ministry of Industry and Mineral Resources.

SGS: The Saudi Geological Survey.

Minister: The Minister of Industry and Mineral Resources.

Regulations: The Implementing Regulations of this Law.

Mining Activity: Any operation carried out on deposits by means of reconnaissance, exploration, exploitation, processing, refinement, or any other mining-related activities.

Mining Sector: The Ministry, SGS, companies established by the Ministry or by SGS, and other mining-related entities.

Person: A natural or legal person.

License: A document issued by the Ministry permitting a person to engage in a mining activity within a designated area, in accordance with this Law and its Regulations.

Qualified Person: A person who meets the requirements for obtaining a license in accordance with this Law and its Regulations.

Licensee: A person who is granted a license under this Law and its Regulations.

License Site: A location the geographic coordinates of which are delineated in the license.

Transfer: Transfer of a license from a licensee to a qualified person.

Reconnaissance: A preliminary geological survey which, prior to carrying out exploration activities, is conducted for the identification of geological environment and surface evidence of minerals and ores.

Exploration: An extensive search for deposits conducted on any site using geological, geophysical, or geochemical methods, or digging, or any other appropriate method to determine the presence of such deposits, their extent, quantity, quality, and mining viability.

Exploitation: The process of extracting ores and minerals, by mining or quarrying, including any direct or indirect activity required to achieve this purpose.

Mining: The process of extracting useful ores or mineral formations from the Earth or maritime areas, or evaporites which result from the evaporation of seawater or natural water bodies, including any direct or indirect mining activity required for such purpose.

Deposits: Naturally occurring minerals or ores which exist in economically viable quantities.

Ores: Natural accumulations of one or more minerals at a specific location, which make them economically viable.

Minerals: Inorganic metallic or non-metallic compounds with distinctive chemical compositions and physical properties, classified as follows:

Class A: Metallic minerals, precious and semi-precious stones, and ores that require advanced operations and concentration as classified in the Regulations;

Class B: Non-metallic minerals, industrial minerals, and raw materials, as classified in the Regulations; and

Class C: Materials used for construction purposes, as classified in the Regulations.

Mineral Formations: Natural geological forms and structures in which ores or minerals may be found.

Evaporites: Materials extracted or resulting from the evaporation of water.

Mine: A location from which useful minerals or ores are extracted, whether from the surface or subsurface, or from seawater or natural water bodies from which evaporites are extracted.

Small Mine: A mine the area of which does not exceed one square kilometer and is classified as such by the Ministry according to the volume of its mineral deposit, production of ore, and capital investments.

Quarry: Surface mine site located in mountains or the ground where rocks, minerals, or ores are extracted.

Processing: Refining ores, removing impurities, or increasing concentrate.

Excavation: Digging a hole or a pit of any type.

Polishing: Rubbing the surface of minerals or rocks to make them smooth and shiny.

Smelting: Melting minerals by heat or by any other means for refining and processing purposes.

Concentrate: The percentage of a mineral in a product.

Rocks: Natural earth substances which exist in solid form and which are generally composed of a metamorphic mineral assemblage that consists of one or more minerals.

Gravel: Small stones ranging between 2mm and 75mm in diameter.

Sand: A substance of less than 2mm in diameter which results from disintegration, weathering, or erosion of components of the Earth's crust.

Layer: A subsurface layer with consistent characteristics distinguishing it from other layers.

Mineral Reserve Area: An area which contains quantities of ores or minerals found at mineable sites whose economic viability is geologically established or projected by the volume of mineral formations.

Mining Complex: Lands which are designated for mining activities.

Public Utilities: Lands which are designated for road networks, streets, public railways, airports, ports, oil and gas pipelines, and energy projects or for approved water projects.

National Geological Database: A digital database that contains the geological, geochemical, geophysical, topographic, and geographic data of the State, as well as the results of survey studies and exploration activities, and information on licenses, mining reserve areas, and mining complexes.

Reclamation: Actions that a licensee is required to carry out upon completion of all activities on a license site to restore it to its natural condition, in accordance with the laws.

Closure: Actions that a licensee is required to carry out to close down a license site upon completion of any activity therein and reclamation of such site.

Hydrocarbons: Conventional or non-conventional Hydrogen and carbon compounds which exist in their liquid or gaseous state, such as crude oil, shut-in oil, shale oil, condensates, natural gas, shale

gas, methane hydrates, natural tar, and bitumen, which are extracted or mined from the surface or subsurface.

Hazardous Waste: Solid, liquid, gaseous, or radioactive waste which contains materials detrimental to humans or the environment and which results from mining activities.

Surface Rental: A payment made by a licensee as rent for the land covered by the license.

Maritime Areas: The maritime areas under the Law of the Maritime Areas of the Kingdom of Saudi Arabia.

Control: The direct or indirect influence a person may have on another person's actions and decisions.

Article 2

- 1) All surface or subsurface deposits, including ores of all types and of all forms and compositions, shall be deemed the property of the State and may not be claimed by a third party through lapse of time. This shall include the State's land territory and maritime areas.
- 2) Ownership of minerals and ores covered by an exploitation license shall, in accordance with this Law, transfer to the licensee upon their extraction from the license site during the validity of the license.

Article 3

Without prejudice to the powers of relevant agencies, the Ministry shall be in charge of the application of this Law and overseeing its implementation. For this purpose, it may, inter alia, undertake the following:

- 1) Issuing regulations and instructions, designating forms, and setting procedures necessary for the implementation of this Law.
- 2) Setting policies for the mining sector and overseeing their implementation.
- 3) Designating the lands and maritime areas over which licenses may be granted under this Law, in coordination with the Ministry of Energy in matters falling within its jurisdiction.
- 4) Determining surface rentals and fees for licenses and services provided by the Ministry, in accordance with this Law and its Regulations.
- 5) Reviewing applications for licenses to grant rights under this Law and issuing such licenses in accordance with its provisions.
- 6) Collecting fees and financial returns from bids, surface rentals, and fines, prescribed under this Law.
- 7) Promoting research and development, planning, and investment in mining activities.
- 8) Seeking to achieve a systematic expansion of a sustainable mining infrastructure and related services.

- 9) Coordinating with the SGS in:
 - a) designating mineral reserve areas;
 - b) developing and updating the National Geological Database; and
 - c) providing the maps, survey data, and studies necessary for mineral investment.
- 10) Coordinating with relevant agencies to provide the infrastructure facilities necessary for mining areas, including roads, railways, ports, power plants, and power and water supply lines.
- 11) Cooperating with relevant agencies in monitoring mining sites.
- 12) Monitoring occupational health and safety measures that a licensee is required to comply with.
- 13) Coordinating with the Ministry of Interior to implement its mining- related security, safety, and fire protection instructions.
- 14) Overseeing the licensee's activities.
- 15) Determining the content and form of any study, report, or directive requested in accordance with this Law or its Regulations.
- 16) Setting and updating development plans and programs for the mining sector and monitoring their implementation.
- 17) Identifying the ores, minerals, and elements that may not be developed, are reserved for future exploration or exploitation, or are subject to special regulation.
- 18) Qualifying specialized companies and firms to ensure compliance and detect violations, as prescribed by the Regulations.

Article 4

The Ministry shall establish the following registries:

- 1) Application Registry: to register license applications filed with the Ministry.
- 2) License Registry: to register issued licenses and any action taken thereon, including renewal, amendment, transfer, extension, liens, termination, and expiration as well as any action affecting such licenses.
- 3) Mineral Zone Registry: to register the particulars of mineral zones, including mining complexes and mineral reserve areas.

The Ministry shall, in coordination with SGS, make the registries accessible to the public, in accordance with the Regulations.

Article 5

Without prejudice to the provisions of Article 2, this Law shall not apply to the following:

- 1) Hydrocarbon materials, deposits, or resources, excluding coal.
- 2) Pearls, coral, and similar marine substances.

Part 2

Exempted and Non-exempted Lands and Areas

Article 6

- 1) Subject to this Law and relevant laws, mining activities may be carried out on State-owned or privately owned lands, or on lands part of which is owned by the State and the other part is privately owned, or in maritime areas.
- 2) The following shall be excluded from the provision of paragraph (1) of this Article:
 - a) Lands of holy sites.
 - b) Lands of military installations, or areas reserved for hydrocarbon exploration or operations, unless the relevant minister issues a decision to lift the restriction upon the Minister's request.
 - c) Lands and maritime areas excluded pursuant to a decision by the Council of Ministers.

Article 7

- 1) A reconnaissance license may be granted for lands and maritime areas, except for those provided for in Article 6(2) of this Law.
- 2) Exploration or exploitation licenses may, upon obtaining the necessary approvals and permits from relevant government agencies, be granted for the following lands and maritime areas:
 - a) Lands of public utilities.
 - b) Areas designated by law as touristic sites, archaeological sites, historical sites, wildlife reserves, pastures, forests, national parks, wildlife parks, and geological parks.

Article 8

The Ministry shall, upon receipt of a complete application for a license of exploration or exploitation in lands and areas specified in Article 7 of this Law, communicate with relevant government agencies to obtain the necessary approvals. If no objection is received from a given agency within 30 days from the date of receipt of said communication, the application shall be deemed approved by said agency. The applicant may, upon receiving an objection from a given agency, choose to exclude contested lands and areas which overlap with the lands and areas stated in Article 7 and proceed with the application within a maximum period of 30 days from the date of notification of the objection.

Article 9

Without prejudice to the provisions of Article 6 of this Law and upon coordination with relevant agencies, the Minister may designate a land or maritime area as a mineral reserve area, and specify prohibited activities therein for the purpose of preserving such land or maritime area for future mining purposes.

Article 10

The Ministry shall notify relevant agencies if it seeks to designate a mining complex. If no objection is received from a given agency within 30 days from the date of receipt of the notification, said agency's approval shall be deemed granted.

Part 3

Licensing General Provisions

Article 11

- 1) The Ministry shall set the conditions for all types of licenses, and the procedures for their issuance, renewal, extension, transfer, and amendment, as well as the procedures for relinquishment of the license or part of the license site, in accordance with this Law and its Regulations.
- 2) Applications for license issuance, renewal, extension, transfer, amendment, as well as for relinquishment of a license or part of a license site as stipulated in this Law shall be filed with the Ministry, as per the forms and procedures set out in the Regulations.

Article 12

The terms and conditions of any license may not be amended during its validity, except upon a request by the licensee and the approval of the Ministry. A license may be renewed or extended pursuant to terms and conditions the licensee agrees to, as specified in the Regulations.

Article 13

- 1) With the exception of a reconnaissance license, licenses provided for in this Law may be issued only to legal persons.
- 2) Reconnaissance, exploration, or exploitation operations may not be carried out without a license, except for the following entities:
 - a) SGS: it may, upon notifying the Ministry, carry out all the tasks and works set out in its Statute by itself or through a third party.
 - b) Relevant official agencies, universities, institutes, and national research centers: they may, upon the Ministry's approval, conduct scientific research relating to reconnaissance or exploration, provided that such research is not used for commercial purposes unless approved by the Ministry. A copy of the research findings shall be provided to the Ministry.

Article 14

- 1) Licenses that grant rights under this Law are:
 - a) reconnaissance licenses.
 - b) exploration licenses.
 - c) exploitation licenses.

2) An exploitation license shall include:

- a) a mining license
- b) a small mine license
- c) a building materials quarry license
- d) a general purpose license

3) Subject to the provisions of Article 13 and in accordance with the rules specified in the Regulations, a person may obtain more than one license.

Article 15

An applicant may apply for a license for a specific subsurface layer; the Ministry may place restrictions on a specific layer, in accordance with the Regulations.

Article 16

Subject to relevant laws and the Regulations, an applicant must meet the license technical and financial requirements.

Article 17

An application for the issuance, renewal, extension, or amendment of any license filed in accordance with this Law and its Regulations may not be rejected without a written justification. The applicant may appeal such rejection before the administrative court.

Article 18

Subject to Article 19 and Article 41(6), if the Ministry receives multiple license applications for the same site, priority shall be given to the earlier filed application as registered in the Application Registry, provided that:

- 1) the requirements provided for in Article 16 are met; and
- 2) the license application fees are paid and other license requirements are met in accordance with the Regulations.

Article 19

The Ministry may designate lands or maritime areas the licenses for which may only be granted through bidding, in accordance with this Law and its Regulations.

Article 20

- 1) An exploration or exploitation license may, upon the request of a licensee, be transferred to a qualified person in accordance with the Regulations. The request may not be rejected if it meets the conditions prescribed by this Law and its Regulations.
- 2) The license rights and obligations shall transfer to the new licensee upon the issuance of the transfer decision.
- 3) Notwithstanding paragraph (1) of this Article, an exploration license may not be transferred, directly or indirectly, within the first year of its term.
- 4) The transfer shall become effective after the issuance of a decision by the Ministry.

Article 21

Without prejudice to Article 20(3) of this Law, a licensee shall notify the Ministry of any change in the control thereof within 30 days of the change.

Article 22

Subject to the provisions of Sharia and relevant laws and with the exception of the reconnaissance license, a licensee may pledge the rights conferred by the license as security. Said pledge shall become effective only after the pledger (licensee) notifies the Ministry of its registration in the License Registry in accordance with the Regulations. The pledgee or his designee may enforce and transfer any pledged license rights upon satisfaction of the requirements of Articles 16 and 20.

Article 23

- 1) Data and information provided by an applicant shall be deemed confidential; if the application is rejected, such data and information shall remain confidential for 180 days following the rejection date.
- 2) All geological reports submitted by any licensee shall be deemed confidential if the licensee so requests; however, such reports may, without the applicant's consent, be disclosed in the following cases:
 - a) The lapse of five years from the date of receipt of the reports for valid licenses.
 - b) The lapse of 180 days from the expiration or termination date of the license or the partial relinquishment of the license site.

In all cases, the Ministry may dispose of the data, information, or reports in a manner not conflicting with this Law.

Article 24

The Ministry may issue decisions to suspend any operation or activity, or the use of any equipment within a license site if such operation, activity, or equipment is detrimental to the safety, security, or health of the licensee's employees or other persons, harms the environment or properties, causes nuisance, or causes substantial damage to any site. The Ministry shall lift the suspension upon rectification of the situation.

Article 25

Without prejudice to the provisions of this Law and its Regulations, a license may be terminated only in the following cases:

- 1) If the licensee defaults in the payment of amounts due to the State for more than 180 days.
- 2) If the licensee provides the Ministry with substantially inaccurate information relating to his activities or particulars.
- 3) If the licensee fails, within 60 days after receipt of a written notice, to fulfill the obligations prescribed by this Law, its Regulations, and the terms and conditions of the license.
- 4) If the licensee fails, within the period specified in the notice, to rectify the violation of which he was notified, or if he repeats such violation.
- 5) If the licensee fails, within 180 days after receipt of the Ministry's written notice, to take necessary measures to preserve the environment, wildlife, archaeological sites, or tourist sites.

If the license is terminated, the licensee or any related parties may not apply for another license for the same site or part thereof within three years. The Regulations shall determine the procedures for license termination.

Article 26

Without prejudice to any prior agreement with the landowner, the licensee shall, within 180 days from the date of termination or expiry of his license, remove any installation, plant, machinery, equipment, tool, tailings, mined ore, other materials, or any other movable or immovable property, except for what the Ministry decides to leave in place for public interest. The Regulations shall determine the necessary terms and conditions.

Article 27

The representatives designated by the Ministry shall have the capacity of inspection officers, and may, pursuant to this Law, access the license site for monitoring and inspection, detecting violations, and verifying compliance with this Law, its Regulations, and license terms and conditions. The licensee shall cooperate and enable such representatives to fully perform their duties.

Part 4

Rights and Obligations

Article 28

Operations carried out pursuant to the licenses granted under this Law shall fall within the licensee's responsibility and be under his management and supervision.

Article 29

Subject to the provisions of relevant laws, the licensee must obtain the Ministry's written approval prior to conducting an aerial survey.

Article 30

If a force majeure event prevents, hinders, or delays the licensee's performance of any of his obligations within the specified time, such failure or delay shall not be deemed an act of negligence or default. In such case, the ministry may extend the period prescribed to perform such obligations for a period not less than the duration of the force majeure event or, if possible, grant the licensee an alternative site according to the type of ore and license.

In this Article, force majeure shall mean events which arise from unexpected circumstances at the time of the issuance of the license and which are legally recognized as such; such events are not attributed to either party and they render the licensee's performance of his obligations under the license impossible.

Article 31

A licensee may relinquish his license or part of the license site in accordance with the Regulations.

Article 32

Subject to the provisions of Article 2 of this Law, if the exploration or exploitation license site or part thereof is privately owned as established by a title deed, or if a person has a legally established usufruct thereon, the following procedures shall be carried out:

- 1) The licensee shall, upon request, present the license to the owner or usufructuary of the land. The licensee may not exercise the rights granted under any type of license without an agreement with the owner or usufructuary of the land on a fair compensation for the use of the land and for any damage that the land may sustain as a result of the licensed operations, and shall submit such agreement to the Ministry prior to commencement of operations on the land.

- 2) The Ministry shall, if no agreement on a fair compensation is reached between the licensee and the owner or usufructuary of the land, apply the provisions relating to the temporary taking of property as stipulated in the Law of Eminent Domain and Temporary Taking of Property.

In all cases, the rights granted under the license shall be reasonably exercised towards achieving the license objectives, taking into consideration the interests of the owner or usufructuary of the land.

Article 33

- 1) The licensee shall, subject to a permit issued by the Ministry upon the approval of the relevant government agencies, have the easement rights necessary for carrying out operations under the license on any State-owned land outside the license site, provided such rights are not in conflict with the rights of other parties over such land.
- 2) If any of the required easement rights fall on a privately-owned land, as established by a title deed or on another license site, the licensee must reach an agreement with the owner or usufructuary of the land, or any other licensee to acquire such rights in the manner prescribed by law.
- 3) Without prejudice to paragraph (1) of this Article and for the purposes of enabling the licensee to carry out his operations, easement rights shall, under this Article, include, but not be limited to, the use of all types of roads and telecommunication lines, as well as surface and groundwater, if no alternative water resources are available, provided such use does not conflict with water conservation laws and instructions.

Article 34

The licensee shall comply with applicable laws, orders, and decisions, as well as with this Law and its Regulations.

Article 35

- 1) An applicant for a mining license, a small mine license, or a general purpose license shall include in his application an environmental and social impact assessment and a plan for site reclamation and closure as specified in the Regulations. The applicant shall, pursuant to the license and in accordance with the Regulations, take the measures necessary to preserve and protect water resources, the environment, and wildlife against hazardous waste or any other environmental damage.
- 2) The competent environmental agency in the Kingdom shall render a decision on the environmental impact assessment within 60 days from receipt thereof. The Minister may extend said period for certain mining activities.

- 3) The Ministry's approval of the reclamation and closure plan shall be made after such plan is approved by the competent environmental agency.
- 4) An applicant for a mining license or a small mine license shall include in his application a feasibility study for the project which demonstrates its contribution to the development of local communities within or near the license site, and its support of local content, as well as the cost of site reclamation and closure.
- 5) An applicant for an exploration license or a building materials quarry license shall include in his application a plan for environmental impact management in line with the conditions and specifications set by the competent environmental agency. The applicant shall also provide a social impact management plan for the activities which include contribution to the development of local communities, as specified in the Regulations.

Article 36

The licensee shall preserve any archaeological sites, including buildings, engravings, inscriptions, and drawings found within the license site, and shall promptly report the same to the Ministry.

Article 37

- 1) The holder of an exploitation license must provide a financial guarantee for reclamation and closure.
- 2) The Regulations shall determine the amount of the guarantee according to the nature of each mining activity. The guarantee and any remainder thereof may only be released after the approval of the competent environmental agency upon verifying the licensee's compliance with the reclamation plan.

Part 5

License Rights

Article 38

The Ministry shall issue a reconnaissance license for a period not exceeding two years for an area designated by the applicant. Said license may be extended or renewed for a single additional period not exceeding two years. The Regulations shall determine the license terms and conditions.

Article 39

A reconnaissance license shall entitle the licensee to survey and explore the site designated in the license. The licensee shall have a non-exclusive right over the license site to:

- 1) examine the deposits covered by the license and collect samples;
- 2) prospect the area covered by the license, except for areas excluded under this Law;
- 3) use geophysical and geochemical methods, as well as other scientific methods;
- 4) carry out any other reconnaissance activity commonly used in the preliminary examination of lands with potential minerals or ores;
- 5) have access to non-confidential maps and data maintained by the Ministry; and
- 6) any other rights stipulated by the Regulations.

The license shall not entitle the licensee to carry out any type of digging, construct any permanent installations, produce minerals for use or sale, use explosives, or damage or remove any vegetation cover, nor shall it confer upon him priority or any other right to obtain another license. The Ministry may grant a holder of a reconnaissance license or any other party any other license over the same area or part thereof. Nevertheless, a license granting exclusive rights over certain areas shall exclude such areas from any reconnaissance license without liability to the Ministry. The reconnaissance license shall not entitle the licensee to enter private land without obtaining the consent of its owner or usufructuary according to terms they agree upon.

Article 40

The Ministry shall issue exploration licenses and shall determine their area, term, and manner of renewal according to the following conditions:

- 1) For Class "A" and Class "B" minerals, the site area shall not exceed 100 square kilometers; the license term shall not exceed five years; and the license may be renewed for multiple terms, provided that each term does not exceed five years and the total terms do not exceed 15 years, as specified in the Regulations.
- 2) For Class "C" minerals, the site area shall not exceed five square kilometers; the license shall not be renewed; and the license term shall not exceed one year, as specified in the Regulations.

Article 41

An exploration license shall grant the licensee the following exclusive rights over the license site:

- 1) Exploring the minerals covered by the license.
- 2) Collecting samples from the license site to determine whether the site contains minerals covered by the license, provided that they are not sold or commercially exploited.
- 3) Using any exploration method that precedes commercial production.
- 4) Establishing camps as well as facilities necessary for the protection of exploration machinery and equipment.
- 5) Using sand, gravel, or similar materials to the extent necessary to achieve the purposes of the license.
- 6) Obtaining, during the validity of the exploration license, an exploitation license for areas within the exploration license site, provided the licensee fulfills all the obligations and satisfies the exploitation license requirements specified in this Law and its Regulations, and proves the economic viability of exploiting ores and minerals. If the exploration license expires before deciding on the exploitation license application, the exploration license shall be automatically extended until a decision on the application is rendered; in such case, the licensee shall be exempted from paying the fees for the extended period.
- 7) Any other rights provided for by the Regulations.

Article 42

A mining license shall be issued by the Ministry for a term not exceeding 30 years. Such license may be renewed or extended for an additional period or periods the total of which does not exceed 30 years, provided that the initial, renewed, and extended periods do not exceed 60 years; that the total area of the license site does not exceed 50 square kilometers and its parts are contiguous in a manner acceptable to the Ministry; and the license is limited to Class "A" and Class "B" minerals. For exploiting Class "C" minerals, the licensee shall submit an application to the Ministry and pay the fees, as specified in the Regulations. The Ministry shall take into consideration the technical, economic, and environmental aspects in estimating the area of the license site.

Article 43

A small mine license shall be issued by the Ministry for a term not exceeding 20 years. Said license may be renewed or extended for an additional period or periods the total of which does not exceed 20 years, provided that the initial, renewed, and extended periods do not exceed 40 years; and the parts of the license site are contiguous. The license shall be limited to some of Class "A" and Class "B" minerals as specified in the Regulations. The Ministry shall take into consideration the technical, economic, and environmental aspects in estimating the area of the license site.

Article 43

A small mine license shall be issued by the Ministry for a term not exceeding 20 years. Said license may be renewed or extended for an additional period or periods the total of which does not exceed 20 years, provided that the initial, renewed, and extended periods do not exceed 40 years; and the parts of the license site are contiguous. The license shall be limited to some of Class "A" and Class "B" minerals as specified in the Regulations. The Ministry shall take into consideration the technical, economic, and environmental aspects in estimating the area of the license site.

Article 44

A building-material quarry license shall be issued by the Ministry for a period not exceeding ten years. Said license may be renewed or extended for an additional period or periods the term of each does not exceed five years, provided that the area of the license site does not exceed one square kilometer and its parts are contiguous in a manner acceptable to the Ministry. The license shall be limited to Class "C" minerals, as specified in the Regulations. The Ministry shall take into consideration the technical, economic, and environmental aspects in estimating the area of the license site.

Article 45

- 1) Without prejudice to the provisions of Article 32 of this Law, the exploitation license shall grant its holder the right to invest in mining operations and the extraction of ores and minerals, including any direct or indirect activity necessary to achieve the objectives of mining investment, as specified in the Regulations.
- 2) A licensee who discovers deposits of minerals not covered by the license may, within 90 days from the date of the discovery, file an application with the Ministry for an exploitation license for such deposits or for the modification of the current license.
- 3) An exploitation license shall not entitle its holder to own any part of the land covered by the license, nor shall it entitle him any other right not expressly provided therein.
- 4) Without prejudice to the provisions of Article 35 of this Law and in accordance with the license terms and conditions, the holder of an exploitation license shall, for the purpose of exploiting minerals covered by the license, have the following exclusive rights:
 - a) Producing and exploiting minerals covered by the license within the license site, by digging, polishing, concentration, smelting, and processing.
 - b) Transporting and selling minerals and ores in their original condition or after refinement, as specified in the Regulations.
 - c) Exporting minerals and ores for commercial purposes.
 - d) Exporting non-commercial samples, as specified in the Regulations.

- e) Constructing, operating, and maintaining mines, buildings, laboratories, workshops, pipelines, processing plants, waste disposal dumps, and other facilities necessary to achieve the purposes of the mining activity covered by the license.
- f) Establishing networks of water, electricity, telephone, sewage, rainwater drainage, and pipes, as well as power plants, railways and private roads, upon the Ministry's written approval.
- g) Conducting surveys and carrying out exploration operations for ores and minerals on the license site after notifying the Ministry.
- h) Using rocks, gravel, sand, and similar materials available at the license site to the extent necessary to achieve the purposes of the license, subject to payment of the prescribed fees.
- i) Using available water resources to carry out the licensee's operations, in accordance with Article 33 of this Law.

Article 46

If the licensee fails to exploit one of the minerals covered by the license, the Ministry shall request the licensee in writing to commence exploitation of such mineral. If the licensee fails to do so within 90 days, the Ministry may terminate his right to exploit such mineral and grant another person a license to exploit such mineral, provided this does not substantially affect the operations of the original licensee.

Article 47

The Ministry may, in accordance with the terms and conditions specified in the Regulations, permit the licensee who does not wish to renew or extend the license to utilize the facilities located within the license area to serve mining operations in another license area.

Article 48

The holder of an exploitation license shall, if he wishes to construct facilities or utilize lands outside the license site to achieve the purposes of the license, file an application with the Ministry to obtain a general purpose license in accordance with this Law and its Regulations.

Part 6

Financial Provisions

Article 49

The Table annexed to this Law shall determine the following fees:

- 1) Application fees.
- 2) License issuance, renewal, and extension fees.
- 3) License transfer fees.

The Council of Ministers may amend such fees upon the recommendation of the Minister.

Article 50

- 1) Payment of the exploitation license for Class "A" minerals shall be as follows:
 - a) For a person not subject to income tax:

First: an amount equal to the income tax on the annual net income less the amount of due zakat.

Second: an amount for each ton of produced ore or a percentage of the net revenues resulting from the activity covered by the license, in accordance with the Regulations and upon agreement with the Ministry of Finance. Such amount shall be waived for the first five years from the license issuance date.
 - b) For a person subject to income tax:

An amount for each ton of produced ore or a percentage of the net revenue resulting from the activity covered by the license in addition to the income tax, subject to the Regulations and upon agreement with the Ministry of Finance. Such amount shall be waived for the first five years from the license issuance date.
- 2) A holder of an exploitation license for Class "B" and Class "C" minerals shall, upon agreement with the Ministry of Finance, pay an amount for exploitation as specified in the Regulations, in addition to applicable zakat, income tax, and other amounts due to relevant agencies.
- 3) The Minister may, upon agreement with the Minister of Finance, reduce the fee for any mineral or mixture thereof if processed in the Kingdom, in accordance with the Regulations.
- 4) The Regulations shall, upon agreement with the Ministry of Finance, determine the surface rentals for State-owned lands, and the fees for other licenses and services.

Article 51

If a mineral or material or the derivatives thereof do not have a recognized price at the point of export or point of exploitation within the State, the Ministry shall determine their value, as applicable.

Article 52

A licensee under this Law shall be entitled to the incentives provided for in other laws, particularly the Income Tax Law and the Foreign Investment Law.

Article 53

Imported equipment, machinery, and spare parts necessary for carrying out any licensed mining activity shall be exempted from customs duties according to statements and lists approved by the Ministry.

Article 54

A mining fund shall be established at the Ministry to develop and promote the mining sector and mining activities through securing sustainable financing. The fund resources shall comprise the following:

- 1) Fees for licenses and services rendered by the Ministry.
- 2) Fines imposed under this Law.
- 3) Surface rentals.
- 4) Amounts generated from bids.
- 5) Gifts, donations, and endowments.

Such amounts shall be deposited in an account under the fund's name opened with the Saudi Arabian Monetary Authority or with banks licensed to operate in the Kingdom. The Minister shall, in coordination with the Minister of Finance, issue a regulation for allocation of such funds or parts thereof to the mining sector as well as relevant services and agencies.

Article 55

- 1) The Ministry shall, in accordance with statutory procedures, establish one or more subsidiary companies to provide mining services.
- 2) The capital of the companies referred to in paragraph (1) of this Article shall be paid by the mining fund referred to in Article 54, pursuant to a decision by the Minister.
- 3) Revenues of companies referred to in paragraph (1) of this Article shall consist of the fees of services which the companies provide in addition to amounts allocated from the mining fund pursuant to a decision by the Minister.

Part 7

Violations and Penalties

Article 56

- 1) Without prejudice to Article 25 of this Law, the following acts shall be deemed in violation of this Law:
 - a) Carrying out any mining activity without a license.
 - b) Not complying with this Law, its Regulations, or license terms and conditions.
 - c) Providing misleading or false information to the Ministry.
 - d) Delaying the submission of information or reports requested by the Ministry, or failing to do so.
 - e) Defaulting in payment of amounts due under this Law and its Regulations.
- 2) Without prejudice to any harsher penalty provided in any other law, any person who commits any of the violations referred to in paragraph (1) of this Article shall be subject to one or more of the following penalties:
 - a) A fine not exceeding one million riyals for each violation.
 - b) Suspension of activity.
 - c) Revocation of license.
 - d) Confiscation of machinery and equipment used in the commission of the violation.
- 3) The Ministry shall, pursuant to a decision by the committee referred to in Article 57 of this Law, recover all minerals, ores, and their derivatives which result from operations carried out in violation of this Law and revenues derived therefrom, and shall collect the fees for exploited and extracted ores and minerals.

Article 57

- 1) The Ministry shall impose a fine not exceeding 200,000 riyals for any of the violations stipulated in Article 56(1) of this Law. If, however, it decides that the violation warrants a fine greater than 200,000 riyals, it shall refer the violation to the committee referred to in paragraph (2) of this Article.
- 2) Subject to the provisions of paragraph (1) of this Article, one committee, or more, shall be formed pursuant to a decision by the Minister. The committee shall be composed of five members specializing in Sharia or law, finance, and mining, with at least one member in each area of specialization. The committee shall review the violations and determine the penalties stipulated in Article 56(2), except for the following penalties:
 - a) Revocation of license: said penalty shall be imposed pursuant to a decision by the Minister upon a reasoned recommendation by the committee.
 - b) Confiscation: said penalty shall be imposed by the competent court.

Committee decisions are subject to appeal before the administrative court within 60 days from the date of notification. The Minister shall determine the committee's work procedures and remuneration of its members.

Part 8

General Provisions

Article 58

The Ministry and the licensee may agree to settle any dispute through arbitration in accordance with the Arbitration Law. For the purposes of this Law, the administrative court shall be the competent court to consider such dispute.

Article 59

The possession, use, sale, or disposition of any radioactive material, including uranium and thorium, shall be in accordance with this Law, its Regulations, and other relevant laws. A person who discovers any radioactive material shall immediately report such discovery to the Ministry.

Article 60

The Ministry shall, as specified in the Regulations and in the manner it deems appropriate, publish the full text of the following documents:

- 1) Decisions of a general nature.
- 2) Decisions of license issuance, renewal, extension, termination, and transfer.
- 3) Notifications relating to liens registered on licenses.
- 4) Decisions designating mineral reserve areas and mining complexes, or terminating such designation.
- 5) Bidding announcements.
- 6) Other decisions or documents provided for in the Regulations.

Article 61

- 1) This Law shall supersede the Mining Investment Law promulgated by Royal Decree No. (M/47), dated 201425/8/H, and shall repeal any provisions conflicting therewith.
- 2) Notwithstanding paragraph (1) of this Article, the rights granted under the Mining Investment Law promulgated by Royal Decree No. (M/47), dated 201425/8/H shall remain effective after the entry into force of this Law. The financial provisions prescribed under this Law and its Regulations shall apply to the holders of such rights as of the date this Law enters into force.

Article 62

The Regulations shall be issued by the Minister and be published in the Official Gazette, and shall enter into force on the date this Law enters into force.

Article 63

This Law shall be published in the Official Gazette and shall enter into force 180 days following the date of its publication.

