



وزارة الصناعة والثروة المعدنية
Ministry of Industry and Mineral Resources

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Articles
Contents

PART ONE: PRELIMINARY PROVISIONS ----- 8

CHAPTER ONE: DEFINITIONS AND PRELIMINARY PROVISIONS ----- 9

 Article 1: Definitions: ----- 9

 Article 2: Purposes: ----- 11

 Article 3: Guidelines and Forms: ----- 11

CHAPTER TWO: MANAGEMENT ----- 12

 Article 4: Delegation and assignment of responsibilities and services: -----12

 Article 5: Public Consultation: -----13

 Article 6: National Geological Database and records: ----- 13

 Article 7: Electronic engagements with the Ministry: -----14

 Article 8: Registers to be created by the Ministry: -----14

CHAPTER THREE: MINERALS, MINING RESERVES, AND MINING BLOCKS ----- 15

 Section One: Minerals: ----- 15

 Article 9: Mineral classes: ----- 15

 Article 10: Mineral ownership:----- 15

 Section Two: Reservation of lands and regions for Mining Activities: ----- 16

 Article 11: Lands and Mining Reserve Areas: ----- 16

 Article 12: Mining Blocks: ----- 16

 Article 13: Identification of proposed Licence Site: -----17

PART TWO: LICENCE PROVISIONS----- 18

CHAPTER ONE: GENERAL PROVISIONS ----- 19

 Article 14: General provisions of Licences: ----- 19

 Article 15: Protection of the rights of third parties at the sites of applications
 for Exploration and Exploitation Licences other than at Mining
 Blocks:----- 19

 Article 16: Order of processing applications and decision on competing
 applications:-----20

 Article 17: Applications by Consortia: -----21

CHAPTER TWO: PARTICULAR PROVISIONS-----	21
Section One: Reconnaissance Licence: -----	21
Article 18: Application for a Reconnaissance Licence: -----	21
Article 19: Technical requirements for applicants for a Reconnaissance Licence: --	22
Article 20: Financial capacity of an applicant for a Reconnaissance Licence: -----	22
Article 21: Decision on the application for a Reconnaissance Licence:-----	22
Article 22: Terms and obligations of a Reconnaissance Licence:-----	23
Article 23: Renewal of a Reconnaissance Licence: -----	23
Section Two: Exploration Licence: -----	24
Article 24: Application for an Exploration Licence: -----	24
Article 25: Technical requirements for applicants for Exploration Licences: -----	25
Article 26: Financial resources and capacity of an applicant for an Exploration Licence:-----	26
Article 27: Decision on the application for an Exploration Licence: -----	27
Article 28: Rights and obligations attached to every Exploration Licence:-----	28
Article 29: Exceptions in respect of applications for Reconnaissance and Exploration Licences: -----	29
Article 30: Renewal of an Exploration Licence: -----	30
Article 31: Decision on the application for the renewal of an Exploration Licence: 30	
Section Three: Mining, Small Mine, and general purpose Licences: -----	32
Article 32: Application for a Mining Licence or Small Mine Licence: -----	32
Article 33: Decision on an application for Mining Licence or Small Mine Licence:33	
Article 34: Rights that vest in and obligations which are imposed on the holder of a Mining Licence and a Small Mine Licence: -----	34
Article 35: Application to renew a Mining Licence or Small Mine Licence: -----	35
Article 36: Decision on an application to renew a Mining Licence or a Small Mine Licence: -----	36
Article 37: Application for a general purpose Licence:-----	38
Article 38: Decision on general purpose Licence applications: -----	39
Article 39: Obligations imposed under a general purpose Licence: -----	39
Article 40: Business Feasibility Study:-----	40
Section Four: Building materials quarry Licence: -----	42
Article 41: Application for a building materials quarry Licence: -----	42
Article 42: Building materials quarry Licence for governmental infrastructure projects:-----	43
Article 43: Technical requirements for applicants for a building materials quarry Licence: -----	45
Article 44: Financial resources and capacity of an applicant for a building materials quarry Licence: -----	46

Article 45: Determination of an application for a building materials quarry Licence: -----	46
Article 46: Obligations imposed under any building materials quarry Licence -----	47
Article 47: Application to renew a building materials quarry Licence: -----	48
Article 48: Decision on an application to renew a building materials quarry Licence:-----	49
 Section Five: Other Mining Activities Licences: -----	 50
Article 49: Other Mining Activities Licences: -----	50
Article 50: Licence for Surplus Mineral Ores at project sites or privately owned lands:-----	50
Article 51: Ores and Minerals extraction Licence for artisanal miners: -----	51
 Section Six: Specific Layers of the Earth and seabed Mining: -----	 52
Article 52: Application for a specific Layer of Earth Licence: -----	52
Article 53: Application for seabed Mining Licence: -----	53
 CHAPTER THREE: LANDS REQUIRING APPROVAL -----	 53
Article 54: Applications relating to lands requiring approvals: -----	53
Article 55: Decision on the applications relating to lands requiring approvals: -----	53
 CHAPTER FOUR: TENDER PROCESSES -----	 54
Article 56: Allocation of land for tender processes:-----	54
Article 57: Access to lands and inspection of areas subject to tender processes: ----	54
Article 58: Examination of the tender documents: -----	54
Article 59: Awarding the tender and issuing the relevant Licence:-----	55
 CHAPTER FIVE: AMENDMENT TO VALID LICENCES -----	 55
Article 60: Application to amend an existing Licence: -----	55
Article 61: Discovery of Minerals not included in an Exploration or Exploitation Licence:-----	57
Article 62: Abandonment of Licences:-----	58
Article 63: Transfer of Licences: -----	58
Article 64: Change of Control of a Licensee: -----	60
Article 65: Mortgages:-----	60

CHAPTER SIX: GENERAL RIGHTS AND OBLIGATIONS OF A LICENSEE -----	61
Article 66: Rights of a Licensee: -----	61
Article 67: Obligations imposed on Licensees: -----	62
Article 68: Aerial Surveys and photography: -----	63
Article 69: Process for dealing with force majeure events: -----	63
PART THREE: SUSTAINABILITY -----	65
CHAPTER ONE: ENVIRONMENT-----	66
Section One: Environmental impact study:-----	66
Article 70: Abidance by requirements and procedures: -----	66
Article 71: Environmental impact study: -----	66
Article 72: Submission of the environmental impact study: -----	66
Article 73: Review of the environmental impact study:-----	66
Section Two: Environmental impact management plan: -----	67
Article 74: Environmental impact management plan for building materials quarry Licences and Exploration Licences: -----	67
Article 75: Review and amendment of the environmental impact management plan: -----	67
Section Three: Environmental accidents: -----	67
Article 76: Environmental accidents:-----	67
Article 77: Annual report on the environmental management plan and the environmental impact management plan: -----	68
Section Four: Tailings Dams of Mineral Ores Processing Facilities:-----	68
Article 78: Management of Tailing Dams of Mineral Ores Processing Facilities: --	68
CHAPTER TWO: REHABILITATION AND CLOSURE-----	69
Section One: Rehabilitation and Closure: -----	69
Article 79: Rehabilitation and Closure works: -----	69
Article 80: Submission of Rehabilitation Program: -----	70
Article 81: Requirements in respect of the content of the Rehabilitation Program: -----	70

Article 82: Review and amendment of Rehabilitation Program: -----	72
Article 83: Annual Report on compliance with the approved Rehabilitation Program:-----	73
 Section Two: Financial guarantee for Rehabilitation and Closure: -----	 74
Article 84: Provision of financial guarantee: -----	74
Article 85: Financial guarantee for Mining, Small Mine, and general purpose Licences: -----	74
Article 86: Financial guarantee for building materials quarry Licences:-----	75
Article 87: Undertakings of the Licence applicant: -----	76
Article 88: Procedures for approval of the financial guarantee: -----	76
Article 89: Acceptable types of financial guarantees: -----	77
Article 90: Review of financial guarantee and estimated cost of Rehabilitation and Closure: -----	77
Article 91: Transfer, amendment, and cancellation of the financial guarantee: ----	78
Article 92: Enforcement of the financial guarantee: -----	78
Article 93: Release of the financial guarantee:-----	78
 Section Three: Temporary suspension and Closure: -----	 79
Article 94: Care and Maintenance: -----	79
Article 95: Request for Certificate of Rehabilitation and Closure:-----	81
Article 96: Certificate of Rehabilitation and Closure: -----	82
Article 97: Certificate of Rehabilitation and Closure of Tailing Dams of the Mineral Ores Processing Facilities: -----	82
 CHAPTER THREE: OCCUPATIONAL HEALTH AND SAFETY -----	 83
 Section One: General rights, obligations, and responsibilities:-----	 83
Article 98: General rights and obligations of a Licensee: -----	83
 Section Two: Standards for managing of Risks and Occupational Health and Safety:-----	 83
Article 99: Standards for managing Occupational Health and Safety: -----	83
Article 100: Risk assessment: -----	83
Article 101: Work injuries and occupational accidents: -----	83
 CHAPTER FOUR: COMMUNITY PERFORMANCE MANAGEMENT-----	 84
 Section One: Community performance management: -----	 84
Article 102: Obligations imposed under the Social Impact Study and the	

Social Impact Management plan: -----	84
Article 103: Appointment of an employee to manage community performance: --	85
Section Two: Community development:-----	85
Article 104: Employment of Local Community members: -----	85
Article 105: Procurement from Local Communities: -----	86
Article 106: Local content development plan: -----	86
Article 107: Annual social development report: -----	86
PART FOUR: FINANCIAL PROVISIONS -----	88
CHAPTER ONE: MINIMUM EXPENDITURE REQUIREMENTS FOR EXPLORATION LICENCES --	89
Article 108: Minimum Annual Expenditure: -----	89
Article 109: Exemption from the minimum Exploration expenditure requirement:-----	91
Article 110: Surface Rental: -----	91
CHAPTER TWO: SEVERANCE FEES -----	92
Article 111: Severance fees due for the Minerals of Class (A): -----	92
Article 112: Severance fees due for the Minerals of Class (B): -----	92
Article 113: Severance fees due for the Minerals of Class (C):-----	93
Article 114: The due severance fees for the value of Minerals of Class (A) at extraction: -----	93
Article 115: Method to determine the total revenues at the valuation point for Minerals in Class (A): -----	93
Article 116: Methods to determine the Mineral Value at the Extraction Point: ----	95
Article 117: Basic method to determine the Mineral Value at the Extraction Point: -----	95
Article 118: Operating expenses associated with the Post-Extraction Activities: -	96
Article 119: Excluded expenses: -----	96
Article 120: Depreciation costs arising after the Mineral is extracted: -----	97
Article 121: Adjustments for depreciation of leased assets: -----	97
Article 122: Adjustments for the depreciation of assets purchased on an instalment basis: -----	97
Article 123: Estimated return on capital:-----	98
Article 124: Alternative method to determine the Mineral Value at the Extraction Point: -----	98
Article 125: Extraction point: -----	99
Article 126: Amounts reflective of independent transactions: -----	100
Article 127: Prescribed method to determine amounts that reflect independent transactions: -----	100
Article 128: Circumstances under which the Ministry may reduce the severance fee for a Mineral upon extraction:-----	100

Article 129: Income tax rate: -----	101
Article 130: Losses carried forward: -----	101
Article 131: Determine of the amounts deducted for depreciation and Taxable Income following the disposal of depreciable assets allocated to Initial Stage Activities: -----	102
Article 132: Previous balances of depreciable asset groups: -----	104
Article 133: Exclusion of depreciable assets: -----	105
Article 134: Deduction of payable Zakat: -----	106
 CHAPTER THREE: EXPORTS -----	 107
 Article 135: Terms and conditions for the export of Minerals and Ores: -----	 107
Article 136: Application procedure to obtain the right to export Minerals or Ores for commercial purposes: -----	108
 PART FIVE: MONITORING AND INSPECTION -----	 109
 CHAPTER ONE: INSPECTION -----	 110
 Article 137: Entities authorized to monitor, inspect, and detect violations: -----	 110
Article 138: The functions of the Inspector:-----	110
Article 139: Obligations and duties of Inspectors: -----	111
Article 140: Compliance with and disclosure of the conflict of interests: -----	111
 CHAPTER TWO: RIGHTS AND OBLIGATIONS OF WORKERS PERFORMING MINING ACTIVITIES -----	 112
 Article 141: Obligations of workers performing Mining Activities during inspections:-----	 112
Article 142: Rights of workers performing Mining Activities during inspections:-----	112
 CHAPTER THREE: INSPECTION AND REPORT ON VIOLATIONS -----	 112
 Article 143: Inspection notice: -----	 112
Article 144: Report on violations: -----	113
Article 145: Reporting violations to security forces:-----	113
 CHAPTER FOUR: COOPERATION WITH GOVERNMENTAL BODIES -----	 114
 Article 146: Referral of violations to other governmental bodies: -----	 114
Article 147: Violations referred to the Ministry by other governmental bodies: --	114

CHAPTER FIVE: PRESERVATION OF SEIZED ASSETS -----	114
Article 148: Procedures in relation to the preservation of seized assets:-----	114
Article 149: Procedures to dispose of seized assets: -----	115
Article 150: Releasing seized assets: -----	115
CHAPTER SIX: MEASURES TO REMEDY ADVERSE IMPACTS ARISING FROM THE LICENCE SITE-----	115
Article 151: Temporary suspension of Mining Activities to remedy adverse impacts: -----	115
Article 152: Plan to remedy adverse impacts on health, safety and environment: -	116
Article 153: Submission of a recommendation to terminate the Licence: -----	116
CHAPTER 7: SEIZURE OF MINERALS AND ORES TRANSPORTED WITHOUT PERMISSION---	117
Article 154: The Ministry's authority to seize Minerals and Ores transported without permission: -----	117
PART SIX: VIOLATIONS, PENALTIES, AND DISPUTE SETTLEMENT -----	118
Article 155: Violations: -----	119
Article 156: The amount of penalties: -----	119
Article 157: Formation of the committee in charge of violations and penalties:---	119
Article 158: Powers of the committee in charge of the violations and penalties, decisions on penalties and processes: -----	120
Article 159: Recovery of Minerals and Ores, and associated funds, that are the subject of a violation: -----	120
Article 160: Notification of the penalty to a Licensee and a Licensee's right to object to the penalty: -----	121
Article 161: Dispute settlement:-----	121
Article 162: Limitation of the Ministry's liability:-----	121
PART 7: MISCELLANEOUS PROVISIONS -----	122
Article 163: Publication of notices:-----	123
Article 164: Language of documents and correspondence: -----	123
Article 165: Calculation of time periods: -----	123
Article 166: Entry into force and temporary provisions: -----	123
ANNEX No. (1) MINERAL CLASSES (A), (B) AND (C) -----	125
ANNEX No. (2) FINANCIAL CONSIDERATION FOR MINERALS OF CLASS (A) -----	128
ANNEX No. (3) FINANCIAL CONSIDERATION FOR MINERALS OF CLASS (B) -----	130
ANNEX No. (4) FINANCIAL CONSIDERATION FOR MINERALS OF CLASS (C) -----	131
ANNEX No. (5) SURFACE RENTAL -----	132
ANNEX No. (6) MINIMUM ANNUAL EXPENDITURES ON EXPLORATION LICENCES-----	133

Part One: Preliminary Provisions

Chapter One: Definitions and Preliminary Provisions

Article 1: Definitions:

Subject to the definitions set forth in the Mining Investment Law, issued by the Royal Decree No. (M/140), dated (19/10/1441 AH) and any other related laws, the following words, phrases, and terms shall have the meanings assigned to each:

1. **Kingdom:** The Kingdom of Saudi Arabia.
2. **Regulation:** The Implementation Regulation of the Mining Investment Law.
3. **Guidelines:** The Guidelines issued by the Ministry to further explain the conditions, requirements, and procedures set out under the Mining Investment Law and the Regulation.
4. **Accounting Principles:** The accounting standards approved by the Saudi Organization for Certified Public Accountants.
5. **Permanent Committee:** The committee that is established under Cabinet Resolution No. (634) dated (17/10/1441 AH) and empowered to decide on objections to applications for Licence Sites and Mining Licences.
6. **Inspector:** A Person who is authorised to monitor, inspect, and detect irregularities.
7. **Executive Officer:** The senior officer responsible for the management of the applicant or a Licensee.
8. **Stakeholders:** A group of individuals, institutions, companies, or government authorities which have an interest in the Licence Site.
9. **Local Communities:** include:
 - 9.1. **Natural Persons:** Persons who permanently reside in communities close to the Licence Site and who have resided there for no less than three years during the last five years.
 - 9.2. **Legal Persons:** Persons whose permanent residence is in communities close to the Licence Site, and who have resided there for no less than three years during the last five years.
10. **Consortium:** A group of corporate entities that wish to jointly obtain a Mining Licence.
11. **Landowner:** A Person who owns a specific area of land according to a legally valid deed.
12. **Land User:** A Person who holds a legal right to use a specific area of land, whether through an agreement, a legal easement, or any other legal reason.
13. **Business Feasibility Study:** A study that demonstrates the feasibility of mineral resources located at the site, the magnitude of the investment required to conduct the proposed operations, the anticipated economic return of the project, its ability to sustain and grow, and an explanation of the internal and external factors which may affect the feasibility of the project.
14. **Exploitation Activities:** Activities that are carried out under a Mining Licence, a Small Mine Licence, a building materials quarry Licence, or a general purpose Licence.
15. **Undertaking:** A document setting out specific undertakings and which is signed to confirm that the undertakings provided in it bind the signatory or the entity which the signatory represents.
16. **Aerial Survey:** the use of any aerial survey methods to conduct research and reconnaissance to detect metal, non-metallic minerals, or ores, or to help examine, or study an area, survey exposed surfaces, ore stocks, and debris.

17. **Work Program:** Reconnaissance work program, Exploration work program, Mining work program, Small Mine Licence work program, or building materials quarry work program to be implemented by the Licence applicant, in order to explore for and extract Minerals from the proposed Licence Site, in accordance with the rights and obligations imposed under the Licence.
18. **Care and Maintenance:** The management by a Licensee of a Licence Site at which works are temporarily suspended for technical or economic reasons and at which activities will resume once the technical or economic reasons for the suspension are resolved after care and maintenance period.
19. **Certificate of Rehabilitation and Closure:** A document issued by the Ministry, or other competent authorities, which indicates that a Licensee has met the standards of Rehabilitation and Closure, in accordance with the provisions of the Law and the Regulation.
20. **Rehabilitation Program:** The program prepared by an applicant for an Exploitation Licence in respect of Rehabilitation and Closure of the Licence Site after the licensed works are completed.
21. **Social Impact Study:** A study of the impact which the Mining Activities have on the Local Communities within or near the Licence Site, and an evaluation of the social impacts of the Mining Activities on the Local Communities.
22. **Social Impact Management:** Management of the social impact of the Mining Activities by addressing the Local Communities' needs, determining the mechanisms that will be used to deal with the direct social impacts as well as the Local Communities' reasonable expectations, and enhancing the positive impacts as well as avoiding, mitigating, or reducing any potential negative impacts.
23. **Progressive Rehabilitation:** The process of continuous Rehabilitation during the Licence period.
24. **Report of the Estimated Total Rehabilitation and Closure Cost:** Calculation of the actual cost required for Rehabilitation and Closure, including any costs required for remedying the impacts of the project or of any Mining Activity relating thereto.
25. **Sudden Closure:** Unplanned or unexpected Closure.
26. **Tailings:** The treated Rocks, loose clays or soil remaining after Minerals are separated and/or removed from the Rocks or the soils in which they occur.
27. **Tailings Dams of Mineral Ores Processing Facilities:** Any facility designed, constructed, and managed to contain Tailings resulting from a project, which is processed by dangerous chemicals and which may have an impact on the environment.
28. **Occupational Health and Safety:** Refers to workers' and visitors' safety and health at the Licence Site.
29. **Risks:** Hazards that are related to project activities, including any work injury, significant accident, any other loss, injury, or harmful result arising out of the hazard.
30. **Minimum Annual Expenditure:** The amount of money that the Exploration Licence holder must spend on Exploration activities within one year.
31. **Financial Consideration Period:** A specific time period, which accords with the Kingdom's fiscal year, and which applies to the consideration and fees that a Licensee shall pay.
32. **Extracted Minerals Inventory:** the location where Minerals are stored after extraction, whether they have been subjected to preliminary crushing or not.
33. **Taxable Income:** The income of a Licensee who holds an Exploitation Licence to exploit Class (A) Minerals and which is calculated according to the tax laws applicable to resident companies in the Kingdom.

34. **Initial Stages Activities:** The initial activities, complementary activities, or activities which must be carried out at the Licence Site and which are performed before the mineral passes the extraction point.
35. **Post-Extraction Activities:** The processing activities which take place after the Initial Stage Activities, and after the extraction point but before the evaluation point.
36. **Mineral Value at the Extraction Point:** The net income received by a Licensee from the sale of Minerals at the extraction point, excluding the costs of transporting and insuring the Minerals.
37. **Trade Price:** the commercial value determined at an arm's length basis.
38. **Mining Declaration:** A declaration submitted by the holder of an Exploitation Licence which indicates the quantity of exploited Minerals, the severance fees due under the Exploitation Licence, the method of calculation of such severance fees on the basis of time periods provided in the Regulation, and which is approved by a Licensee or its Executive Officer.

Article 2: Purposes:

- 2.1. The Regulation aims to:
 - 2.1.1. Promote the principles of governance of mining investments.
 - 2.1.2. Prescribe mechanisms that promote accountability, efficiency, effectiveness, and responsiveness in relation to the implementation of the Law.
 - 2.1.3. Develop clear licensing procedures based on justice and transparency in order to build trust in the decision-making processes and enhance the stability required to develop the Kingdom's Mineral Deposits to achieve benefits for all persons and Stakeholders.
 - 2.1.4. Ensuring the efficiency of processes that relate to Mining Activities.
 - 2.1.5. Provide effective dispute resolution mechanisms.

Article 3: Guidelines and forms:

- 3.1. The Ministry may issue Guidelines which further explain and clarify the conditions, requirements, and procedures imposed under the Law and the Regulation.
- 3.2. The Ministry shall issue the necessary forms for each procedure provided under the Law and the Regulation.

Chapter Two: Management

Article 4: Delegation and assignment of responsibilities and services:

- 4.1.** The Minister may - in accordance with the statutory procedures and as appropriate - assign any of the services and tasks related to the Mining Sector to the appropriate authority, or the companies established by the Ministry, including but not limited to the:
- 4.1.1.** Assessment of Mining Licence applications. This includes the power to review and evaluate any studies in respect of the sustainability of the proposed activities, including social, economic, and environmental impact studies, as well as Business Feasibility Studies for Mining Licence applications.
 - 4.1.2.** Improvement of Mining licensing procedures by developing the necessary enablers to facilitate and expedite the procedures for issuing all types of Licences, including developing and implementing appropriate technical solutions.
 - 4.1.3.** Development of monitoring and control procedures at Licence Sites, including (i) the use of advanced monitoring methods and modern technology, (ii) providing training and skills development services to government officials, (iii) providing support for field monitoring and control at Mining licensing sites, (iv) monitoring of financial compliance, (v) providing mechanisms and techniques for surveying, and measuring production quantities, and (vi) measurement of pollution at Mining sites.
 - 4.1.4.** Provision of services for the development and promotion of Mining investment inside and outside of the Kingdom, including supporting Mining directorates and operating comprehensive service offices in all regions of the Kingdom.
 - 4.1.5.** Provision of Mining investment services by (i) establishing, developing, and managing the Mining investment platform, (ii) updating the geographic database and the Licences' registry database, (iii), evaluating Rehabilitation and Closure plans for Mining Licence Sites, and (iv) supervising the implementation of those plans.
 - 4.1.6.** Provision of collection services for returns and fines.
- 4.2.** The Ministry may empower any appropriately qualified company or office, according to the principles and standards prescribed by the Ministry, to perform any of the following duties:
- 4.2.1.** Monitor Mining Activities, including calculating the quantity of Minerals and Ore exploited by a Licensee, and reviewing information and data on Mining Activities or related work.

- 4.2.2. Detect violations of the Law and the Regulation and prepare records and the necessary reports on the violations.

Article 5: Public consultation:

- 5.1. Before amending the Regulation, the Ministry may:
 - 5.1.1. publish a draft of the proposed amendments in accordance with the requirements imposed under the Kingdom's laws; and
 - 5.1.2. allow the public to submit comments on the proposed amendments to the Ministry.
- 5.2. The comments shall be submitted in the manner and form prescribed under the relevant laws of the Kingdom.
- 5.3. The Ministry shall consider the comments it receives and may revise the proposed amendments as it deems appropriate.
- 5.4. The Ministry shall publish the approved amendments to the Regulation in the Official Gazette, and in any other media outlet it deems appropriate, in accordance with applicable laws.
- 5.5. The amendments to the Regulation shall come into force on the date indicated in the notice as published in the Official Gazette.

Article 6: National Geological Database and records:

- 6.1. The Ministry shall work with the SGS to perform the tasks that fall within the SGS's mandate or those which the Ministry instructs the SGS to perform in accordance with Article 3(9) of the Law, including:
 - 6.1.1. identifying the Mining Reserve Areas;
 - 6.1.2. establishing the National Geological Database;
 - 6.1.3. updating the National Geological Database;
 - 6.1.4. linking the information stored in the National Geological Database with the records created by the Ministry;
 - 6.1.5. providing any map, non-confidential data, or the results of any studies related to mineral resource to third parties who request such information;
 - 6.1.6. making information and geological data publicly available; and
 - 6.1.7. preserving drilling samples in the national drilling samples library.

Article 7: Electronic engagements with the Ministry:

- 7.1.** The Ministry may establish an electronic platform through which it will provide various services, including those relating to:
- 7.1.1.** submitting Licence applications;
 - 7.1.2.** issuing and renewing Licences;
 - 7.1.3.** amending, transferring and partially or completely abandoning Licenses;
 - 7.1.4.** submitting periodic reports.
 - 7.1.5.** sending and receiving notifications; and
 - 7.1.6.** any other services which the Ministry may wish to provide.
- 7.2.** The online platform shall stipulate the information required to provide services as well as the processes that should be followed to access them.

Article 8: Registers to be created by the Ministry:

- 8.1.** The Ministry shall create the following registers:
- 8.1.1.** a Licence applications register which provides information on:
 - 8.1.1.1. new Licence applications; and
 - 8.1.1.2. applications to amend a Licence, or partially or totally abandon a Licence;
 - 8.1.2.** The Licences register which provides data in respect of all types of Licences issued by the Ministry and provides:
 - 8.1.2.1. information on a Licensee;
 - 8.1.2.2. information on the Licence Site;
 - 8.1.2.3. information on the Minerals regulated under the Licence;
 - 8.1.2.4. information on the mortgages registered over the Licence;
 - 8.1.2.5. a summary of the data in respect of the work conducted under the Licence;
 - 8.1.3.** Register of Mining Reserve Areas; and
 - 8.1.4.** Register of Mining Blocks.
- 8.2.** The Ministry shall keep registers by means and way it deems appropriate.
- 8.3.** The Ministry may issue further Guidelines in respect of the following:
- 8.3.1.** the form and content of the registers;

- 8.3.2. requests to obtain data stored in the registers; and
- 8.3.3. any other information related to Licences.

Chapter Three: Minerals, Mining Reserves and Mining Blocks

Section One: Minerals:

Article 9: Mineral classes:

- 9.1. Minerals are divided into Classes (A), (B) and (C) as set out in the tables provided in Annex No. (1) of the Regulation.
- 9.2. The Ministry may amend the classification of Minerals as Class (A), (B) or (C) and add any Minerals to Class (A), (B) or (C), on condition that it complies with the amendment procedures prescribed under the Regulation.
- 9.3. The following Minerals shall be subject to a special regulation: Phosphates, Tantalum, Niobium, rare Earth elements, Thorium, Quartz, high-grade Iron, high-grade Bauxite, and all radioactive Minerals. The development process in relation to these Minerals will be agreed upon with Licence applicants, following coordination with the relevant governmental authorities.

Article 10: Mineral ownership:

- 10.1. All Deposits, Minerals and Ores in any form or formation located within the territory of the Kingdom shall be the exclusive property of the Kingdom, including Minerals located:
 - 10.1.1. on, above and below the surface of the Earth;
 - 10.1.2. in valleys, streams or watercourses;
 - 10.1.3. in exclusive economic zones; and
 - 10.1.4. in areas covered by the Kingdom's territorial waters and the continental shelf.
- 10.2. The holder of a Reconnaissance and Exploration Licence shall have the right to use the Minerals and Ores obtained during Reconnaissance activities to achieve the Licence's purposes, subject to the requirements imposed under the Law and the Regulation.

- 10.3.** The ownership of Ores and Minerals shall only Transfer from the Kingdom to a holder of an Exploitation Licence or other Mining Activities' Licences, in accordance with the provisions of the Law and the Regulation provided that:
- 10.3.1.** the Minerals are those identified and regulated under the Licence;
 - 10.3.2.** the Minerals are extracted from the Licence Site; and
 - 10.3.3.** a Licensee has complied with all the requirements imposed under the Law, the Regulation, and the Licence's terms and conditions.

Section Two: Reservation of lands and regions for Mining Activities:

Article 11: Lands and Mining Reserve Areas:

- 11.1.** The Minister may designate any land or maritime area as a Mining Reserve Area after coordinating with the relevant government authorities.
- 11.2.** The designation of Mining Reserve Areas shall take into account any existing Mining Licences which are located within the proposed area.
- 11.3.** Any breach of the Minister's decision designating a land as a Mining Reserve Area is deemed a breach of the Regulation.
- 11.4.** The Ministry may accept an application for an Exploration Licence or Reconnaissance Licence where the application is in respect of land or areas which fall within a Mining Reserve Area, as provided in the designation resolution. Such applications must comply with all the procedures and requirements provided under the Regulation for Reconnaissance and Exploration Licence applications.

Article 12: Mining Blocks:

- 12.1.** In accordance with the provisions of Article 10 of the Law, the Ministry may designate any land as a Mining Block.
- 12.2.** The Ministry may declare its desire to designate a specific area as a Mining Block and afford Stakeholders an opportunity to provide comments on the proposed designation within thirty (30) days of the date of the announcement. The Ministry may exclude any area which is contrary to the boundaries of the proposed the Mining Block in accordance with the objectives that the Ministry wishes to achieve by designate a specific area as a Mining Block.
- 12.3.** Before designating land as a Mining Block, the Ministry shall do the following:
- 12.3.1.** Notify relevant government authorities of the Ministry's intention and invite them to share their comments on the proposed designation with the Ministry within thirty (30) days of receipt of the notice.

- 12.3.2.** If the government authorities do not respond during this period, the designation procedures will be completed, and the Minister shall issue a declaration designating the Mining Blocks.
 - 12.3.3.** If the Ministry receives any comments from the government authorities during this period, the Ministry shall study these comments and may reassess the proposed designation of the Mining Blocks or refer any objection from the government authorities to the Permanent Committee in accordance with the process provided under Article 55 of the Regulation.
- 12.4.** The Ministry shall (i) establish controls and rules to organize and regulate as well as supervise operations in Mining Blocks, and (ii) determine the applicable fees it would levy for these.

Article 13: Identification of proposed Licence Site:

- 13.1.** An applicant for a Licence must specify the location of the Exploration Licence or Exploitation Licence site by identifying the horizontal and vertical location of the site according to geodesic references, coordinate systems references (Datums), and the following map projections which are approved by the General Authority for Survey and Geospatial Information:
- 13.1.1.** National Geodesic Reference (KSA-GRF17) and any update thereto;
 - 13.1.2.** National Vertical Reference (KSA-VRF14) and The Kingdom's Geoid Model (KSA-GEOID17) and any update thereto;
 - 13.1.3.** Universal Transverse Mercator - UTM (KSA-GRF17 / UTM zone 36N, 37N, 38N, 39N and 40N) where these ranges include longitude and latitudes within the Kingdom's international borders.

Part Two: Licence Provisions

Chapter One: General Provisions

Article 14: General provisions of Licences:

- 14.1.** An application to obtain an Exploration or Exploitation Licence or to renew, extend, amend, or Transfer an existing Licence shall be accepted on condition that:
- 14.1.1.** the applicant is a corporate entity registered in the Kingdom in accordance with the Kingdom's laws.
 - 14.1.2.** the application includes proof that the applicant has the technical expertise and financial capacity to conduct the proposed Mining Activities efficiently and proficiently in accordance with the requirements imposed under the Law and the Regulation;
 - 14.1.3.** the applicant confirms that it has not been declared bankrupt or has undergone insolvency or winding up proceedings; and
 - 14.1.4.** The applicant's Executive Officer confirms that s/he has not been convicted of any criminal offence in the last three (3) years.

Article 15: Protection of the rights of third parties at the sites of applications for Exploration and Exploitation Licences other than at Mining Blocks:

- 15.1** An applicant may submit an application for an Exploration Licence or an Exploitation Licence in respect of state-owned land, private land, land which is partly state-owned and privately owned, or in maritime areas.
- 15.2** In the event that the application for the Licence overlaps with properties or public facilities that are not affected by the proposed Exploration works, and the necessary precautions can be implemented to avoid any material impact on the land, the Ministry may issue the License, provided that the applicant shall fully inspect the proposed Licence Site, not undertake any activities at the properties or public facilities without the prior approval from the Ministry, and compensate the Landowner where the applicant's actions cause any damages to the property or public facilities.
- 15.3** In the event that the application for an Exploitation Licence overlaps with private property or public facilities, the applicant shall provide proof to the Ministry that the applicant has concluded an agreement with the Landowner, the Land User or public authority who manages the property. The agreement shall provide that the applicant may proceed with the proposed activities, will take responsibility for his actions in the event of any damages to others, and will compensate the Landowner, Land User or public authority where the Mining Activities have an impact on their rights. The compensation shall be set out in a compensation plan and include all expected costs of compensation.

- 15.4** The Landowner or Land User under a statutory deed whose property is located within the Licence Site, and whose use or benefit of the land may be affected by the operations conducted in the Exploitation Licence, is entitled to compensation.
- 15.5** If the Ministry considers the mechanisms provided under the Kingdom's laws on expropriation of property are in the public interest and the temporary possession of property, the applicant shall bear the costs and pay any claims for compensation that arise from the Ministry's decision to do so.

Article 16: Order of processing applications and decision on competing applications:

- 16.1** If the Ministry receives more than one application for an Exploration Licence or Exploitation Licence in respect of the same Licence Site, priority shall be given to the first application recorded in the application register for Licences, provided that:
- 16.1.1.** if applications are received on different days, priority is given to the application that was first received. A subsequent application will only be considered if the application that was received first is rejected; or
 - 16.1.2.** if applications are received on the same day, applications are deemed to have been received at the same time and shall be processed in accordance with Article 16.2 of the Regulation.
- 16.2** If more than one (1) application is received on the same day, the Ministry shall do the following:
- 16.2.1** notify the applicants of the competing applications;
 - 16.2.2** inform the applicants that the Licence will be awarded to the applicant which:
 - 16.2.2.1 meets the requirements imposed under the Law and the Regulation; and
 - 16.2.2.2 undertakes to conduct Exploration, or Exploitation Activities in the most effective way, and to meet the best environmental standards and regulation.
- 16.3** The Ministry may appoint experts to review and assess competing applications and recommend the applicant that best meets the requirements set out under Article 16.2.2 of the Regulation.
- 16.4** If the applications are equally compelling, the Ministry shall take the actual time when it received the applications into consideration.

Article 17: Applications by Consortia:

- 17.1.** In addition to any other requirements provided under the Law or the Regulation, if a Consortium submits an application for an Exploration Licence, Exploitation Licence, or for lands open for public tender process, the application shall include the following information:
- 17.1.1.** the names of all the members of the Consortium;
 - 17.1.2.** the percentage interest which each member holds in the Consortium;
 - 17.1.3.** a copy of the signed Consortium agreement;
 - 17.1.4.** the identity of the Consortium's legal representative who is instructed to complete the application, and send and receive correspondence and notices on behalf of the Consortium; and
 - 17.1.5.** information on the technical competence and financial capacity of the Consortium members.
- 17.2.** The members of the Consortium, irrespective of their percentage interest in the Licence or the partnership, shall each be responsible to comply with the obligations imposed on Licensees under the Law and the Regulation. The Ministry may identify any member of the Consortium to be liable for any obligation of a Licensee.
- 17.3.** If the application for a Licence is granted, the Licence shall reflect the names of the members of the Consortium as well as their undivided interest in the Licence.
- 17.4.** The Ministry shall issue the Licence in the names of all members of the Consortium.
- 17.5.** After obtaining the Licence, the members of the Consortium shall incorporate a legal entity in the Kingdom. The shareholding in the legal entity shall be equal to the members' interests in the Consortium. The Licence shall be Transferred to the legal entity once it is incorporated, within the period prescribed by the Ministry.

Chapter Two: Particular Provisions

Section One: Reconnaissance Licence:

Article 18: Application for a Reconnaissance Licence

- 18.1.** Natural and Legal Persons may apply for Reconnaissance Licences in accordance with the requirements imposed under the Regulation.
- 18.2.** An applicant for a Reconnaissance Licence shall:
- 18.2.1.** complete the prescribed application form; and
 - 18.2.2.** submit the completed application by following the process prescribed by the Ministry.

- 18.3.** An application for a Reconnaissance Licence shall provide the following:
- 18.3.1.** identify the administrative province in which the proposed Licence Site is located, and the area and coordinates of the specified location within the administrative province.;
 - 18.3.2.** the proposed Reconnaissance Work Program ;
 - 18.3.3.** Duration of proposed Reconnaissance operations;
 - 18.3.4.** Information in respect of the technical competence and financial resources of the applicant to conduct Reconnaissance operations.
- 18.4** The Ministry may request the applicant to provide additional information, including further information on the applicant's technical competence and financial resources.
- 18.5** The applicant shall pay the prescribed application fee as provided in the table attached to the Law.
- 18.6** Once the applicant has paid the application fee, the Ministry shall provide the applicant with an acknowledgment of receipt indicating the date and the reference number which is assigned to it.

Article 19: Technical requirements for applicants for a Reconnaissance Licence:

- 19.1.** An applicant for a Reconnaissance Licence shall meet the following requirements:
- 19.1.1.** In the case of a Person, he/she must have a scientific qualification in a specialty related to geoscience or have experience in Mining Activities.
 - 19.1.2.** In the case of a Person, he/she must employ a qualified geoscientist, or commit to employing a Person specializing in geosciences, or contract with a specialised Person or firm to carry out the proposed Reconnaissance work.
 - 19.1.3.** The applicant shall not have previously held a Licence that was terminated in the last three years prior to submitting the application.

Article 20: Financial capacity of an applicant for a Reconnaissance Licence

- 20.1.** An applicant for a Reconnaissance Licence shall:
- 20.1.1.** provide an Undertaking that it is able to fund 100 per cent of the costs of the activities provided for in the proposed Work Program for the first year.
 - 20.1.2.** not be late in paying any amounts of money owed to the Ministry relating to any license, fines, or other dues.

Article 21: Decision on the application for a Reconnaissance Licence:

- 21.1.** The Ministry shall within fifteen (15) days of the date of receiving the application for the Reconnaissance Licence:

- 21.1.1.** Accept the application and grant the Reconnaissance Licence if the application fulfils the requirements imposed under the Law and the Regulation.
 - 21.1.2.** Reject the application, notify the applicant of its decisions if the application failed to fulfil all of the requirements imposed under the Law and the Regulation and inform the applicant of the reasons for decision.
- 21.2.** The Ministry may grant the applicant fifteen (15) days to fulfil the Licence requirements and submit an amended Licence application.
- 21.3.** The revised application shall be submitted in accordance with the form prepared for this purpose.
- 21.4.** Within fifteen (15) days of the applicant submitting the amended application, the Ministry must accept or reject the application and notify the applicant of its decision.
- 21.5.** If the Ministry rejects the revised application, the Ministry shall notify the applicant of the reasons for its decision.

Article 22: Terms and obligations of a Reconnaissance Licence:

- 22.1** The Reconnaissance Licence is subject to the requirements imposed under the Law, the Regulation and terms and conditions of the Licence.
- 22.2** The Licensee is obliged to submit an annual report on the results of the Work Program, a final report at the end of the Licence period in the form prepared for this purpose, and any other information requested by the Ministry related to the Reconnaissance work.
- 22.3** The Licensee shall deliver all studies and sample results after completing the Reconnaissance work. The Ministry may use the data and information in the manner it deems appropriate.
- 22.4** The holder of the Reconnaissance Licence may not transport the samples specified in the Licence for testing and analysis outside the Kingdom, except with the approval of the Ministry.
- 22.5** The weight of samples collected and used from the Licence site shall not exceed (one ton), unless the Ministry approves amounts in excess of this threshold.

Article 23: Renewal of a Reconnaissance Licence

- 23.1.** If the holder of a Reconnaissance Licence meets the requirements imposed under the Law and the Regulation, a Licensee may apply to the Ministry to renew the term of

the Licence. The renewal application shall be submitted to the Ministry no later than ninety (90) days before the initial term of the Reconnaissance Licence expires.

- 23.2.** In order to submit an application for the renewal of a Reconnaissance Licence, a Licensee shall:
- 23.2.1.** complete the prescribed form; and
 - 23.2.2.** submit the completed form to the Ministry.
- 23.3.** A Reconnaissance Licence may be renewed once for a period not exceeding two (2) years.
- 23.4.** If the holder of a Reconnaissance Licence submits an application to renew the Reconnaissance Licence in accordance with the procedures provided in the Law and the Regulation, the existing Reconnaissance Licence shall remain in effect until the Ministry has made a decision in respect of its renewal.
- 23.5.** The Ministry may amend the terms and conditions of a Reconnaissance Licence if it grants a Licensee's renewal application.

Section Two: Exploration Licence:

Article 24: Application for an Exploration Licence:

- 24.1** An applicant for an Exploration Licence shall:
- 24.1.1** complete the prescribed application form; and
 - 24.1.2** submit the completed application by following the process prescribed by the Ministry.
- 24.2** An application for an Exploration Licence shall include the following:
- 24.2.1** a description of the proposed Licence Site which complies with the requirements imposed under Article 13 of the Regulation;
 - 24.2.2** Technical justifications that explain why the Licence Site or strata has been selected;
 - 24.2.3** a description of the Minerals or Deposits which the applicant wishes to explore for;
 - 24.2.4** the proposed duration of the Exploration Licence;
 - 24.2.5** in determining the area and duration of the Exploration Licence, the Class of the Minerals required for Exploration shall be taken into account;
 - 24.2.6** the results of Reconnaissance activities and previous studies undertaken in the proposed Licence Site, if any;

- 24.2.7** a statement and supporting documents which confirm that the applicant has the technical competence to conduct the proposed Exploration activities according to the requirements imposed under Article 25 of the Regulation;
 - 24.2.8** a statement and supporting documents which confirm that the applicant has the financial resources and capacity to conduct the Exploration activities according to the requirements imposed under Article 26 of the Regulation;
 - 24.2.9** the proposed Exploration Work Program which indicates the nature and scope of the proposed Exploration activities that the applicant intends to carry out;
 - 24.2.10** a comprehensive expenditure plan setting out the estimated amount of funds that the applicant intends to expend on the Exploration activities. The expenditure plan shall be in the form prescribed by the Ministry; and
 - 24.2.11** the environmental impact management plan and the Social Impact Management plan in accordance with the requirements imposed under the Regulation.
- 24.3** If the proposed Licence Site as described in an application for an Exploration Licence includes private property or public facilities which are located within the Licence Site, the Ministry may issue the Licence on condition that (i) the applicant shall implement precautionary measures to prevent any undue interference with the private property or public facilities (ii) the applicant shall be committed to full inspection of the site, (iii) the applicant may not conduct Exploration activities on the private property or public facilities other than those which the Ministry has approved, and (iv) the applicant shall compensate the owners of the private property or public facilities where the Exploration activities cause any damage to their property.
- 24.4** The Ministry may ask the applicant for additional information, including further information in respect of the applicant's technical competence and financial resources and capacity.
- 24.5** An applicant shall pay the application fees as provided in the table attached to the Law.

Article 25: Technical requirements for applicants for Exploration Licences:

- 25.1.** An applicant for an Exploration Licence shall:
- 25.1.1.** be a legal entity registered in the Kingdom with a share capital of not less than one hundred thousand (100,000) Riyals, and the purpose for which it was incorporated shall be related to Exploration and Mining Activities;
 - 25.1.2.** not have held a Licence that was withdrawn within the three (3) years prior to submitting the application;
 - 25.1.3.** provide a statement which indicates the objectives and the proposed Work Program which it intends to implement, as well as detailed annual costs in respect of the Work Program during the term of the Licence; and
 - 25.1.4.** if it is submitting an application in respect of Class (A) or (B) Minerals:

- 25.1.4.1. employ one or more Person(s) who are qualified geoscientists; or
- 25.1.4.2. conclude an agreement with a specialised technical consultant to undertake the technical elements of the Work Program. The consultant's specialists who are either located in the Kingdom or offshore shall have at least five (5) years' experience relating to Exploration or Mining Activities of the target Minerals identified in the application.

25.2. An applicant may apply for and hold only one (1) Exploration Licence if (i) it has not previously held such a Licence and explored for or exploited Minerals which fall under Class (A) or (B) Minerals in the Kingdom or elsewhere, (ii) it is not a shareholder in a company that previously held a Licence and explored for or exploited Minerals which fall under of Class (A) or (B) in the Kingdom or elsewhere, or (iii) it is not a shareholder in a company with other shareholders that previously held a Licence and explored for or exploited Minerals which fall under Class (A) or (B) in the Kingdom or elsewhere.

25.3. An applicant who already holds an Exploration Licence in accordance with paragraph (25.2) of this Article and who wishes to apply for a second Licence shall, in addition to the requirements imposed under paragraph 25.1 of this Article, meet the following requirements:

25.3.1. previously obtained a Licence to explore for or exploit Class (A) or (B) Minerals in the Kingdom and has held this Licence for at least two (2) years; and

25.3.2. is committed to the implementation of the Work Program, the financial expenditure requirements of the initial Exploration Licence, and the requirements imposed under the Law, the Regulation and Licence conditions.

25.4. If the applicant has previous experience and held (or holds) Licences to explore for or exploit Class (A) and (B) Minerals inside or outside the Kingdom, a Licensee may apply for further Exploration Licences, provided that it meets the requirements imposed under paragraph 25.1 of this Article and:

25.4.1. submits a report on its technical competence, copies of the Licences which it previously held, and the results of the activities which were conducted under previous Licences; and

25.4.2. is committed to the obligations imposed under the previous Licence(s), and to continue adhering to the Work Program and financial expenditure requirements for the Licence.

Article 26: Financial capacity of the applicant for an Exploration Licence:

26.1. An applicant for an Exploration Licence shall as part of its application submit:

- 26.1.1.** documents which evidence the availability of hundred per cent (100%) of the funds necessary to cover the total exploration minimum expenses of the exploration Work Program for a period of two years for each licence;
- 26.1.2.** a financing plan of no less than one hundred per cent (100%) of the minimum total exploration expenses for the period of the requested licence;
- 26.1.3.** a declaration which confirms that it has neither been declared bankrupt nor subjected to any of the procedures under the Bankruptcy Law;
- 26.1.4.** an undertaking that the applicant shall not be late in paying any sums owed to the Ministry related to any licence, fines, or any other dues.

Article 27: Decision on the application for an Exploration Licence:

- 27.1.** The Ministry shall make a decision in respect of an application for an Exploration Licence as follows:
 - 27.1.1.** if the applicant meets the requirements imposed under articles 24, 25 and 26 of the Regulation and the applicant has paid the prescribed application fee, the Ministry shall provide the applicant with an acknowledgment of receipt indicating the date and the reference number which is assigned to it;
 - 27.1.2.** The Ministry may appoint experts to review the application for the Exploration Licence, and advise the Ministry on whether the applicant meets all the requirements to receive an Exploration Licence; and
 - 27.1.3.** within ninety (90) days from the date on which the application was submitted, the Ministry may:
 - 27.1.3.1. Accept the application and grant an Exploration Licence if the application fulfils all the requirements set out in the Law and the Regulation.
 - 27.1.3.2. Notify the applicant that the application is rejected for failing to fulfil the requirements, and inform the applicant of the reasons for the rejection.
 - 27.1.3.3. Notify the applicant that the Ministry requests additional time to consider the application and provide reasons for this.
- 27.2.** If the Ministry notifies the applicant of other requirements that should be met in relation to the application or its amendment, the applicant shall within thirty (30) days from receiving such notice submit a revised application to the Ministry.
- 27.3.** The revised application shall be submitted in the form prescribed by the Ministry.
- 27.4.** The Ministry shall within (30) days from receiving the revised application:
 - 27.4.1.** grant the Exploration Licence if the revised application meets all the requirements imposed under the Law, the Regulation, and as set out in the prescribed form;
 - 27.4.2.** reject the revised application and notify the applicant of the Ministry's decision as well as the reasons for the decision; or
 - 27.4.3.** notify the applicant that the Ministry requires more time to consider the application and the reasons for the additional time.

- 27.5.** The Ministry shall reject the revised application if:
- 27.5.1.** the revised application is not submitted within thirty (30) days from the date on which the applicant was notified;
 - 27.5.2.** the application fails to meet all the requirements imposed under the Law, the Regulation, and as set out in the prescribed form, despite the additional time that was afforded to the applicant to revise its application;
 - 27.5.3.** if the proposed Licence Site partially or fully overlaps with an area covered by an existing Licence or an existing application for a Licence;
 - 27.5.4.** if the proposed Licence Site is located within Mining Blocks which the Ministry intends to allocate for public tender processes or concerns Minerals that are subject to special regulation; or
 - 27.5.5.** if a decision is issued by the Permanent Committee not to accept the application pursuant to the provisions of Article 55 of the Regulation.
- 27.6.** The Ministry shall grant an application for an Exploration Licence if:
- 27.6.1.** the application meets the requirements imposed under the Law and the Regulation;
 - 27.6.2.** if the proposed Exploration Work Program and the environmental and Social Impact Management plans which the applicant submitted with its application comply with the requirements imposed under the Law and the Regulation; and
 - 27.6.3.** the proposed Licence Site does not overlap with (i) the area covered by an existing Exploration Licence, (ii) an existing Exploitation Licence in respect of the same Mineral or associated Minerals, or (iii) another pre-existing application in respect of the same Licence Site.
- 27.7.** A notice under Article 27.1.3.2 of the Regulation shall not affect the order in which competing applications are received as further provided under Article 16 of the Regulation and the Ministry shall only consider further applications once the application in question is rejected on one of the grounds provided under Article 27.5 of the Regulation.

Article 28: Rights and obligations attached to every Exploration Licence:

- 28.1.** All exploration licences shall be subject to the conditions provided in Article (41) of the Law, and the relevant form prescribed by the Ministry.
- 28.1.1.** A Licensee, shall have the exclusive right to apply for an Exploitation Licence within the Licence Site, upon proving the economic feasibility of exploiting minerals or ores.
 - 28.1.2.** A Licensee shall have the right to use Minerals and Ores obtained through the Exploration operations, and to perform all operations or tests necessary to achieve the licence's purposes, in accordance with the provisions of the Law and the Regulation.

- 28.1.3.** Once the Exploration Licence expires or if it is terminated, a Licensee shall submit the studies and all samples and technical drilling records obtained through the Exploration activities to the Ministry.
- 28.1.4.** A Licensee may transport and export samples specified in the Licence outside the Kingdom, which does not exceed five hundred (500) kilograms, for testing and analysis, provided that the Ministry notified.
- 28.1.5.** A Licensee may export samples specified in the Licence outside the Kingdom weighing more than five hundred (500) kilograms to conduct further examination, analysis and testing after the approval of the Ministry.
- 28.1.6.** The Ministry shall not consider any other application for an Exploration Licence in respect of the Licence Site and Minerals identified in the Licence, except if:

- 28.1.6.1. a Licensee fails to submit an application to renew the Exploration Licence within the prescribed period; or
- 28.1.6.2. the Exploration Licence terminated or expired.

- 28.2.** The Licensee shall submit semi-annual and annual reports on the progress of its Exploration work to the Ministry throughout the Licence period. It shall also submit a comprehensive report to the Ministry once the Licence expires. All reports shall be in the form prescribed by the Ministry.
- 28.3.** A Licensee shall comply with the Minimum Annual Expenditure requirements for Exploration works, as set out in Annex No. (6) to the Regulation.
- 28.4.** The Ministry may, in coordination with other competent government authorities, impose any additional obligations on the holder of an Exploration Licence in order to protect sites of archaeological or historical significance.

Article 29: Exceptions in respect of applications for Reconnaissance and Exploration Licences:

- 29.1.** In accordance with the exceptions provided under Article 13(2) of the Law, the following government authorities are exempted from the requirements for obtaining Reconnaissance and Exploration Licences provided in the Regulation:
 - 29.1.1.** the SGS;
 - 29.1.2.** government authorities;
 - 29.1.3.** universities; and
 - 29.1.4.** national institutes and research centres.
- 29.2.** Entities identified under Article 29.1 of the Regulation may conduct Reconnaissance and Exploration activities, on condition that:
 - 29.2.1.** They submit an application in the form prescribed by the Ministry and comply with all the requirements provided under the prescribed form; and
 - 29.2.2.** The purpose of the Reconnaissance and Exploration activities is to obtain information for scientific and academic research purposes and to obtain geological information.

- 29.3.** If any entity identified under Article 29.1 of the Regulation wishes to conduct Reconnaissance or Exploration activities for commercial purposes, it shall notify the Ministry of its intention and submit a separate application. This application shall be in the form prescribed by the Ministry and shall comply with all the requirements for a Reconnaissance or Exploration Licence imposed under the Law and the Regulation.

Article 30: Renewal of an Exploration Licence:

- 30.1.** Exploration Licences in respect of Class (C) Minerals may not be renewed.
- 30.2.** An Exploration Licence in respect of Class (A) and Class (B) Minerals can be renewed for a maximum period of five (5) years on the condition that a Licensee holding the Exploration Licence submits a renewal application to the Ministry not later than thirty (30) days before the date on which the Exploration Licence is due to expire.
- 30.3.** The renewal application shall be:
- 30.3.1.** in accordance with the prescribed form; and
 - 30.3.2.** submitted in accordance with the process provided by the Ministry.
- 30.4.** The renewal application shall include:
- 30.4.1.** a report on the Exploration activities conducted at the Licence Site in respect of the Licence which a Licensee wishes to renew;
 - 30.4.2.** a report from a chartered accountant on the total expenditures incurred by the Licensee, if the Ministry so requires. The report shall include the expenses which a Licensee incurred in respect of the Licence which it intends to renew as well as other Licences which a Licensee holds in the same area as the Licence Site. The Ministry may appoint an external expert to evaluate such report;
 - 30.4.3.** the proposed Work Program for the renewal period;
 - 30.4.4.** the detailed costs for the works conducted during the renewal period; and
 - 30.4.5.** any additional information which the Ministry specifically requests.

Article 31: Decision on the application for the renewal of an Exploration Licence:

- 31.1.** The Ministry shall make a decision in respect of an application to renew an Exploration Licence as follows:
- 31.1.1.** the Ministry shall review the technical capacity and financial resources of the applicant in accordance with Articles 25 and 26 of the Regulation in order to assess the applicant's capacity to comply with the Work Program for the next phase of its Exploration activities;

- 31.1.2.** the Ministry shall reject an application to renew an Exploration Licence in respect of Class (A) and (B) Minerals if :
 - 31.1.2.1. a Licensee is in breach of any of the obligations imposed under the Law, the Regulation, or the terms and conditions of its Exploration Licence; or
 - 31.1.2.2. a Licensee fails to comply with the minimum expenditure requirements specified under Article 108 of the Regulation;
 - 31.1.3.** if the holder of an Exploration Licence submits an application to renew its Licence, and complies with the procedures provided in the Law and the Regulation, the existing Exploration Licence shall remain in effect until the Ministry has made a decision in respect of the renewal application; and
 - 31.1.4.** subject to any other requirements or restrictions imposed under the Law or the Regulation, the Ministry may, if it grants the renewal application, impose additional obligations, or amend the existing obligations imposed under the Exploration Licence.
- 31.2.** If the applicant meets the requirements imposed under Article 30 of the Regulation and the applicant has paid the prescribed application fee, the Ministry shall provide the applicant with an acknowledgment of receipt indicating the date and the reference number which is assigned to it.
 - 31.3.** The Ministry shall, within thirty (30) days from the date on which the applicant submitted the renewal application:
 - 31.3.1.** approve the application and renew the Licence if the application meets all of the requirements imposed under the Law and the Regulation, in accordance with the form prescribed by the Ministry;
 - 31.3.2.** notify the applicant that the Ministry rejected the application for failing to meet all the requirements imposed under the Law and the Regulation, and provide written reasons for its decision; or
 - 31.3.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.
 - 31.4.** The Ministry may appoint experts to review the application for the Exploration Licence and advise the Ministry on whether the applicant meets all the requirements to obtaining an Exploration Licence.
 - 31.5.** If the Ministry issues the notice contemplated under Article 31.3.2 of the Regulation, the applicant may within thirty (30) days from the date of receiving such notification submit a revised application to the Ministry.
 - 31.6.** The revised application shall be in the form prescribed by the Ministry.
 - 31.7.** The Ministry shall within thirty (30) days of receiving the revised application, accept or reject the application, and notify the applicant of its decision.
 - 31.8.** In the event that the Ministry rejects the amended application, it shall notify the applicant in writing of the reasons for its decision.

31.9. The Ministry shall reject the revised application to renew an Exploration Licence for Class (A) and (B) Minerals if:

31.9.1. the applicant fails to submit such application within thirty (30) days from the date on which it received the notification;

31.9.2. the application fails to meet all the requirements imposed under the Law, the Regulation, and as set out in the prescribed form despite the additional time that was granted to the applicant to revise its application;

31.9.3. the applicant fails to comply with any provision of the Law, the Regulation or the terms and conditions of the existing Exploration Licence; or

31.9.4. the applicant has breached the terms and conditions of the Licence to such an extent that the existing Licence may be terminated or held an Exploitation or Exploration Licence that was terminated in accordance with the mechanisms prescribed under the Law.

31.10. The Ministry shall grant the renewal application if:

31.10.1. the application meets all the requirements imposed under the Law and the Regulation; and

31.10.2. the applicant meets any additional requirements imposed under the Licence.

Section Three: Mining, Small Mine and general purpose Licences:

Article 32: Application for a Mining Licence or Small Mine Licence:

32.1. An applicant may only apply for a Mining Licence or Small Mine Licence if:

32.1.1. the application is in respect of a Licence Site which falls within a valid Exploration Licence;

32.1.2. the applicant has complied with all the obligations arising from or relating to the Exploration Licence;

32.1.3. the applicant demonstrates that it is economically feasible to exploit the Ores and Minerals in light of the Mineral resources and reserves located within the Licence Site; and

32.1.4. the applicant is a company registered in the Kingdom and purpose for which it was incorporated relates to conducting Mining Activities.

32.2. An applicant for a Mining or Small Mine Licence shall:

32.2.1. complete the prescribed application form; and

32.2.2. submit the completed application to the Ministry by following the process prescribed by the Ministry.

32.3. An application for a Mining or Small Mine Licence shall include the following:

32.3.1. Business Feasibility Study which meets the requirements imposed under Article 40 of the Regulation;

- 32.3.2.** an environmental and Social Impact Study, which shall include an environmental management plan;
 - 32.3.3.** a Rehabilitation and Closure plan which complies with the requirements imposed under Article 81 of the Regulation;
 - 32.3.4.** a Work Program and implementation plan;
 - 32.3.5.** the financial guarantee; and
 - 32.3.6.** any other requirements provided for in the prescribed application form.
- 32.4.** An applicant shall pay the prescribed application fees as provided in the schedule attached to the Law.
- 32.5.** The following Minerals may not be mined under a Small Mine Licence: Phosphate, Tantalum, Niobium, rare Earth elements, Thorium, Quartz, high-grade Iron, high-grade Bauxite, and all radioactive minerals or elements.

Article 33: Decision on an application for Mining Licence or Small Mine Licence:

- 33.1.** If the requirements provided under Article 32 of the Regulation are met, and once the applicant pays the application fee, the Ministry shall acknowledge receipt of the application and provide the applicant with a reference number.
- 33.2.** Before the Ministry makes a decision on the application, the Ministry may request the applicant to provide additional information, including additional information regarding its financial resources and capacity or technical competence.
- 33.3.** Within sixty (60) days of the approval of the environmental and Social Impact Study by the competent government authority, the Ministry may:
- 33.3.1.** grant the application and issue the Mining Licence or Small Mine Licence if the application meets all of the requirements imposed under the Law and the Regulation;
 - 33.3.2.** notify the applicant that the application is rejected because it does not meet the requirements as well as the reasons for its decision; or
 - 33.3.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.
- 33.4.** The Ministry may appoint experts to review an application for a Mining Licence or Small Mine Licence to advise the Ministry on whether the applicant has satisfied all the requirements relating to the grant of the Licence.
- 33.5.** If the Ministry issues the notice contemplated under Article 33.3.2 of the Regulation, the applicant may within a period of sixty (60) days from the date of receiving such notification, submit a revised application to the Ministry.
- 33.6.** The revised application shall be in the form prescribed by the Ministry.
- 33.7.** The Ministry shall, within thirty (30) days of receiving the revised application, grant or reject the application, and notify the applicant in writing of its decision.

- 33.8.** If the Ministry rejects the revised application, it shall inform the applicant in writing of the reasons for its decision.
- 33.9.** The Ministry shall reject the revised application for a Mining Licence or a Small Mine Licence if:
- 33.9.1.** the applicant fails to submit such application within sixty (60) days from the date on which it received the notification; or
 - 33.9.2.** the revised application fails to meet all the requirements imposed under the Law, the Regulation, or as provided in the prescribed form despite the additional time that was afforded to the applicant to revise its application.
- 33.10.** The Ministry shall issue the Mining Licence or the Small Mine Licence if the applicant meets all of the following requirements:
- 33.10.1.** it has the financial capacity and resources required to finance the project;
 - 33.10.2.** it has the technical competence to implement and manage the project;
 - 33.10.3.** it has the required professional experience to carry out Mining or quarrying operations efficiently;
 - 33.10.4.** the environmental and Social Impact Study and the environmental management plan which are submitted with the application are approved;
 - 33.10.5.** the Rehabilitation Program submitted with the application is approved;
 - 33.10.6.** the financial guarantee submitted with the application is approved;
 - 33.10.7.** the Business Feasibility Study which accompanied the application meets the requirements provided under Article 40 of the Regulation; and
 - 33.10.8.** it complies with any further requirements imposed by the relevant government authorities for the relevant Licence.
- 33.11.** A notice under Article 33.3.2 of the Regulation shall not affect the order in which competing applications were received.

Article 34: Rights that vest in and obligations which are imposed on the holder of a Mining Licence and a Small Mine Licence:

- 34.1.** A holder of a Mining Licence and a Small Mine Licence shall comply with the conditions imposed under Articles 42, 43 and 45 of the Law, the Regulation, the terms and conditions of the specific Licence, and the plans and studies on the basis of which the Licence was granted.
- 34.2.** A holder of the Licence may only commence developing the Licence Site or undertake Mining Activities in the Licence Site once it has obtained the necessary approvals and permits.
- 34.3.** A Licensee may not transport Ores or Minerals extracted from the Licence Site, or allow Ores or Minerals to be transported or sold, unless a Licensee issues a document to the carrier for each load which provides that the Ore and Minerals being transported by the carrier were extracted in a lawful manner, provides a description of the Ores or Minerals which are being transported as well as the quantity of Ores and Minerals that are being transported, and the destination to where the Ores and

Minerals will be delivered. A Licensee shall keep copies of these documents for the Ministry which may review and examine them, as well as issue further instructions in respect of the documents.

- 34.4.** A Licensee shall calculate the amount of Minerals or Ores exploited under the Licence by following such methodology as the Ministry may prescribe.
- 34.5.** A Licensee shall keep comprehensive accounting records in respect of all activities which it conducts under the Licence. These records shall also include information in respect of all commercial activities which are related to the Mining Activities. Ministry representatives may, upon request to a Licensee, review such accounting books and records.
- 34.6.** A Licensee shall submit an annual report to the Ministry. The report shall be subject to the Class of Mineral which a Licensee exploits and shall be (i) in the form prescribed by the Ministry and (ii) submitted before or on the dates provided for in the Regulation.
- 34.7.** A Licensee shall pay the Surface Rent and severance fees due under the Licence for the Financial Consideration Period in question, and on the dates specified for it, as provided in the Regulation.
- 34.8.** The Ministry may, in co-ordination with the relevant governmental authorities and before issuing the Licence, add any additional conditions to any specific Mining Licence or Small Mine Licence.
- 34.9.** The holder of a Mining Licence or Small Mine Licence has the exclusive right to apply for a new Licence on the same site after the expiry of the Licence, as renewed. A Licensee's right is however subject to (i) a Licensee submitting the renewal or new application not less than one hundred and eighty (180) days before the expiration date of the Licence, and (ii) a Licensee shall not have breached any of the obligations imposed under the Law, the Regulation, or the terms and conditions of its existing Licence.
- 34.10.** A Licensee has the right to apply for the Exploitation of any of the Classes of Minerals not regulated under the Licence, which are located within the Licence Site, if it fulfils the requirements imposed under the Law and the Regulation for the Mineral to be exploited and updates the necessary studies, plans and programs which for part of the existing Licence and may be affected by the addition of the new Minerals under the Licence.

Article 35: Application to renew a Mining Licence or Small Mine Licence:

- 35.1.** The holder of a Mining Licence or a Small Mine Licence may at any time but no later than one hundred and eighty (180) days before the expiration of the Licence submit an application to renew the term of the Licence.
- 35.2.** In order to submit an application for the renewal of a Mining Licence or a Small Mine Licence, a Licensee shall:

- 35.2.1.** complete the prescribed application form; and
 - 35.2.2.** submit the completed application by following the process prescribed by the Ministry.
- 35.3.** The renewal application shall include the following:
 - 35.3.1.** a report by a certified competent Person in respect of the Mineral resources and Mineral reserves at the Licence Site;
 - 35.3.2.** a report on the Mining Activities carried out at the Licence Site under the Mining Licence or the Small Mine Licence;
 - 35.3.3.** an updated Business Feasibility Study, which shall comply with the requirements imposed under Article 40 of the Regulation;
 - 35.3.4.** a statement on the status of the financial guarantee in respect of the Rehabilitation and Closure, in accordance with the requirements imposed under the Law and the Regulation;
 - 35.3.5.** an updated environmental and Social Impact Study, which shall include a revised environmental management plan. The revised environmental and Social Impact Study and environmental management plan shall be approved by the relevant environmental authority;
 - 35.3.6.** an updated plan for Rehabilitation and Closure in accordance with the requirements imposed under the Law and the Regulation; and
 - 35.3.7.** any other requirements which may be provided under the prescribed form.
- 35.4.** A Licensee shall pay the prescribed renewal application fee as provided in the schedule attached to the Law.
- 35.5.** The Ministry shall reject the renewal application if a Licensee has breached any of the (i) requirements imposed under the Kingdom's environmental laws, or (ii) conditions provided in the plans and programs which form the basis on which the existing Licence was granted.
- 35.6.** The Ministry may request the Licensee to increase the local content requirements and the support which the Licensee offers to the national and transformational industries, as well as the Licensee's community performance management.
- 35.7.** If the holder of a Mining or Small Mine Licence submits an application to renew such Licence, and complies with the procedures provided in the Law and the Regulation, the existing Licence's rights shall remain in effect until the Ministry has made a decision in respect of the renewal application.
- 35.8.** The Ministry may, in accordance with the provisions of the Law and the Regulation, add or amend the terms and conditions of Licence upon its renewal.

Article 36: Decision on an application to renew a Mining Licence or a Small Mine Licence:

- 36.1.** If an application complies with the requirements imposed under Article 35 of the Regulation and the applicant has paid the prescribed application fee, the Ministry

shall provide the applicant with an acknowledgment of receipt indicating the date and the reference number which is assigned to it.

- 36.2.** The Ministry may, before making a decision on the application, request the applicant to provide additional information, including (i) any updates to the environmental impact studies and plans, (ii) an update of the Rehabilitation and Closure plan (iii) an update of the financial guarantees, and (iv) further information in respect of its financial resources or technical capacity.
- 36.3.** Within sixty (60) days of the competent authority approving the updated (i) environmental and Social Impact Study and (ii) Rehabilitation and Closure plan, the Ministry shall:
- 36.3.1.** approve the application and renew the Licence if the application meets all of the requirements imposed under the Law and the Regulation;
 - 36.3.2.** notify the applicant that the Ministry rejected the application for failing to meet the requirements imposed under the Law or the Regulation, and provide written reasons for its decision; or
 - 36.3.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.
- 36.4.** The Ministry may appoint experts to review the renewal application and advise the Ministry on whether the applicant has met all the requirements imposed under the Law and the Regulation.
- 36.5.** If the Ministry issues the notice contemplated under Article 36.3.2 of the Regulation to the applicant, the applicant shall within a period of sixty (60) days from the date of receiving such notification, address the matters identified by the Ministry, provide the additional information and submit a revised application to the Ministry.
- 36.6.** The revised application shall be in the form prescribed by the Ministry.
- 36.7.** The Ministry shall, within thirty (30) days of receiving the revised application, grant or reject the application, and notify the applicant of its decision in writing.
- 36.8.** If the Ministry rejects the revised application, it shall inform the applicant of the reasons for its decision in writing.
- 36.9.** The Ministry shall reject the revised application to renew the Licence if:
- 36.9.1.** the applicant fails to submit such application within sixty (60) days from the date on which it received the notification;
 - 36.9.2.** the revised application fails to meet all the requirements imposed under the Law, the Regulation, or as provided in the prescribed form despite the additional time that was afforded to the applicant to revise its application;
 - 36.9.3.** the applicant failed to comply with the provisions of the Law, the Regulation or the terms and conditions of the Licence to be renewed;

- 36.9.4.** the applicant failed to comply with environmental and social impact studies, community performance management, local content, rehabilitation and closure plan.
 - 36.9.5.** the applicant failed to comply with any other requirements imposed by the competent government authorities in relation to the Licence.
- 36.10.** [numbering error in the Arabic text - Article 36.10 should be Article 36.9.4]
- 36.11.** [numbering error in the Arabic text - Article 36.11 should be Article 36.9.5]
- 36.12.** The Ministry shall approve the renewal application if:
- 36.12.1.** The applicant maintains its technical competence and financial resources and capacity;
 - 36.12.2.** The applicant has fulfilled all the requirements imposed under the Law, the Regulation, the terms and conditions of the Licence to be renewed, and other terms agreed upon with a Licensee.

Article 37: Application for a general purpose Licence:

- 37.1.** The holder of a Mining Licence or a Small Mine Licence may also submit an application for a general purpose Licence under which it will be entitled to:
- 37.1.1.** establish facilities or use lands outside the Licence Site to undertake activities required to further the purpose for which the Licence was granted;
 - 37.1.2.** continue using facilities located in the Licence Site after the Licence expires.
- 37.2.** A Licensee shall determine the area of land required for the general purpose Licence. The area of land described in the application shall accord with the location of the facilities which the applicant intends to establish, and which are required to achieve the purpose(s) of the Mining Licence or Small Mine Licence.
- 37.3.** An applicant for a General Purpose Licence shall:
- 37.3.1.** complete the prescribed application form; and
 - 37.3.2.** submit the completed application to the Ministry by following the process prescribed by the Ministry.
- 37.4.** The application shall be submitted at least ninety (90) days before the expiration date of the Mining Licence or Small Mine Licence if the application is submitted in accordance with Article 37.1.2 of the Regulation.
- 37.5.** An application for a general purpose Licence shall include the following:
- 37.5.1.** a copy of the related Mining Licence or Small Mine Licence;
 - 37.5.2.** a description of:

- 37.5.2.1. the facilities that the applicant wishes to use or establish;
- 37.5.2.2. the location of such facilities;
- 37.5.2.3. the area that will be covered by the general purpose Licence and reasons why the specific area is required;
- 37.5.2.4. an environmental and Social Impact Study which meets the requirements imposed under the Regulation;
- 37.5.2.5. a Rehabilitation and Closure plan; and
- 37.5.2.6. a financial guarantee for Rehabilitation and Closure.

37.5.3. payment of the prescribed application fee as provided in the schedule attached to the Law.

Article 38: Decision on general purpose Licence applications:

An application for a general purpose licence shall be determined in the same manner as set out under Article 36 of the Regulation.

Article 39: Obligations imposed under a general purpose Licence:

- 39.1.** All general purpose Licences shall comply with the requirements imposed under Articles 45 and 48 of the Law, as well as the relevant form prescribed by the Ministry.
- 39.2.** A general purpose Licence does not entitle its holder to exploit or extract any Minerals located in the Licence Site.
- 39.3.** In addition to the requirements imposed under Article 26 of the Law, if the holder of a general purpose Licence does not own the facilities located on the Licence Site, a Licensee shall:
 - 39.3.1.** Return these facilities to the Landowner or the Land User in a good condition, to the extent possible;
 - 39.3.2.** Remove all facilities at their own cost if the Landowner or Land User does not wish to retain the facilities.
- 39.4.** A Licensee shall not initiate any development or conduct any Mining Activities in the Licence Site regulated under the general purpose Licence, unless it has obtained relevant approvals and permits to do so.
- 39.5.** The holder of a general purpose Licence shall pay the Surface Rental due on the Licence. Payment shall be made on the dates specified and in accordance with the process prescribed under the Regulation.
- 39.6.** The Ministry may, in coordination with the competent government authorities, impose any additional obligations on the holder of the general purpose Licence in order to protect the environment, sites of archaeological or historical significance, and Local Communities that may be affected by a Licensees activities in the Licence Site.

Article 40: Business Feasibility Study:

40.1. The Business Feasibility Study which an applicant for a Mining Licence or a Small Mine Licence shall submit to the Ministry shall comprise the following:

40.1.1. general information which includes:

- 40.1.1.1. information in respect of the proposed Licence Site including topographic and other geographic maps of the area which show the private and public properties, facilities, and establishments that fall within the proposed Licence Site;
- 40.1.1.2. a list of the Mining Licences which the applicant or its shareholders hold in the Kingdom and in other jurisdictions, if any;
- 40.1.1.3. a description of the applicant's annual financial obligations which arise from the activities which it conducts under Exploration and Exploitation Licences it holds, if any;
- 40.1.1.4. information in respect of the applicant's owners and their technical expertise and financial resources and capacity; and
- 40.1.1.5. financial statements for the applicant's previous financial year.

40.1.2. geological information in respect of the mineral resources and reserves, including:

- 40.1.2.1. The Exploration results for previous works, geological lithology, on-site investigation, mineralisation and potential prospects.
- 40.1.2.2. Statement setting out information on drilling samples, results of drilling activities, a geological model of mineralization within the Licence Site, an estimation of the Mineral resources and Ore reserves prepared by a competent Person in accordance with a standard accepted by the Ministry

40.1.3. the Mining Work Program, which shall include:

- 40.1.3.1. A description of (i) the Mining method and program that the applicant intends to follow, (ii) the proposed timing of the different phases of the Mining Activities; (iii) the location of the Mine shafts, (iv) the Mine infrastructure which the Mining Activities may require, (v) how the applicant plans to manage the Ores once they are extracted, as well as copies of geotechnical studies that were conducted on the proposed Licence Site; and
- 40.1.3.2. a description of (i) the methods which the applicant will use to process and separate the mined Ores, (ii) the engineering designs which the applicant will follow to process, concentrate and filter the Ores, (iii) the process which the applicant intends to follow to manage any Tailings Dams of Mineral Ores

Processing Facilities, which shall include a copy of the proposed design of such Tailings Dams of Mineral Ores Processing Facilities and related facilities.

40.1.4. Information in respect of the applicant's capacity, technical expertise, and technical support required to implement the Work Program:

- 40.1.4.1. a statement in respect of the applicant's and its employees' skills, qualifications and experience; and
- 40.1.4.2. the identity of the service providers that the applicant will appoint to conduct Exploration and Mining Activities at the Licence Site.

40.1.5. A general site layout which identifies all the proposed industrial and Mining facilities, utilities facilities and infrastructure of the project which are located within the Licence Site. The layout should be accompanied by a comprehensive explanation of the general site design for all industrial and Mining facilities, service facilities, and project infrastructure;

40.1.6. information in respect of the applicant's financial capacity and financial resources to fund the project:

- 40.1.6.1. information on the sources of capital financing, loans, and other financing tools which the applicant will use to implement the project. The information must be confirmed by a financial advisor who is acceptable to the Ministry;
- 40.1.6.2. a letter of support either from the applicant's shareholders or an accredited bank which confirms the applicant's financial capacity;
- 40.1.6.3. an Undertaking by the shareholders which confirms that they shall finance their share of the project or make equity contributions.

40.1.7. a financial analysis and information in respect of the anticipated costs which include:

- 40.1.7.1. financial statements and a statement in respect of the capital and operating costs of the project;
- 40.1.7.2. a financial analysis of the project's feasibility;
- 40.1.7.3. the applicant's production plan as well as an estimate in respect of future sales and income;
- 40.1.7.4. estimates in respect of the financial consideration and Surface Rental which the applicant would need to pay;
- 40.1.7.5. the project's anticipated water and energy needs and information in support of anticipated needs including hydrological studies and a plan for water availability, supply and recycling;
- 40.1.7.6. the infrastructure which the Mining Activities will require.

- 40.1.8.** The applicant's organisational structures, employment, training plan and local employment;
- 40.1.9.** A Rehabilitation and Closure plan and the costs arising from this;
- 40.1.10.** A Local Community development plan, socio-economic impact assessment of the project, description of social baseline data, and Local Community needs;
- 40.1.11.** a plan to support local content and the national transformation of Saudi industries; and
- 40.1.12.** a compensation plan which satisfies the requirements imposed under Article 15 of the Regulation.

Section Four: building materials quarry Licence:

Article 41: Application for a building materials quarry Licence:

- 41.1.** An applicant for a building materials quarry Licence shall:
 - 41.1.1.** complete the prescribed application form; and
 - 41.1.2.** submit the completed application to the Ministry by following the process prescribed by the Ministry.

- 41.2.** An application for a building materials quarry Licence shall include the following:
 - 41.2.1.** a Work Program, which shall including the following:
 - 41.2.1.1. a comprehensive description of the activities which the applicant intends to undertake as well as confirmation of the period for which the Licence is sought;
 - 41.2.1.2. the date on which the applicant wishes to commence with the Exploitation Activities;
 - 41.2.1.3. the proposed Exploitation method;
 - 41.2.1.4. a description of the proposed Licence Site, which shall include (i) a map of the proposed Licence Site, and (ii) the location(s) in the Licence Site where the applicant intends to undertake the Exploitation Activities and other related activities;
 - 41.2.1.5. a comprehensive description of the project;
 - 41.2.1.6. the applicant's proposed annual Exploitation plan;
 - 41.2.1.7. information in respect of the capital costs of the project including details of the equipment and the facilities required for the project;
 - 41.2.1.8. an estimate of the operating costs of the project;
 - 41.2.1.9. technical expertise as well as (i) copies of other Licences which the applicant previously held and (ii) the results of activities conducted under such Licences; and
 - 41.2.1.10. the (i) number of employees and (ii) percentage of the employees that are Saudi nationals;

- 41.2.2. an environmental impact management plan which satisfies the requirements imposed under Article 74 of the Regulation;
 - 41.2.3. a Social Impact Management plan which satisfies the requirements imposed under Article 102 of the Regulation;
 - 41.2.4. a Rehabilitation Program which satisfies the requirements imposed under Article 79 of the Regulation and accords with the requirements imposed under the pro-forma environmental impact management plan form prescribed by the Ministry;
 - 41.2.5. a financial guarantee in respect of Rehabilitation which complies with the requirements imposed under Article 86 of the Regulation;
 - 41.2.6. proof of the applicant's technical experience and financial resources and capacity in accordance with the obligations imposed under Articles 43 and 44 of the Regulation; and
 - 41.2.7. any other requirements provided under the prescribed application form.
- 41.3. An applicant shall pay the prescribed application fees as provided in the schedule attached to the Law.
- 41.4. The applicant shall also provide an Undertaking confirming that it will pay (i) the Surface Rents, (ii) the minimum financial consideration, and (iii) financial consideration for the actual exploited quantities if such quantities exceed the minimum Mining capacity.
- 41.5. Subject to Licences which may be required for government projects, the proposed Licence Site shall be inside a Mining Block. If the proposed Licence Site is outside a Mining Block, the applicant shall submit an application for an Exploitation Licence.
- 41.6. Where the proposed Licence Site fully or partially overlaps with the Licence Site regulated under an existing Exploration or Exploitation Licence, the applicant for the building materials quarry Licence shall submit a copy of the agreement entered into with the holder of the existing Licence to the Ministry as part of its application.

Article 42: Building materials quarry Licence for governmental infrastructure projects:

- 42.1. A contractor which is engaged by a government agency to undertake construction works outside urban areas may submit an application for a building materials quarry Licence to undertake government projects. Such an applicant shall:
- 42.1.1. complete the prescribed application form; and
 - 42.1.2. submit the completed application to the Ministry by following the process prescribed by the Ministry.
 - 42.1.3. building materials quarry Licences that can be granted are limited to Sand, Gravel, sub-base materials, and crushers.
 - 42.1.4. Applicants may apply for building materials quarry Licences in areas that are adjacent to the Licence Site where the required materials are available.
 - 42.1.5. If the required materials which are required in terms of the technical requirements of the project technical requirements of the project are not found in a Mining Block, a Licence shall only be granted for a Licence Site which is located within sixty (60) kilometres of the project's location.

- 42.1.6.** The application shall include an endorsement from the government agency in charge of the project. The endorsement must be in the form prescribed by the Ministry and shall include:
- 42.1.6.1. a comprehensive description of the project, as well as (i) the contract number, (ii) the value of the contract, (iii) the duration of the contract, (iv) the expiry date of the contract, and (v) the reasons why the materials are required;
 - 42.1.6.2. the type of Minerals required and their specifications;
 - 42.1.6.3. the amount of Minerals required;
 - 42.1.6.4. the location of the Minerals that need to be transported as well as the location of the project; and
 - 42.1.6.5. the period for which the Licence is required and the period of the project.
- 42.2.** The applicant shall only be the main contractor to whom the government authority awarded the contract. Such an applicant must submit all relevant Licences from other competent authorities which authorises it to undertake works on the Licence Site.
- 42.3.** The area of the proposed Licence Site shall not exceed two hundred and fifty thousand square meters (250,000 m²).
- 42.4.** The applicant shall only use the materials extracted from the Licence Site for the purpose of the licenced project.
- 42.5.** The period of the building materials quarry Licence shall not exceed the term of the project's contract.
- 42.6.** The applicant should provide a financial guarantee which accords with the type of Ores that a Licensee intends to exploit and the requirements imposed under Article 86 of the Regulation. The financial guarantee shall only be released after Rehabilitation works are completed and upon approval of the Ministry of Environment, Water and Agriculture.
- 42.7.** The Licence Site should be convenient and free of all obstacles. No facilities, housing, or private properties should be located on the Licence Site.
- 42.8.** The applicant shall submit an environmental impact management plan and a Rehabilitation Program with its application.
- 42.9.** The applicant shall submit an Undertaking which confirms that it will rehabilitate the Licence Site with its application.
- 42.10.** An applicant shall pay the prescribed application fees as provided in the schedule attached to the Law.
- 42.11.** The applicant shall undertake to pay the (i) Surface Rents, (ii) minimum financial consideration, as well as (iii) financial consideration for the actual utilized quantities if they exceed the minimum Mining capacity.

- 42.12.** The applicant shall not be late in paying any sums owed to the Ministry related to any Licence, fines, or any other costs.

Article 43: Technical requirements for applicants for a building materials quarry Licence:

- 43.1.** An applicant for a building materials quarry Licence shall:
- 43.1.1.** be a legal entity registered in the Kingdom;
 - 43.1.2.** The legal entity's corporate existence must include an activity related to the mining business;
 - 43.1.3.** Provide an Undertaking that it will employ a Saudi national who shall be responsible for the operations at the Licence Site. The said employee shall be trained to acquire the necessary experience and comply with the requirements imposed under the Law, the Regulation and the terms and conditions of the Licence; and
 - 43.1.4.** The applicant shall not have held a Licence that has already been cancelled in the previous three years.
- 43.2.** An applicant which has not previously held an Exploitation Licence may only apply for one Licence with an area of less than two hundred and fifty thousand square meters (250,000 m²), and for a maximum term of five (5) years.
- 43.3.** To obtain more than one building materials quarry Licence, an applicant shall, in addition to the requirements imposed under Article 43.1 of the Regulation:
- 43.3.1.** have previous experience in relation to Mining Activities and have held an Exploitation Licence for at least two (2) years;
 - 43.3.2.** have conducted the Mining Activities in a manner which complies with the requirements imposed under the programs, plans for any previous building materials quarry Licence and the provisions of the Law and the Regulation and terms of the Licence; and
 - 43.3.3.** not have committed more than four (4) offenses, of which one carried a penalty which exceeded two hundred thousand Riyals (200,000), during the previous two (2) years.
- 43.4.** Subject to the requirements imposed under Article 43.2 of the Regulation, a corporation that owns industrial facilities may submit an application for a building materials quarry Licence on condition that: (i) the Minerals which are used in the manufacturing processes at the factory are not found on or under the property on which the factory is located, (ii) the applicant has the technical expertise and financial resources and capacity to undertake the proposed activities, and (iii) it urgently requires the Minerals in order to undertake the manufacturing processes at the factory.

Article 44: Financial resources and capacity of an applicant for a building materials quarry Licence:

- 44.1.** The applicant shall have a share capital equal to or exceeding one hundred thousand (100,000) Riyals.
- 44.2.** An application for a building materials quarry Licence shall include a financing plan that covers one hundred per cent (100%) of the capital costs and operating expenses for the first year of the project.
- 44.3.** The applicant shall also confirm that it has access to at least forty per cent (40%) of the total funds required to implement the proposed Work Program.
- 44.4.** The applicant shall also confirm it has not been declared bankrupt or subject to any insolvency procedures regulated under the Kingdom's Bankruptcy Law.
- 44.5.** The applicant is not late on the payment of any sums owed to the Ministry related to any Licence, fines, or any other costs.

Article 45: Determination of an application for a building materials quarry Licence:

- 45.1.** If an application for a building materials quarry Licence complies with the requirements imposed under Articles 41, 43 and 44 of the Regulation and the applicant has paid the prescribed application fee, the Ministry shall provide the applicant with an acknowledgment of receipt indicating the date and the reference number which is assigned to it.
- 45.2.** The Ministry may, before making a decision on the application, request the applicant to provide additional information, including additional information in respect of its financial resources and capacity or technical expertise.
- 45.3.** Within thirty (30) days from the date of submitting the application, the Ministry shall:
 - 45.3.1.** approve the application and issue the building materials quarry Licence if the application meets all of the requirements imposed under the Law, the Regulation and the Ministry's prescribed form;
 - 45.3.2.** notify the applicant that the Ministry rejected the application because it does not meet the requirements and the reasons for its decision; or
 - 45.3.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.
- 45.4.** The Ministry may appoint experts to review and assess the application for a building materials quarry Licence and advise the Ministry on whether the applicant has the technical and financial capabilities and meets all the requirements to obtain the Licence.

- 45.5.** If the Ministry issues the notice indicated under Article 45.3.2 of the Regulation, the applicant may within a period of thirty (30) days from the date of receiving such notification, submit a revised application to the Ministry.
- 45.6.** The Ministry shall, within thirty (30) days of receiving the revised application, approve or reject the application, and notify the applicant of its decision in writing.
- 45.7.** The Ministry shall reject the revised application for a building materials quarry Licence if:
 - 45.7.1.** the applicant fails to submit such revised application within thirty (30) days from the date on which it received the notification; or
 - 45.7.2.** the revised application fails to meet all the requirements imposed under the Law, the Regulation, or as provided in the prescribed form, despite the additional time that was afforded to the applicant to revise its application.
- 45.8.** The Ministry shall grant an application for a building materials quarry Licence if the applicant meets all of the following requirements:
 - 45.8.1.** it complies with all the requirements imposed under the Law and the Regulation;
 - 45.8.2.** the building materials quarry Licence Work Program complies with the objectives which the applicant intends to achieve under the Licence; and
 - 45.8.3.** the applicant complies with any additional requirements imposed by the government authorities in respect of building materials quarry Licences.
- 45.9.** A notice under Article 45.3.2 of the Regulation shall not affect the order in which competing applications were received and the Ministry shall only consider subsequent applications after the application in question is rejected on one of the grounds provided under Article 45.7 of the Regulation.

Article 46: Obligations imposed under any building materials quarry Licence

- 46.1.** In addition to complying with all the obligations imposed under the Law, the Regulation, and its Licence, the Licence holder shall:
 - 46.1.1.** appoint a Saudi national who is familiar with the obligations provided in the Law and the Regulation, and who shall be present at the Licence Site during all operating hours to ensure that all requirements imposed under the Licence are complied with;
 - 46.1.2.** only commence development or Mining Activities in the Licence Site after obtaining the necessary approvals and permits from the Ministry.
- 46.2.** [numbering error in the Arabic text - Article 46.2 should be Article 46.1.1]
- 46.3.** [numbering error in the Arabic text - Article 46.3 should be Article 46.1.2]
- 46.4.** A Licensee may not transport Ores or Minerals extracted from the Licence Site, or allow Ores or Minerals to be transported or sold, unless a Licensee issues a document to the carrier for each load which provides s that the ore and minerals

being transported by the carrier were extracted in a lawful manner, provides a description of the Ores or Minerals which are being transported as well as the quantity of Ores and Minerals that are being transported, and the destination to which the Ores and Minerals will be delivered. A Licensee shall keep copies of these documents for bythe Ministry which may review and examine them, as well as issue further instructions in respect of the documents.

- 46.5.** A Licensee shall calculate the amount of Minerals or Ores exploited under the Licence by following the methodology prescribed by the Ministry.
- 46.6.** A Licensee shall keep accounting books and production records for each building materials quarry Licence in respect of the quarry activities and other related business processes, and shall grant the Ministry's representatives access to these books and records when requested to do.
- 46.7.** A Licensee shall submit reports to the Ministry on the basis of the Class of Minerals and in accordance with the form prescribed by the Ministry. Reports shall be submitted on the dates specified in the Regulation.
- 46.8.** The holder of the building materials quarry Licence shall pay the Surface Rental and financial consideration due on the dates specified for in the Regulation.

Article 47: Application to renew a building materials quarry Licence:

- 47.1.** A building materials quarry Licence may be renewed for a period or periods. Each period shall not exceed five (5) years.
- 47.2.** The holder of the building materials quarry Licensee may at any time but no later than ninety (90) days before the expiration of the Licence submit an application to renew the term of the Licence.
- 47.3.** In order to submit an application for the renewal of a building materials quarry Licence, a Licensee shall:
 - 47.3.1.** complete the prescribed application form; and
 - 47.3.2.** submit the completed application by following the process prescribed by the Ministry.
- 47.4.** The renewal application shall include the following:
 - 47.4.1.** a report on all Exploitation and related activities that were conducted under the existing building materials quarry Licence;
 - 47.4.2.** the Work Program in respect of the building materials quarry Licence for the renewal period;
 - 47.4.3.** an updated environmental impact management plan which complies with the requirements imposed under Article 74 of the Regulation;
 - 47.4.4.** an updated report on the Social Impact Management Plan in accordance with the requirements set out under Article 102 of the Regulation;
 - 47.4.5.** a Rehabilitation Program or an updated Rehabilitation Program;

- 48.5.** If the Ministry issues the notice contemplated under Article 48.3.2 of the Regulation, the applicant can within a period of thirty (30) days from the date of receiving such notification, submit a revised application to the Ministry.
- 48.6.** The revised application shall be in the form prescribed by the Ministry.
- 48.7.** The Ministry shall, within ten (10) days of receiving the revised application grant or reject the application, and notify the applicant in writing of its decision.
- 48.8.** The Ministry shall reject the revised application to renew a building materials quarry Licence if:
- 48.8.1.** the applicant fails to submit such application within thirty (30) days from the date on which it received the notification;
 - 48.8.2.** the revised application fails to meet all the requirements imposed under the Law, the Regulation, or as provided in the prescribed form despite the opportunity that was granted to the applicant; or
 - 48.8.3.** the applicant failed to comply with any of the provisions provided in the Law, the Regulation, or the terms and conditions of the building materials quarry Licence for which the renewal application is submitted.
- 48.9.** If the holder of a building materials quarry Licence submits an application to renew such Licence in accordance with the procedures provided in the Law and the Regulation, the existing Licence shall remain in force until the Ministry has made a decision in respect of the renewal application.
- 48.10.** The Ministry may, in accordance with any other requirements or restrictions set out under the Law or the Regulation, add new, or amend the terms and conditions of the building materials quarry Licence when the Licence is renewed.

Section Five: Other Mining Activities Licences:

Article 49: Other Mining Activities Licences:

- 49.1.** An applicant may submit an application for the following additional categories of Licences:
- 49.1.1.** a Licence for surplus Mineral Ores at project sites or privately owned lands; or
 - 49.1.2.** a Minerals and Ore use Licence for artisanal miners.

Article 50: Licence for Surplus Mineral Ores at project sites or privately owned lands:

- 50.1.** The Ministry may grant any Person a Licence for surplus Minerals and Ores under Class (C) where the Minerals and Ores are located within Licence Sites, or on

privately owned land and will be transported from the Licence Site in order to be sold or otherwise benefited from. To apply for such a Licence an applicant shall:

- 50.1.1.** complete the prescribed application form; and
- 50.1.2.** submit the completed application by following the process prescribed by the Ministry;
- 50.1.3.** submit the necessary additional Licences which were issued by the competent authorities which authorises the applicant to work in the Licence Site;
- 50.1.4.** be the owner of the land or project and submit relevant supporting documents;
- 50.1.5.** identify the surface area of the proposed Licence Site from which materials will be transported as well as its geographic coordinates;
- 50.1.6.** identify the type and quantity of Ores which the applicant wishes to remove and sell from the Licence Site I;
- 50.1.7.** not establish any facilities or units related to the crushing, grinding, processing, or purification of the exploited Minerals and Ore;
- 50.1.8.** the duration of the Licence shall not exceed one (1) year. It can be extended at the Ministry's discretion;
- 50.1.9.** pay the financial consideration due for the quantities of materials depending on the Minerals or Ores which the applicant intends to remove from the Licence Site, in accordance with the provisions of the Regulation;
- 50.1.10.** comply with the relevant environmental protection requirements, including approvals;
- 50.1.11.** A Licensee may not transport Ores or Minerals extracted from the Licence Site, or allow Ores or Minerals to be transported or sold, unless a Licensee issues a document to the carrier for each load which provides that the Ore and Minerals being transported by the carrier were extracted in a lawful manner, provides a description of the Ores or Minerals which are being transported as well as the quantity of Ores or Minerals that are being transported, and the destination to where the Ores or Minerals will be delivered. A Licensee shall keep copies of these documents for the Ministry which may review and examine them, as well as issue further instructions in respect of the documents.
- 50.1.12.** The Ministry may monitor the works authorized under the Licence and verify the quantity of materials removed from the Licence Site;
- 50.1.13.** The decision to grant or reject a surplus Mineral Ore Licence shall be made in accordance with the mechanism prescribed for building materials quarry Licences and the provisions of this Article.

Article 51: Ores and Minerals extraction Licence for artisanal miners:

- 51.1.** The Ministry may grant a Licence to natural Persons who are Saudi national artisanal miners and who collect Mineral Deposits through manual methods, including: salt Deposits, clay materials for artisanal and traditional works, and Rocks and stones for artistic works. An applicant for such a Licence shall:
 - 51.1.1.** complete the prescribed application form;
 - 51.1.2.** submit the completed application by following the process prescribed by the Ministry;

- 51.1.3.** apply for an area of the proposed Licence Site that does not exceed ten thousand square metres (10,000 m²);
- 51.1.4.** indicate the location of the Licence Site as well as its geographic coordinates;
- 51.1.5.** provide an Undertaking that it will not establish any facilities on the Licence Site;
- 51.1.6.** provide an Undertaking that it will not use any energy-powered equipment or machines during the extraction process and will only deploy manual labour;
- 51.1.7.** pay the financial consideration depending on the type and quantity of Ore mined;
- 51.1.8.** not have held a Licence that was withdrawn within the previous three (3) years;
- 51.1.9.** not be late in paying any sums owed to the Ministry related to any Licence, fines, or any other dues;
- 51.1.10.** The decision to grant an Ores and Minerals extraction Licence for artisanal miners shall be made in accordance with the mechanism prescribed for building materials quarry Licences and the requirements imposed under of this Article 51.

Section Six: Specific Layers of the Earth and seabed Mining:

Article 52: Application for a specific Layer of the Earth Licence:

- 52.1.** An application for a specific Layer of the Earth Licence must comply with the requirements imposed under the Regulation in respect of the type of Licence which the applicant wishes to apply for.
- 52.2.** The application shall provide reasons supporting the request for a specific Layer of the Earth.
- 52.3.** The application shall include studies and a description of the Mining methodology that show which Mining activities will not cause damage to the adjacent Layers of the Earth.
- 52.4.** If the Layer of the Earth which the applicant wishes to exploit is located within the Licence Site of an existing Licence, and the holder of the existing Licence does not intend to exploit the specific Layer of the Earth, the Ministry may either (i) cancel the existing Licence holder's right to exploit the specific Layer of the Earth and grant this right to the applicant, or (ii) request the applicant to submit an agreement with the existing Licence holder which stipulates how both Persons will contemporaneously conduct Mining Activities on the same Licence Site. In any event, the granting of a specific Layer of the Earth Licence shall not materially affect an existing Licence holder's rights.

Article 53: Application for a seabed Mining Licence:

- 53.1.** Subject to the requirements imposed under Article 2(1) of the Law, an application for a seabed Exploration or Mining Licence shall comply with the requirements prescribed by the Ministry and the government authorities in accordance with the provisions of the Royal Decree number (M/17), dated (11/09/1416 H) which ratified the United Nations Convention on the Law of the Sea (1982 G).

Chapter Three: Lands Requiring Approval

Article 54: Applications relating to lands requiring approvals:

- 54.1.** Any application for a Licence in respect of lands reserved for public facilities, sites of touristic, historical or archaeological importance, wildlife reserves, rangelands, forestlands, and geological national parks shall comply with the requirements imposed under Article 8 of the Law.
- 54.2.** In addition to complying with the requirements imposed under the Regulation in respect of the Licence which the applicant wishes to acquire, the application shall be accompanied by reports setting out any measures which the applicant will implement including to protect the Mining Reserve Area, Public Utilities, sites of touristic, historical or archaeological importance, wildlife reserves, rangelands, forestlands and geological national parks against the potential harm which may result from the proposed Reconnaissance, Exploration, or Exploitation Activities.

Article 55: Decision on the applications relating to lands requiring approvals:

- 55.1.** The Ministry shall, within thirty (30) days from the date of submitting an application for an Exploration or Exploitation, notify the relevant government authorities of the location of the proposed Licence Site, and invite them to submit written comments to the Ministry within thirty (30) days of receipt of the notice.
- 55.2.** If the relevant government authority does not object to the Licence Site within thirty (30) days of receiving the Ministry's notification, the government authority will be deemed to have consented to the application.
- 55.3.** If the Ministry receives an objection from the relevant government authority, it shall consider the objection, and may request the applicant to provide any additional information or studies. After receiving the additional information the Ministry may take one of the following actions, subject to what it deems appropriate:
- 55.3.1.** notify the applicant that it must revise its application pursuant to the objection it received from the government authorities;
 - 55.3.2.** refer the application to the Permanent Committee and notify the applicant of the Permanent Committee's decision; or
 - 55.3.3.** reject the application and provide reasons for its decision.

Chapter Four: Tender Processes

Article 56: Allocation of land for tender processes:

- 56.1.** The Ministry shall not allocate any land or marine area for tender if the allocation will:
- 56.1.1.** deprive a Licensee, who holds a valid license, of any rights conferred under their Licence; or
 - 56.1.2.** damage public facilities or sites of historical or archaeological significance, wildlife reserves, pastures, forests, geological national parks, or tourist facilities, unless the necessary legal procedures were taken.
- 56.2.** When any land or marine area is allocated for tender, the Ministry shall inform the public through any means which it deems appropriate. Such information shall include the information provided in the prescribed form, including but not limited to:
- 56.2.1.** a comprehensive description of the relevant land or marine area;
 - 56.2.2.** the qualification criteria which the Ministry will use to evaluate the tenderers in addition to the requirements imposed under this Chapter; and
 - 56.2.3.** the due date for the submission of proposals by tenderers.
- 56.3.** The tender process shall be conducted in accordance with the requirements imposed under the Law, the Regulation and the tender specifications.

Article 57: Access to lands and inspection of areas subject to tender processes:

- 57.1.** Any tenderer may enter and inspect the designated areas, whether lands or marine areas, in order to complete the applications after obtaining the Ministry's consent to do so.
- 57.2.** A tenderer shall comply with all the conditions and obligations imposed by the Ministry to enter the lands and marine areas subject to the tender process.

Article 58: Examination of the tender documents:

- 58.1.** The Ministry shall determine the conditions and criteria applicable to the tender, as well as documents that should be submitted.
- 58.2.** All tender submissions shall be evaluated according to the same standard criteria. No tender submission shall enjoy preferential treatment.
- 58.3.** The Ministry may appoint Qualified Persons to assess the technical and financial aspects of a tenderer's submission and advise whether the tenderer has the required technical experience and financial resources and capacity, and has complied with the statutory requirements.

- 58.4.** The Ministry shall evaluate each tender submission and may:
- 58.4.1.** grant a Licence to the highest scoring tenderer that has met all the requirements and conditions of the tender; and
 - 58.4.2.** reject all other tender submissions.
- 58.5.** The Ministry may reject all tender submissions if these submissions fail to comply with the tender requirements.
- 58.6.** If the Ministry decides not to award the tender to any tenderer, it may extend the tender period to allow further tender submissions or cancel the tender.
- 58.7.** The Ministry may resubmit the lands or marine areas for a tender or determine the best alternative way to develop the land or maritime area.
- 58.8.** If the Ministry decides to cancel the tender, it shall notify the tenderers of the decision.

Article 59: Awarding the tender and issuing the relevant Licence:

- 59.1.** If the tender is awarded and the tenderer obtains the Licence specified in the tender, the Ministry shall publish:
- 59.1.1.** a notice announcing the end of the tender process and that a successful tenderer has been selected;
 - 59.1.2.** information on the successful tenderer;
 - 59.1.3.** a description of the Licence Site; and
 - 59.1.4.** a summary of the rights and obligations imposed under the Licence.

Chapter Five: Amendment to Valid Licences

Article 60: Application to amend an existing Licence:

- 60.1.** The holder of an Exploration or Exploitation Licence may, during the term of the Licence, submit an application to the Ministry to amend the boundaries and coordinates of an existing Licensee's Licence Site. The holder of a Reconnaissance Licence is not entitled to submit such a request to the Ministry.
- 60.2.** Work Programs, programs, and studies of any Licence may only be amended if the Ministry approves such amendment.
- 60.3.** A Licensee who wishes to amend an existing Licence shall:
- 60.3.1.** complete the prescribed application form; and

- 60.3.2.** submit the completed application to the Ministry by following the process prescribed by the Ministry.
- 60.4.** Any amendment to a Work Program or study shall only take effect after the Ministry approves a Licensee's requested amendments.
- 60.5.** An applicant should have the required technical expertise and financial resources and capacity to conduct the activities regulated under the Licence as amended.
- 60.6.** An application to partially amend the boundaries and coordinates of an Exploitation Licence Site can be requested if:
 - 60.6.1.** the total area of the Licence Site does not exceed the limits prescribed under the applicable law;
 - 60.6.2.** the amendment is required for technical reasons or owing to natural factors that affect the location of the Ores, as will be assessed by the Ministry;
 - 60.6.3.** the proposed amendment shall not exceed a fifty per cent (50%) change in the total area of the existing Licence Site; and
 - 60.6.4.** the proposed amendment shall not interfere with an existing Exploration or Exploitation Licence holder's rights or hinder works conducted under such Licences.
- 60.7.** An amended application shall include:
 - 60.7.1.** information in respect of the Licence and any program or plan relating to the requested amendment;
 - 60.7.2.** any report or other supporting documentation explaining the reasons for the requested amendment;
 - 60.7.3.** any other documents provided in the prescribed application form.
- 60.8.** If an amended application complies with the requirements imposed under Article 60.7 of the Regulation and satisfies the requirements applicable to the granting of the relevant Licence, the Ministry shall issue an acknowledgement of receipt indicating the date and reference number which is assigned to the application upon payment of the prescribed application fee.
- 60.9.** Within thirty (30) days of a Licensee submitting the application, the Ministry shall:
 - 60.9.1.** approve the amendment application, if:
 - 60.9.1.1. the application satisfies all the requirements imposed under the Law and the Regulation;
 - 60.9.1.2. a Licensee is not in breach of any of the provisions of the Law, the Regulation, or the terms and conditions of the existing Licence; and
 - 60.9.1.3. a Licensee provided reasons in support of the application that are acceptable to the Ministry and the proposed amendments can be implemented;

- 60.9.2.** notify a Licensee that the application is rejected because it does not satisfy the requirements as well as the reasons for its decision; or
 - 60.9.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.
- 60.10.** If the application is granted, the Ministry shall notify a Licensee of its decision and complete the relevant procedures within fifteen (15) days.
- 60.11.** If the application is rejected, a Licensee may submit a revised application within thirty (30) days provided that the revised application addresses all the issues raised in the rejection notice.

Article 61: Discovery of Minerals not included in an Exploration or Exploitation Licence:

- 61.1.** If a Licensee discovers any Minerals that are not included in the Exploration or Exploitation Licence, a Licensee shall:
- 61.1.1.** notify the Ministry of the discovery within ninety (90) days of the discovery date;
 - 61.1.2.** provide information of the Minerals discovered as well as their location and the methods used in such discovery; and
 - 61.1.3.** if it wishes to amend the Licence to include the discovered Minerals, submit an application in accordance with the provisions of Article 60 of the Regulation.
- 61.2.** An application to amend a Licence under Article 61.1 of the Regulation shall include:
- 61.2.1.** A description of the discovered Mineral;
 - 61.2.2.** the amendments that a Licensee intends to make to the Exploration or Exploitation Works Program in order to include the additional operations in respect of the discovered Mineral; and
 - 61.2.3.** provide any additional information requested by the Ministry.
- 61.3.** Subject to the provisions of Article 61.4 of the Regulation, and provided that a Licensee is not in breach of its obligations under the Law and the Regulation, the Ministry shall approve the request to amend the Exploration or Exploitation Licence to include the discovered Mineral.
- 61.4.** If the application complies with the requirements provided under Article 61.1 of the Regulation, the Ministry shall deliver to the applicant, within fifteen (15) days from the date of the submission, an acknowledgement of receipt indicating the date and reference number of the application.
- 61.5.** The Ministry shall reject the application if any Person other than the applicant holds an Exploration or Exploitation Licence in respect of the discovered Mineral or of an associated Mineral over the area in which it was discovered.

Article 62: Abandonment of Licences:

- 62.1.** In compliance with Article 31 of the Law, the holder of an Exploration or Exploitation Licence may abandon all or a part of the Licence Site prior to the Licence's expiry date.
- 62.2.** An application to abandon all or part of a Licence Site must be made in accordance with the provisions of this Article 62 of the Regulation.
- 62.3.** The applicant shall:
- 62.3.1.** complete the prescribed application form; and
 - 62.3.2.** submit the completed application to the Ministry by following the process prescribed by the Ministry.
- 62.4.** The applicant shall submit to the Ministry all studies and sample results in respect of the area or Minerals which a Licensee wishes to abandon.
- 62.5.** Subject to the requirements imposed under the Law and the Regulation, the Ministry shall approve the application if a Licensee complies with the Rehabilitation and Closure obligations. The Ministry shall issue a decision in respect of the abandonment within thirty (30) days from date it approves the abandonment application.
- 62.6.** The Ministry shall not approve an abandonment application if:
- 62.6.1.** a Licensee has breached any of the provisions of the Law, the Regulation or the terms and conditions of the Licence;
 - 62.6.2.** a Licensee does not provide the Ministry with records and reports related to the site or Minerals;
 - 62.6.3.** it becomes evident to the Ministry that a Licensee did not comply with the Law, the Regulation, or the terms and conditions of the Licence.
- 62.7.** A Licensee's liability in respect of a Licence Site that the applicant wishes to fully or partially abandon shall only be waived at the date on which the abandonment decision enters into force.
- 62.8.** The abandonment of an Exploitation Licence shall be subject to the provisions, conditions, and requirements applicable to the expiry of the Licence.

Article 63: Transfer of Licences:

- 63.1.** Subject to the requirements imposed under Article 20 of the Law, the Transfer of an Exploration or Exploitation Licence only enters into force when the Ministry issues a decision approving the Transfer.
- 63.2.** A Licensee who wishes to Transfer a Licence shall:
- 63.2.1.** complete the prescribed application form; and

- 63.2.2.** submit the completed application to the Ministry by following the process prescribed by the Ministry.
- 63.3.** A Licensee shall pay the prescribed application fees as provided in the schedule attached to the Law.
- 63.4.** An application to Transfer a Licence shall include:
- 63.4.1.** a copy of the Licence which a Licensee intends to Transfer;
 - 63.4.2.** comprehensive information on the transferee;
 - 63.4.3.** a copy of the Transfer agreement concluded between the transferor and the transferee;
 - 63.4.4.** proof that:
 - 63.4.4.1. the transferee is a qualified Person and meets all the Licence requirements;
 - 63.4.4.2. a Licensee is not in breach of any provisions of the Law, the Regulation and the terms and conditions of the Licence at the date of submission of the Transfer application and that the transferor does not owe any outstanding payments to the Ministry; and
 - 63.4.4.3. an Undertaking by a Licensee that the rights, liabilities and obligations under the Licence will be Transferred to the a competent Person (the transferee), including the provision of the financial guarantees contemplated under the provisions of the Law, the Regulation and the terms and conditions of the Licence.
 - 63.4.5.** any further requirements provided under the prescribed form.
- 63.5.** If the application complies with the requirements imposed under this Article 63, and the applicant has paid the prescribed application fee in accordance with the provisions of the schedule attached to the Law, the Ministry shall issue to the applicant an acknowledgment of receipt indicating the date and reference number of the application.
- 63.6.** Within sixty (60) days from the date of receiving the application, the Ministry shall notify a Licensee and the transferor:
- 63.6.1.** has approved the application if the application complies with all the requirements provided in the Law, the Regulation, and the prescribed application form and that the Transfer application fees have been paid in accordance with the provisions of the schedule attached to the Law; or
 - 63.6.2.** has rejected the application because it does not satisfy the requirements as well as the reasons for its decision; or
 - 63.6.3.** notify the applicant that the Ministry requires additional time to consider the application and provide written reasons for this.

- 63.7.** The Ministry may appoint experts to review the application and advise it on whether or not (i) the transferor and transferee satisfied all the requirements for Transferring the Licence, and (ii) the transferee has the technical expertise and financial resources and capacity to continue with the Licence's activities.

Article 64: Change of Control of a Licensee:

- 64.1.** Subject to the requirements imposed under Article 21 of the Law, a Licensee shall notify the Ministry of any change of Control of a Licensee within thirty (30) days from the date of such change, in accordance with the form prescribed by the Ministry.
- 64.2.** This notice shall include the following:
- 64.2.1.** information in respect of the Licence;
 - 64.2.2.** comprehensive information on the entities or Persons acquiring Control;
 - 64.2.3.** a copy of the agreement regulating the change of Control;
 - 64.2.4.** any change to a Licensee's technical competence or financial capacity and capacity as a result of the change in Control.
- 64.3.** The Ministry may request more information and clarification on the Person(s) who acquired Control.
- 64.4.** If the requirements provided in this Article 64 of the Regulation are complied with, the Ministry shall issue to the applicant, within thirty (30) days of the date of the notice, an acknowledge of receipt indicating the date and the reference number which has been assigned to the applicant.
- 64.5.** The Ministry may request further information or clarification from a Licensee.

Article 65: Mortgages:

- 65.1.** Subject to the requirements under Article 22 of the Law, a Licensee shall notify the Ministry of the mortgage of any rights conferred by the Licence before the effective date of the mortgage and in accordance with the form prescribed by the Ministry, so that it registers the mortgage in the register of Licences.
- 65.2.** The notice shall include the following:
- 65.2.1.** information in respect of the mortgagee;
 - 65.2.2.** information in respect of the Licence;
 - 65.2.3.** a copy of the mortgage agreement; and
 - 65.2.4.** a written Undertaking from the mortgagee that the execution of the mortgage is subject to the provisions of the Law, the Regulation, and other relevant laws.
- 65.3.** The Minister shall issue to a Licensee an acknowledgment of receipt within thirty (30) days of receipt of the mortgage notice.

- 65.4.** The Ministry may request additional information or clarification from a Licensee.
- 65.5.** A Licensee may not dispose of the Licence before the expiry of thirty (30) days from the date of registration of the mortgage in the register of Licences.
- 65.6.** The Ministry shall record the mortgage in the section related to the relevant Licence of the register of Licences.

Chapter Six: General Rights and Obligations of a Licensee

Article 66: Rights of a Licensee:

- 66.1.** Subject to the provisions of relevant laws, a Licensee may:
 - 66.1.1.** enter the Licence Site and undertake works that are authorised under the Licence;
 - 66.1.2.** use samples extracted under a Reconnaissance Licence and an Exploration Licence and export such samples for non-commercial purposes; and
 - 66.1.3.** in respect of an Exploration Licence and an Exploitation Licence, use water from any natural sources located within the Licence Site in accordance with the provisions of the Law.
- 66.2.** The holder of an Exploitation Licence shall have the exclusive right to:
 - 66.2.1.** construct, establish, or operate any surface or subsurface infrastructure and facilities, and use any equipment or carry out any activities necessary to achieve the purpose for which the Licence was granted provided a Licensee first obtains all the required authorisation from the relevant government authorities;
 - 66.2.2.** produce and exploit the Minerals identified in the Exploitation Licence, through (i) Exploration, drilling, Mining and quarrying, (ii) chemical, physical and metrological Processing, and (iii) manufacturing, Polishing, concentrating, dissolving, and filtering activities;
 - 66.2.3.** transport, export, and sell Minerals in their raw or refined forms, in accordance with the provisions of the Law, the Regulation, and the terms and conditions of the Licence;
 - 66.2.4.** construct, operate, and maintain all mines, Quarries, buildings, factories, pipelines and refineries, and Tailing Dams of Mineral Ores inside or outside the Licence Site, after obtaining the necessary approvals;
 - 66.2.5.** construct railways, highways, communication systems, power stations and other facilities necessary or appropriate to achieve the purposes of the Exploitation Licence inside or outside the Licence Site, after obtaining the necessary approvals; and
 - 66.2.6.** use rock-fill, Gravel, Sand and similar materials from the Licence Site as may be necessary to achieve the purpose of the Licence, or sell and make

commercial use of these materials after paying the relevant financial consideration.

Article 67: Obligations imposed on Licensees:

- 67.1.** Subject to the requirements under Article 28 of the Law, a Licensee shall be responsible for all activities performed under the Licence and be liable for any breach or damage which result from the activities performed under the Licence and which may occur inside or outside the Licence Site.
- 67.2.** A Licensee shall at all times comply with the laws of the Kingdom including, the Law, the Regulation, the terms and conditions of its Licence and the Guidelines and instructions issued by the Ministry in accordance with the provisions of Article 3 of the Regulation.
- 67.3.** Before commencing any activity authorised under the Licence, a Licensee shall satisfy all requirements and conditions, and obtain all permits prescribed by the Ministry or other relevant authorities prior to commencing works on the Licence Site.
- 67.4.** A Licensee shall notify the Ministry, within a sufficient period of time, of any activity it wishes to carry out and which is not provided in the Work Program.
- 67.5.** A Licensee shall:
- 67.5.1.** undertake all operations in accordance with technology recognised by the Mining industry and in such manner as to (i) avoid damage, wastage and loss of natural resources, (ii) lower energy consumption and (iii) optimise the use of water. Technologies used should be regularly updated;
 - 67.5.2.** carry out pre-production development and construction operations as rapidly as possible and as justified by the size of the Mineral Deposits and Reserve Areas in order to not adversely affect the economics of the project; and
 - 67.5.3.** submit to the Ministry any updated studies in respect of the Licence Site or related operations.
- 67.6.** Subject to any requirements under the Law or the Regulation, a Licensee shall keep complete and detailed records of its operations depending on the type of Licence it holds and provide and make available such records for inspection by the Ministry's representatives upon request.
- 67.7.** The holder of an Exploitation Licence shall provide the Ministry with a Mining Declaration in respect of the type of Minerals it exploits and in accordance with the provisions of the Regulation.
- 67.8.** The holder of an Exploitation Licence shall provide the Ministry with an annual Mining Declaration audited by a certified chartered accountant.

- 67.9.** A holder of a Reconnaissance Licence, an Exploration Licence and an Exploitation Licence shall submit to the Ministry all samples and studies collected from the Licence Site when the Licence (i) expires, (ii) is terminated, or (iii) is partially or fully abandoned. These submissions shall be made in accordance with the requirements prescribed by the Ministry.

Article 68: Aerial Surveys and photography:

- 68.1.** Subject to any other requirements imposed under applicable laws, if a Licensee wishes to conduct an Aerial Survey of the Licence Site, a Licensee must submit an application to the Ministry before conducting any type of Aerial Survey or taking any aerial photographs of the Licence Site.

- 68.2.** The application shall:

- 68.2.1.** be in the form prescribed by the Ministry;
- 68.2.2.** provide the information provided in the prescribed form, including:

- 68.1.1.1. the type of Licence;
- 68.1.1.2. the boundaries of the area that a Licensee intends to survey;
- 68.1.1.3. the technical data or surveys which a Licensee intends to undertake.
- 68.1.1.4. the main reasons and justifications for the survey; and
- 68.1.1.5. an Undertaking that a Licensee will share the results of the Aerial Survey with the Ministry.

- 68.3.** If the requirements provided under Article 68.2 of the Regulation are complied with, the Ministry shall within ten (10) days of receiving the application refer it to the competent government authority to issue the licences or approvals required under applicable laws and guidelines.

- 68.4.** If the competent government authority rejects the application, the Ministry shall notify a Licensee and provide reasons for the decision.

Article 69: Process for dealing with force majeure events:

- 69.1.** A holder of an Exploration Licence or an Exploitation Licence whose operations are affected by a force majeure event shall submit an application to the Ministry in accordance with the relevant prescribed form, together with evidence of the effect and its expected duration.

- 69.2.** The Ministry shall within thirty (30) days notify a Licensee that it:

- 69.2.1.** approves the application;
- 69.2.2.** rejects the application and provides reasons for its decision; or
- 69.2.3.** requires additional time to consider the application and provide reasons for this.

- 69.3.** If the Ministry accepts the application, it may:
- 69.3.1.** extend the term of the Licence for a period not less than the period during which work was stopped or impeded as a result of the force majeure event;
 - 69.3.2.** where the Licence relates to Minerals of Class (C), grant a Licensee an alternative site if an alternative site is available in the same region and for the same type of Ores, provided that all other legal requirements are complied with.
- 69.4.** [numbering error in the Arabic text - Article 69.4 should be Article 69.3.1]
- 69.5.** [numbering error in the Arabic text - Article 69.5 should be Article 29.3.2]
- 69.6.** The extension of the Licences' terms shall be registered in the register of Licences.

Part Three: Sustainability

Chapter One: Environment

Section One: Environmental impact study:

Article 70: Abidance by requirements and procedures:

Without prejudice to the provisions of the environmental law, the requirements and procedures specified in this Chapter shall be complied with.

Article 71: Environmental impact study:

71.1. The applicant for a Mining Licence, a Small Mine Licence, or a general purpose Licence shall submit an environmental impact study which shall comply with:

- 71.1.1.** the requirements provided in the environmental law; and
- 71.1.2.** any additional conditions imposed by the Ministry in accordance with Article 3 of the Regulation.

Article 72: Submission of the environmental impact study:

72.1 The environmental impact study shall be submitted to the relevant environmental authority for approval, provided that the Executive Officer shall submit an Undertaking which includes:

- 72.1.1.** an acknowledgment and approval of the validity and accuracy of the information contained in the environmental impact study or the environmental management plan;
- 72.1.2.** that the environmental impact study is consistent with the requirements of the environmental law and the requirements of the relevant environmental authority; and
- 72.1.3.** that all necessary measures have been taken at the Licence Site where the environmental management plan is implemented, and any other requirements related to the approval of the environmental impact study and the environmental management plan, or either of them, are implemented.

Article 73: Review of the environmental impact study:

73.1. The holder of a Mining Licence, a Small Mine Licence and a general purpose Licence shall review and update the environmental impact study as required by applicable laws, or at the occurrence of the earliest of the following events:

- 73.1.1.** renewal or amendment of the Licence;
- 73.1.2.** the occurrence of an environmental accident that requires the review of the environmental impact study; or
- 73.1.3.** upon the Ministry's request, after coordination with the environmental authority, to conduct a review in order to limit or prevent negative environmental impacts.

- 73.2.** A Licensee shall conduct its activities in accordance with the latest environmental impact study and environmental management plan until such time as any amendment is approved.

Section Two: Environmental impact management plan:

Article 74: Environmental impact management plan for building materials quarry Licences and Exploration Licences:

- 74.1.** Subject to the requirements and specifications set by the environmental authority, the applicant for an Exploration Licence or building materials quarry Licence shall submit the environmental impact management plan in accordance with the form prepared by the Ministry, provided that the plan includes:
- 74.1.1.** laws and regulations to which the plan is subject;
 - 74.1.2.** data of the Licence applicant;
 - 74.1.3.** location data of the requested Licence Site;
 - 74.1.4.** obligations under the environmental impact management plan; and
 - 74.1.5.** the Executive Officer's Undertaking to abide by the environmental impact management plan.

Article 75: Review and amendment of the environmental impact management plan:

- 75.1.** A Licensee shall review and amend the environmental impact management plan in any of the following cases:
- 75.1.1.** the Licence is renewed or amended;
 - 75.1.2.** the Licence is Transferred;
 - 75.1.3.** an environmental accident occurs that requires the review of the environmental impact management plan; or
 - 75.1.4.** the Ministry or environmental authority requests a Licensee to limit or prevent the negative environmental impacts.
- 75.2.** The Ministry may grant a temporary permission to allow a Licensee to comply with the amended environmental impact management plan pending its review.

Section Three: Environmental accidents:

Article 76: Environmental accidents:

- 76.1.** Subject to the provisions of the relevant laws, a Licensee shall provide the Ministry with copies of reports on any environmental accidents related to the Licence activities.

- 76.2.** A Licensee shall take all necessary measures to address any environmental accidents and or prevent the recurrence of similar accidents.

Article 77: Annual report on the environmental management plan and the environmental impact management plan:

- 77.1.** A holder of a Mining Licence, a Small Mine Licence or a general purpose Licence shall submit an annual report on the status of compliance with the environmental management plan approved under the environmental impact study.
- 77.2.** A holder of a building materials quarry Licence and an Exploration Licence shall submit an annual report to the Ministry on the status of compliance with the environmental impact management plan.

Section Four: Tailings Dams of Mineral Ores Processing Facilities:

Article 78: Management of Tailings Dams of Mineral Ores Processing Facilities:

- 78.1.** A Licensee shall manage Tailings Dams of Mineral Ores Processing Facilities according to the requirements of the environment authority, the environmental law and the approved environmental impact study, and shall comply with the following minimum requirements:
- 78.1.1.** the safe management of Tailings Dams of Mineral Ores Processing Facilities during the use of the Tailings Dams of Mineral Ores Processing Facilities, including in relation to their Closure;
 - 78.1.2.** the decisions related to Tailings Dams of Mineral Ores Processing Facilities which shall take into account all social, environmental, local economy and technical factors during the period of their use, including in relation to their Closure;
 - 78.1.3.** the plans and standards of Tailings Dams of Mineral Ores Processing Facilities shall be designed in a way that reduces Risks during all stages of their expected life span, including Closure and post-Closure;
 - 78.1.4.** the design of Tailings Dams of Mineral Ores Processing Facilities shall be based on good knowledge and scientific foundations that limit any potential Risks during all stages of the Tailings Dams of Mineral Ores Processing Facilities' life span, including Closure and post-Closure;
 - 78.1.5.** the planning, construction and operations of Tailings Dams of Mineral Ores Processing Facilities shall be managed in a way that ensures reduction of Risks in all stages of operations, including Closure and post-Closure;
 - 78.1.6.** the design, implementation, and operation of monitoring systems at Tailings Dams of Mineral Ores Processing Facilities shall be managed in a way that reduces Risks during all stages of Tailings Dams of Mineral Ores Processing Facilities' life span, including Closure and post-Closure;
 - 78.1.7.** policies, systems and allocation of responsibilities shall be directed towards ensuring the safety and integrity of Tailings Dams of Mineral Ores Processing Facilities;

- 78.1.8.** quality and risk management systems shall be implemented throughout the stages of the Tailings Dams of Mineral Ores Processing Facilities life span, including Closure;
- 78.1.9.** quality control and risk management control systems shall be set up and implemented throughout the stages of the Tailings Dams of Mineral Ores Processing Facilities life span, including Closure;
- 78.1.10.** reporting mechanisms and mechanisms to address Risks and local community concerns shall be established;
- 78.1.11.** plans to prepare for and respond to emergencies in case of a malfunction which may result from accidents at the Tailings Dams of Mineral Ores Processing Facilities shall be developed;
- 78.1.12.** a long term plan to remedy any impacts that may result from accidents or damages to the Tailings Dams of Mineral Ores Processing Facilities shall be prepared; and
- 78.1.13.** a Licensee shall engage with the relevant government authorities to reduce Risks and prevent the collapse of Tailings Dams of Mineral Ores Processing Facilities.

Chapter Two: Rehabilitation and Closure

Section One: Rehabilitation and Closure:

Article 79: Rehabilitation and Closure works:

- 79.1.** A Licensee shall carry out Rehabilitation and Closure works for the Licence Site in a manner that ensures that it is stable from a geotechnical standpoint, environmentally un-polluted and does not pose a threat the safety of human or animal, and shall:
 - 79.1.1.** store and scrap the top Layer to a depth of twenty (20) centimetres (cm) of the soil, if any, before starting the Exploitation works. The top Layer shall be put back in place at the Licence Site upon Rehabilitation;
 - 79.1.2.** trim the sharp or unstable edges of pits and slopes, create drainage channels and ensure that water does not accumulate;
 - 79.1.3.** close the openings of subsurface Mines according to the appropriate engineering designs;
 - 79.1.4.** remove installations, equipment, and facilities from the Licence Site in compliance with the provisions of Article 26 of the Law;
 - 79.1.5.** backfill all infrastructure debris and remaining foundations to a thickness of at least one (1) meter of backfill material that can be penetrated by plant roots, provided that this does not affect the surface water flow;
 - 79.1.6.** rehabilitate slopes and terrains to be sufficiently safe, stable from a geotechnical standpoint and to resist the Risks of collapse or fall;
 - 79.1.7.** restrict dangerous sites at the Licence Site and install warning signs;
 - 79.1.8.** take necessary measures and apply appropriate engineering and environmental standards necessary to cover and ensure the safety of

Tailings Dams of Mineral Ores Processing Facilities and their waste and hazardous materials;

- 79.1.9.** take necessary measures and apply the engineering standards necessary to ensure the smooth flow of water from the Licence Site and the prevention of impediments to the water flow; and
- 79.1.10.** implement the post-Closure Licence Site management plans.

Article 80: Submission of Rehabilitation Program:

- 80.1.** An applicant for a Mining Licence, a Small Mine Licence and a general purpose Licence shall submit a Rehabilitation Program to the Ministry as part of the Licence application.
- 80.2.** The Ministry shall send the Rehabilitation Program to the environmental authority for approval within sixty (60) days.
- 80.3.** If the Rehabilitation Program is rejected because it does not satisfy the requirements set out under Article 81 of the Regulation, the applicant shall submit an amended Rehabilitation Program within thirty (30) days of the date of the rejection notification, or within the period agreed upon with the Ministry.
- 80.4.** If the applicant fails to submit the Rehabilitation Program within the specified period, or within the period agreed upon with the Ministry, the Ministry may reject the Licence application.
- 80.5.** The Ministry may, at the applicant's expense, seek expert assistance to review the Rehabilitation Program and (i) recommend approval or rejection of the Rehabilitation Program, or (ii) recommend that the approval be subject to additional conditions.
- 80.6.** No Mining Licence, Small Mine Licence, or general purpose Licence shall be issued unless the Ministry (i) approves the Rehabilitation Program and (ii) obtains the approval of the environmental authority in accordance with Article 35(3) of the Law.
- 80.7.** The applicant for building materials quarry Licences shall submit the Rehabilitation Program to the Ministry as part of the Licence application.

Article 81: Requirements in respect of the content of the Rehabilitation Program:

- 81.1.** The Rehabilitation Program shall include the following information:
 - 81.1.1.** a cover page which provides (i) the project name, (ii) the document title, (iii) the issuance number and date, (iv) the company's name, and (v) the contact details (including name, address and contact of the applicant);
 - 81.1.2.** a list of contents that includes illustrations, tables, and maps;

- 81.1.3.** a scope of work that clarifies the objectives and reasons for the submission of the Rehabilitation Program;
- 81.1.4.** a list of all facilities, roads, foundations, infrastructure, and equipment;
- 81.1.5.** the measures for managing the Tailings Dams of Mineral Ores Processing Facilities, if any;
- 81.1.6.** specify all commitments and obligations contained in the Law and the Regulation with regard to Rehabilitation and Closure, presented in a schedule;
- 81.1.7.** the proposed use of lands after the end of the project, if any;
- 81.1.8.** a Risk assessment for the Rehabilitation Program to identify the environmental Risks, opportunities to be considered when planning Rehabilitation and Closure, and the results of Risk assessment, including a summary of high Risks, mitigation strategies, and residual Risks, as well as identifying the parties responsible for implementing the strategies. A comprehensive Risk assessment shall be annexed to the Rehabilitation Program;
- 81.1.9.** the Undertakings of the Executive Officer required under Article 81.5 of this Article;
- 81.1.10.** evaluation of the geotechnical stability of the slopes and rocky and sandy terrain, and the necessary measures which will be taken to ensure the geotechnical stability of the Licence Site after Closure;
- 81.1.11.** a summary of the Closure implementation strategies, the key proposed Mining Activities, and a description of the Rehabilitation Program for each part of the proposed activities;
- 81.1.12.** details of the measures in respect of the monitoring and maintenance of the Closure and details of the monitoring framework that will be implemented in relation to each of the Closure milestones. Monitoring standards using appropriate quality Control systems and procedures in relation to collecting and analysing samples ,as well as notification of their results, and follow up on the post-Closure monitoring until the agreed completion milestones and criteria are met;
- 81.1.13.** Report on the Estimated Total Rehabilitation and Closure Cost which shall include:
 - 81.1.13.1. administrative and operational costs;
 - 81.1.13.2. annual Rehabilitation and Closure costs, as applicable;
 - 81.1.13.3. deduction rates applicable to the future value accounts;
 - 81.1.13.4. costs to stabilize the soil, rocky slopes, and surfaces to be safe for humans and animals;
 - 81.1.13.5. costs to cover and protect the Exploration drill holes;
 - 81.1.13.6. the protection of Tailings Dams of Mineral Ores Processing Facilities, and measures and costs to manage Rock waste piles;
 - 81.1.13.7. costs to clean and treat any environmental pollution at the Licence Site;
 - 81.1.13.8. cost estimates in respect of Closure throughout the duration of the project;
 - 81.1.13.9. the estimated amounts that should be provisioned annually for Closure in the accounting books of a Licensee;

- 81.1.13.10. the Closure and Rehabilitation project management costs, including in relation to long term water protection, monitoring, and maintenance;
- 81.1.13.11. the costs to ensure the safety of existing Tailings Dams of Mineral Ores Processing Facilities, including the inspection of Tailings Dams of Mineral Ores Processing Facilities;
- 81.1.13.12. the costs of dismantling, destroying and/or removing the facilities and equipment of the project;
- 81.1.13.13. the costs of managing surface water drainage and flow;
- 81.1.13.14. a reserve of not less than ten per cent (10%) of the total estimated Closure costs;
- 81.1.13.15. the gaps and assumptions of the Rehabilitation Program; and
- 81.1.13.16. any other measures, information, or reports requested by the Ministry.

81.1.14. the Rehabilitation Program shall be reviewed by a technical advisor acceptable to the Ministry and costs shall be approved by a certified chartered accountant.

81.2. If it is impossible to provide any of the information required under Article 81.1 of the Regulation in respect of a Licence, the applicant shall indicate that and provide the relevant reasons.

81.3. The Rehabilitation Program shall provide the information and data management procedures, and a description of the Mining and Closure management strategies including the record keeping process in relation to Mines' data and data relating to the Rehabilitation and Closure.

81.4. The Ministry may issue additional instructions for the preparation and implementation of the Rehabilitation Program.

81.5. The Executive Officer shall provide an Undertaking that:

81.5.1. all information contained in the Rehabilitation Program is true and accurate;

81.5.2. the Rehabilitation Program meets the minimum requirements provided under Article 81.1 of this Article and the relevant prescribed forms;

81.5.3. all measures necessary to ensure the applicant's compliance with the Rehabilitation Program.

Article 82: Review and amendment of a Rehabilitation Program:

82.1. The holder of an Exploitation Licence shall review and amend the Rehabilitation Program in accordance with relevant laws every five years or in any of the following cases, whichever occurs first:

82.1.1. the renewal, extension, modification, or Transfer of the Licence;

- 82.1.2.** a major change to the Licence's Work Program, that may affect Rehabilitation and Closure; or
 - 82.1.3.** if the Ministry issues written and justified instructions to a Licensee to do so.
- 82.2.** In addition to the provisions of Article 82.1 of this Article, the holder of a Mining Licence, a Small Mine Licence, or general purpose Licence shall review and amend the Rehabilitation Program in the following cases:
 - 82.2.1.** Sudden Closure or Licence termination;
 - 82.2.2.** eighteen (18) months prior to the scheduled date of Closure; and
 - 82.2.3.** when the Licence Site is placed under Care and Maintenance in accordance with Article 94 of the Regulation.
- 82.3.** When submitting a reviewed Rehabilitation Program, the holder of an Exploitation Licence shall comply with the requirements provided under Article 81 of the Regulation and follow the process contemplated under Article 80 of the Regulation.
- 82.4.** A Licensee shall implement the most recent Rehabilitation Program, pending approval of the amended Rehabilitation Program.
- 82.5.** After approval by the relevant environmental authority, the Ministry may grant a Licensee a temporary authorization to implement the proposed Rehabilitation Program until the approval process is completed.

Article 83: Annual report on compliance with the approved Rehabilitation Program:

- 83.1.** The holder of an Exploitation Licence shall provide the Ministry with an annual report on the status of implementation of the Rehabilitation Program.
- 83.2.** The annual report shall include, in sufficient detail:
 - 83.2.1.** the procedures and measures taken to comply with the Rehabilitation Program;
 - 83.2.2.** any case of non-compliance with the Rehabilitation Program, and the measures taken to address any such case;
 - 83.2.3.** the results of Mining or quarrying works progress in comparison with the Rehabilitation Program;
 - 83.2.4.** an assessment of any cost impacts that require and an adjustment to the total Closure cost and financial guarantee; and
 - 83.2.5.** any other requirements issued by the Ministry.

Section Two: Financial guarantee for Rehabilitation and Closure:

Article 84: Provision of financial guarantee:

The applicant for an Exploitation Licence shall provide the Ministry with a financial guarantee for Rehabilitation and Closure. The Regulation determines the requirements and the amount of the financial guarantee depending on the type of the Licence.

Article 85: Financial guarantee for Mining, Small Mine, and general purpose Licences:

85.1. An applicant for a Mining Licence, a Small Mine Licence or general purpose Licence shall provide a financial guarantee for Rehabilitation and Closure according to the estimated costs for Rehabilitation and Closure contained in the approved Rehabilitation Program, and in accordance with the provisions of the Law and the Regulation. A Licensee shall either:

85.1.1. provide a financial guarantee for the full estimated costs for Rehabilitation and Closure if the type of the financial guarantee complies with Article 89.3.1 of the Regulation; or

85.1.2. provide a financial guarantee of not less than (i) ten per cent (10%) of the estimated costs for Rehabilitation and Closure, or (ii) the equivalent of costs of the first three years of the Mining Work Program, whichever is higher, provided that the value of financial guarantee is adjusted annually according to the following equation:

The annual increase of the financial guarantee amount =

(the remaining portion of the estimated Rehabilitation and Closure costs) ÷ (the number of
the Licence years - three (3) years)

85.2. An applicant for a Mining Licence, a Small Mine Licence or general purpose Licence shall specify the type and way of providing the financial guarantee, and submit the financial guarantee to the Ministry within fifteen (15) days of the date of approval of the Rehabilitation Program.

85.3. A holder of a Mining Licence, a Small Mine Licence or general purpose Licence shall submit annual financial statements approved by a certified chartered accountant and showing provisions allocated to Rehabilitation and Closure in accordance with the accounting standards applicable in the Kingdom.

85.4. With exclusion of the commercial financial guarantee, a financial guarantee shall not be less than one hundred and twenty per cent (120%) of the provisions' amount in the audited financial statements.

85.5. In accordance with the provisions of this Article 85, a holder of a Mining Licence, a Small Mine Licence or general purpose Licence shall update the financial guarantee upon review and amendment of the Rehabilitation Program.

85.6. The financial guarantee shall be adjusted according to the annual increase of the guarantee amount prior to the end of the fiscal year.

Article 86: Financial guarantee for building materials quarry Licences:

86.1. The estimated amount in respect of costs for Rehabilitation and Closure for building materials quarry Licences shall be calculated using the following table, on the basis of the Licence term, area, and type of exploited Ore:

Ore Type	Licence Term	Estimated Cost of Rehabilitation and Closure	
		Total Amount for an Area of (0.25) km ² or a Part thereof	Total Estimated Amount of any additional Area of (0.25) km ² or a Part thereof
Sand, Gravel, sub-base materials, salt, and clay	From 1 to 5 years	SAR 250,000	SAR 125,000
	From 6 to 10 years	SAR 375,000	SAR 187,500
Decorative stones	From 1 to 5 years	SAR 375,000	SAR 187,500
	From 6 to 10 years	SAR 562,500	SAR 281,250
Gravel, scoria, and silica Sand	From 1 to 5 years	SAR 500,000	SAR 250,000
	From 6 to 10 years	SAR 750,000	SAR 375,000

86.2. The applicant for a building materials quarry Licence may provide an estimated cost for Rehabilitation and Closure different than the estimated costs in the table under Article 86.1 of this Article and in accordance with the Rehabilitation Program prepared and submitted according to the requirements for the content of the Rehabilitation Program provided under Article 81 of the Regulation.

86.3. A holder of a building materials quarry Licence shall provide a financial guarantee for the full estimated costs for Rehabilitation and Closure, if the type of financial guarantee complies with Article 89.1.3 of the Regulation, or provide a financial guarantee of not less than thirty per cent (30%) of the estimated costs for Rehabilitation and Closure, provided that the value of financial guarantee will be adjusted annually according to the following equation:

$$\text{The annual increase of the financial guarantee amount} = \frac{\text{(The remaining (70\%) portion of the estimated Rehabilitation and Closure costs)}}{\text{the number of the Licence years - one (1) year}}$$

- 86.4.** In accordance with the provisions of this Article 86, a holder of a building materials quarry Licence shall update the financial guarantee upon review and amendment of the Rehabilitation Program and adjust the amount of the financial guarantee according to the annual increase of the financial guarantee amount, prior to the end of the fiscal year.

Article 87: Undertakings of the Licence applicant:

- 87.1.** The applicant for an Exploitation Licence undertakes and commits:
- 87.1.1.** to take all measures necessary to ensure the implementation of Rehabilitation and Closure;
 - 87.1.2.** to ensure that the value of the financial guarantee will cover the estimated cost set out under the Rehabilitation Program, as well as any Sudden Closure;
 - 87.1.3.** to ensure that the financial guarantee remains valid throughout the Licence term and to renew it, as the case may be;
 - 87.1.4.** that the costs reflected in the Rehabilitation Program are correct and accurate;
 - 87.1.5.** that the Person assigned to prepare the Report on the Estimated Total Rehabilitation and Closure Cost in the Rehabilitation Program is an independent and Qualified Person;
 - 87.1.6.** that the Report on the Estimated Total Rehabilitation and Closure Cost complies with the minimum requirements stated under Article 81 of the Regulation; and
 - 87.1.7.** to bear all financial consequences and compensation for violating the Rehabilitation and Closing procedures.

Article 88: Procedures for approval of the financial guarantee:

- 88.1.** The Ministry shall, within thirty (30) days of receiving the application for the type and method of the financial guarantee either notify the applicant of its approval or that the financial guarantee does not meet the requirements and grant the applicant fifteen (15) days to amend or complete the application.
- 88.2.** Prior to making a decision to approve or reject an application, the Ministry may, at a Licensee's expense, seek assistance of one or more experts to review the application or any of its content.
- 88.3.** The applicant shall provide the financial guarantee to the Ministry within fifteen (15) days of the notification of approval of its application.
- 88.4.** If the financial guarantee is not provided within the specified period, or within the period agreed upon with the Ministry in exceptional circumstances, the Ministry may reject the application.
- 88.5.** The effective date of the financial guarantee shall match with the date of issuance of the Licence.

Article 89: Acceptable types of financial guarantees:

- 89.1.** The Ministry shall accept any of the following types of financial guarantees:
- 89.1.1.** a bank guarantee issued by a bank operating in the Kingdom;
 - 89.1.2.** an escrow account from a bank operating in the Kingdom;
 - 89.1.3.** a commercial guarantee or an enforceable instrument from the applicant or its parent company if the applicant or its parent company is a company with high financial capacity registered in the main Saudi stock market, supported by an annual report from a certified chartered accountant;
 - 89.1.4.** Saudi government bonds that can be pledged; and
 - 89.1.5.** insurance and sponsorship instruments and products.

Article 90: Review of financial guarantee and estimated cost of Rehabilitation and Closure:

- 90.1.** The financial guarantee and the estimated cost of Rehabilitation and Closure shall be reviewed:
- 90.1.1.** when the Licence is renewed, Transferred or amended;
 - 90.1.2.** when the Rehabilitation Program is reviewed or amended;
 - 90.1.3.** when there is a major change to the Work Program;
 - 90.1.4.** in case of a material impact on the financial capacity of any guarantor company;
 - 90.1.5.** if and to the extent the Progressive Rehabilitation justifies the review of the financial guarantee;
 - 90.1.6.** upon Sudden Closure;
 - 90.1.7.** every five (5) years;
 - 90.1.8.** two (2) years prior to the scheduled Closure; or
 - 90.1.9.** when the Licence Site is placed under Care and Maintenance.
- 90.2.** The review of a financial guarantee shall:
- 90.2.1.** be conducted (i) during periods indicated in the relevant section of the Report Of the Estimated Total Rehabilitation and Closure, or (ii) within thirty (30) days from the occurrence of events provided under Article 90.1 of the Regulation; and
 - 90.2.2.** include financial statements from a certified chartered accountant, reflecting a Licensee's compliance with the provisions allocated to Rehabilitation and Closure.
- 90.3.** If the review of the financial guarantee reveals a deficit, a Licensee shall immediately inform the Ministry and top up the financial guarantee within sixty (60) days of informing the Ministry, or, in exceptional circumstances, within the period agreed with the Ministry.
- 90.4.** If the review of the financial guarantee reveals a surplus, a Licensee may apply to the Ministry to reduce its amount, provided that the request provides justifications for this.

Article 91: Transfer, amendment, and cancellation of the financial guarantee:

A Licensee is not entitled to Transfer, amend, cancel, or rescind the financial guarantee without written approval of the Ministry.

Article 92: Enforcement of the financial guarantee:

- 92.1.** The financial guarantee may not be enforced for purposes other than those for which it is intended.
- 92.2.** The Ministry shall separate the financial guarantee from the Ministry's other revenue, and keep it in separate financial records.
- 92.3.** The financial guarantee shall be enforced in accordance with the following:
 - 92.3.1.** without prejudice to a Licensee's Rehabilitation and Closure obligations, the Ministry may, before enforcing the financial guarantee, request a Licensee to pay the full costs of Rehabilitation and Closure and bear all other costs and compensation resulting from Rehabilitation and Closure, at the times and under conditions to be determined by the Ministry; and
 - 92.3.2.** in the event that a Licensee fails to pay all costs of Rehabilitation and Closure in accordance with Article 92.3.1 of the Regulation, the Ministry may fully or partly enforce the financial guarantee.
- 92.4.** The enforcement of the entire financial guarantee does not exempt a Licensee from its responsibility for Rehabilitation, Closure or related expenses.

Article 93: Release of the financial guarantee:

- 93.1.** The financial guarantee shall be partly or fully released as follows:
 - 93.1.1.** the financial guarantee shall be fully released when the Ministry issues a Certificate of Rehabilitation and Closure in respect of the Licence Site to a Licensee; or
 - 93.1.2.** the financial guarantee shall be partly released if the Ministry used part of the financial guarantee to complete Rehabilitation and Closure procedures.
- 93.2.** The Ministry may release a part of the financial guarantee and retain another part for the Rehabilitation of part or all of the closed areas, or any part thereof, to address latent, remaining, or any other environmental impacts, including the pumping of polluted or extraneous water, for a specified period and according to the Ministry's requirements.

Section Three: Temporary suspension and Closure:

Article 94: Care and Maintenance:

- 94.1.** The holder of a Mining Licence, a Small Mine Licence and a general purpose Licence may submit a request to the Ministry to place the Licence Site under Care and Maintenance.
- 94.2.** A request to place the Licence Site under Care and Maintenance shall include the following:
- 94.2.1.** information on a Licensee and the project details;
 - 94.2.2.** the current Rehabilitation Program, financial guarantee and a Report on the Estimated Total Rehabilitation and Closure Cost;
 - 94.2.3.** detailed reasons for placing the project under Care and Maintenance;
 - 94.2.4.** the proposed period of Care and Maintenance;
 - 94.2.5.** a Care and Maintenance plan including the information provided under Article 94.3 of the Regulation;
 - 94.2.6.** a summary of the annual reports on the status of compliance with the environmental management plan approved in the environmental impact study relevant to the Licence; and
 - 94.2.7.** an Undertaking by applicant as required by Article 94.4 of the Regulation.
- 94.3.** The Care and Maintenance plan shall, at a minimum, include the following:
- 94.3.1.** measures for managing the storage and disposal of hazardous chemicals;
 - 94.3.2.** results of the inspection reports on the Care and Maintenance plan;
 - 94.3.3.** the emergency response plan;
 - 94.3.4.** evaluation of the Risks arising from Care and Maintenance;
 - 94.3.5.** measures and obligations to mitigate the Risks;
 - 94.3.6.** measures and obligations to resume normal operations of the project;
 - 94.3.7.** measures to ensure the security of the Licence Site;
 - 94.3.8.** measures to manage the Tailings Dams of Mineral Ores Processing Facilities and the piles of waste Rocks;
 - 94.3.9.** the plan for water management at the Licence Site during the Care and Maintenance period; and
 - 94.3.10.** any other measures set forth in the Guidelines for Mine Closure in accordance with Article 3 of the Regulation.
- 94.4.** The Executive Officer shall sign an Undertaking confirming that:
- 94.4.1.** the information set out in the Care and Maintenance plan is true and accurate;
 - 94.4.2.** the Care and Maintenance plan is comprehensive and meets the minimum information required under Article 94.3 of this Article; and
 - 94.4.3.** the Executive Officer will take all necessary measures to ensure that a Licensee complies with the Care and Maintenance plan.

- 94.5.** If any of the requirements under Article 94.3 of this Article cannot be complied with, a Licensee shall notify the Ministry and provide the relevant reasons.
- 94.6.** After taking into account the requirements of other government authorities, the Ministry shall, within thirty (30) days of receiving the Care and Maintenance plan do the following:
- 94.6.1.** approve the Care and Maintenance plan for a period not exceeding two years. The plan shall be revised at the end of its duration period;
 - 94.6.2.** reject the Care and Maintenance plan if it does not meet the requirements provided under Article 94.3 of this Article; or
 - 94.6.3.** notify the applicant that the Ministry requires additional time to consider the Care and Maintenance plan and the reasons for this.
- 94.7.** Before approving or rejecting a Care and Maintenance plan, the Ministry shall coordinate with other relevant government authorities, as necessary.
- 94.8.** The Ministry may seek assistance from experts to review the Care and Maintenance plan, and advise whether the plan satisfies all the requirements for placing the Licence under Care and Maintenance.
- 94.9.** The Care and Maintenance plan shall be effective as of the date specified in the Ministry's notification of approval.
- 94.10.** If the Ministry rejects the Care and Maintenance plan, it shall instruct a Licensee to submit an amended plan.
- 94.11.** A Licensee shall submit the amended plan within sixty (60) days as of the date of the Ministry's notification of rejection.
- 94.12.** The Ministry shall, within thirty (30) days of receiving the amended Care and Maintenance plan:
- 94.12.1.** approve the plan for a period not exceeding two (2) years; or
 - 94.12.2.** reject the plan if it does not meet the necessary requirements.
- 94.13.** If a Licensee fails to submit an amended Care and Maintenance plan within sixty (60) days, or within the period determined by the Ministry, the Care and Maintenance plan shall be deemed rejected, and a Licensee shall initiate Rehabilitation and Closure works.
- 94.14.** During the Care and Maintenance period:
- 94.14.1.** the Care and Maintenance plan shall be audited by an independent specialised expert approved by the Ministry, at the expense of a Licensee;
 - 94.14.2.** a Licensee shall submit the expert's audit report of the Care and Maintenance plan to the Ministry within thirty (30) days as of the date on which the assigned expert issues the report; and
 - 94.14.3.** the Ministry shall approve the expert's audit report of the Care and Maintenance plan.

- 94.15.** A Licensee shall submit a request for Rehabilitation and Closure of the Licence Site if normal operations of the project cannot be resumed after the approved Care and Maintenance period.
- 94.16.** The holder of a Mining Licence, a Small Mine Licence, or a general purpose Licence may not operate any part of a Licence Site that is placed under Care and Maintenance, including the Tailings Dams of Mineral Ores Processing Facilities, without the Ministry's approval.

Article 95: Request for Certificate of Rehabilitation and Closure:

- 95.1.** A Licensee may apply to the Ministry for a Certificate of Rehabilitation and Closure for all or part of the Licence Site within one hundred and eighty days (180) after the date of (i) expiry of the Licence period or termination of the Licence, (ii) the total or partial abandonment of the Licence Site, or (iii) the suspension of any activity under the Licence, and completion of the Progressive Rehabilitation stage.
- 95.2.** An application for a Certificate of Rehabilitation and Closure shall include a report on the final performance evaluation of compliance with the Rehabilitation Program.
- 95.3.** A Licensee shall provide proof that the relevant environmental authority has approved the completion of the Rehabilitation of the Licence Site.
- 95.4.** The Executive Officer shall provide an Undertaking that:
- 95.4.1.** the information in the report on the final performance evaluation of compliance with the Rehabilitation Program is true and accurate;
 - 95.4.2.** the final performance evaluation of Closure covers all Rehabilitation and Closure requirements; and
 - 95.4.3.** the Executive Officer shall take all necessary measures to ensure that a Licensee complies with the final performance evaluation of Closure.
- 95.5.** The Ministry may conduct an examination of the Licence Site, and assess the final performance evaluation of Closure, and within forty-five (45) days of receipt of the application for a Certificate of Rehabilitation and Closure:
- 95.5.1.** approve the report on the final performance evaluation;
 - 95.5.2.** reject the report on the final performance evaluation and return it to a Licensee, if it does not satisfy the specified requirements;
 - 95.5.3.** notify the applicant that the Ministry requires additional time to consider the report on the final performance evaluation and provide the reasons for this.
- 95.6.** The Ministry may seek assistance from experts to review the final performance evaluation, and to advise it on whether or not the final performance evaluation satisfies all the requirements necessary to approve the final evaluation.

Article 96: Certificate of Rehabilitation and Closure:

- 96.1.** The Ministry shall issue a Certificate of Rehabilitation and Closure in respect of all or part of the Licence Site, upon its approval of the final performance evaluation and following the approval of the competent environmental authority on Closure.
- 96.2.** Subject to the provisions applicable to the Rehabilitation and Closure financial guarantee, the Ministry may, upon issuing the Certificate of Rehabilitation and Closure, return all or part of the financial guarantee to a Licensee, in accordance with the requirements for managing the post-Closure of the Licence Site.
- 96.3.** The Ministry shall not issue the Certificate of Rehabilitation and Closure if the value of the financial guarantee, or the remaining part thereof, does not cover the costs of managing the post-Closure of the Licence Site.
- 96.4.** The Ministry shall issue the Certificate of Rehabilitation and Closure upon completion of all requirements and obligations relating to Rehabilitation and Closure.

Article 97: Certificate of Rehabilitation and Closure of Tailings Dams of the Mineral Ores Processing Facilities:

- 97.1.** The Ministry shall issue a Certificate of Rehabilitation and Closure of the Tailings Dams of Mineral Ores Processing Facilities, after coordination with the environmental authority, and after such authority confirms that Rehabilitation and Closure activities in respect of the Tailings Dams of Mineral Ores Processing Facilities have met the standards and requirements for obtaining the Certificate of Rehabilitation and Closure.
- 97.2.** The application for a Certificate of Rehabilitation and Closure of the Licence Site, or a part thereof, may be submitted in conjunction with the application for the Certificate of Rehabilitation and Closure of the Tailings Dams of Mineral Ores Processing Facilities, provided that the Certificate of Rehabilitation and Closure of the Tailings Dams of Mineral Ores Processing Facilities is separate from the Certificate of Rehabilitation and Closure of the Licence Site.

Chapter Three: Occupational Health and Safety

Section One: General rights, obligations and responsibilities:

Article 98: General rights and obligations of a Licensee:

A Licensee shall abide by applicable laws related to Occupational Health and Safety and fire protection. A Licensee shall provide personal protective equipment and training for all workers and visitors at the Licence Site.

Section Two: Standards for managing Risks and Occupational Health and Safety:

Article 99: Standards for managing Occupational Health and Safety:

A Licensee shall ensure that (i) the Occupational Health and Safety management standards are met, (ii) work hazards are effectively identified, (iii) the identified Risks are appropriately monitored within the Licence Site, and (iv) the Occupational Health and Safety plans are implemented at the Licence Site throughout the Mining Activities.

Article 100: Risk assessment:

A Licensee shall, before engaging in any activity that may put any Person at risk, (i) conduct a risk assessment at the Licence Site to identify, evaluate, and manage the Risks and potential hazards, and (ii) keep records of the relevant results at the Licence Site.

Article 101: Work injuries and occupational accidents:

Subject to the provisions of the relevant laws, a Licensee shall provide the Ministry with a copy of reports on accidents and work injuries related to the activities conducted under the Licence.

Chapter Four: Community Performance Management

Section One: Community performance management:

Article 102: Obligations imposed under the Social Impact Study and the Social Impact Management plan:

- 102.1.** An applicant for an Exploration Licence or a building materials quarry Licence shall submit a Social Impact Management plan with its Licence application, which includes contributions in the development of Local Communities.
- 102.2.** An applicant for a Mining Licence, a Small Mine Licence, or a general purpose Licence shall submit a Social Impact Study with its Licence application an environmental study. The Social Impact Study shall include a plan for the management of social impacts.
- 102.3.** The Social Impact Study shall include a description of:
- 102.3.1.** the main needs of Local Communities which reside within one hundred (100) kilometres from the Licence Site. Priority shall be given to the needs of Local Communities that reside closer to the Licence Site;
 - 102.3.2.** the minimum social threshold requirements and quantitative surveys;
 - 102.3.3.** the Local Communities surrounding the Licence Site;
 - 102.3.4.** the methodology which the applicant used to collect such information. This should include a description of the involvement of Local Communities or Stakeholders which participated in the Social Impact Study; and
 - 102.3.5.** the potential direct social impacts, as well as their materiality, duration and scope.
- 102.4.** A Social Impact Management plan shall include:
- 102.4.1.** a description of the applicant's community performance management processes including information on (i) the potential expectations of the Local Communities, (ii) how the applicant intends to manage such expectations, and (iii) how the applicant intends to enhance the positive impacts of the project;
 - 102.4.2.** a description of the mechanism which the applicant will implement to address the Local Communities' needs, and avoid, mitigate, or reduce any negative impacts;
 - 102.4.3.** a plan for continuous and regular interaction with Local Communities;
 - 102.4.4.** a plan which stipulates the process which the applicant will follow to address any complaints during the Licence period;
 - 102.4.5.** a plan for employment of Local Community members;
 - 102.4.6.** a plan for procurement from Local Communities; and
 - 102.4.7.** the laws and policies relating to mitigating social impacts that are specific to the type of Licence.

- 102.5.** The Ministry shall evaluate and approve the Social Impact Study and the Social Impact Management plan provided for under Articles 102.3 and 102.4 of this article during the period of studying the applicant’s Licence application and subject to the requirement specific to the requested Licence.
- 102.6.** The Ministry shall notify the applicant of any decision to reject the Social Impact Study or Social Impact Management plan and provide written reasons for any such decision. In such an event, the Ministry shall grant an applicant for a building materials quarry Licence fifteen (15) days to submit a revised application and an applicant for a Mining Licence, a Small Mine Licence, or general purpose Licence (30) days to submit a revised application.
- 102.7.** The Ministry shall, within thirty (30) days from receipt of the revised study or the plan, approve or reject the plan or the study and notify the applicant of its decision.
- 102.8.** If the Ministry rejects the revised study or plan, it shall provide written reasons for its decision.

Article 103: Appointment of an employee to manage community performance:

- 103.1.** The holder of an Exploitation Licence shall appoint an employee who shall be responsible for managing the community performance processes and receiving queries and complaints during official business hours.
- 103.2.** The employee appointed to manage the community performance processes shall be a Saudi national and shall have the required skills.
- 103.3.** The Executive Officer shall respond to the complaints received by the employee appointed to manage the community performance processes within thirty (30) days from the date of receipt of the complaint.
- 103.4.** Copies of all complaints and responses shall be included in a Licensee’s reports on the performance of its obligations.
- 103.5.** The holder of an Exploitation Licence shall:
- 103.5.1.** comply with the plan to regularly interact with Local Communities; and
 - 103.5.2.** comply with the plan that stipulates the process which shall be followed to address any complaints from Local Communities during the Licence period.

Section Two: Community development:

Article 104: Employment of Local Community members:

- 104.1.** In addition to the requirements imposed under labour law, the Social Impact Study and Social Impact Management plan shall include a plan for the employment of Saudi nationals. Preference should be afforded to Saudi nationals from Local

Communities who reside close to the Licence Site. Such employees should receive adequate training opportunities, and a Licensee shall promote their skills and development.

- 104.2.** In addition to the requirements imposed under labour law, a Licensee shall employ a sufficient number of Saudi nationals from Local Communities.
- 104.3.** If a Licensee is unable to employ an adequate number of Saudi nationals from Local Communities, it shall, at its own cost, implement specialised programs to develop the skills of the Local Community members who reside close to the Licence Site. The programs should be appropriate to their social and living conditions.

Article 105: Procurement from Local Communities:

- 105.1.** The Social Impact Study or the Social Impact Management plan shall include a procurement plan from Local Communities in order to provide business opportunities for companies, institutions, and individuals from Local Communities.
- 105.2.** A percentage of the total amount spent by a Licensee on goods and services each year shall be allocated for procurement from companies, institutions, and individuals from Local Communities. This amount shall exclude the wages of the workers from Local Communities.
- 105.3.** If a Licensee is unable to comply with the requirements imposed under Article 105.2 of this Article owing to the poor quality, quantity, or non-competitive prices of goods or services supplied by Local Communities, a Licensee shall prepare and implement social development programs to address this deficit of the Local Communities. The program shall be developed and implemented in conjunction with the relevant authorities. The amount spent on the program shall be equal to the amounts allocated to local purchases.

Article 106: Local content development plan:

An applicant for a Mining Licence, a Small Mine Licence, or a general purpose Licence shall include a plan to support local content in its operations.

Article 107: Annual social development report:

- 107.1.** The holder of an Exploration or an Exploitation Licence shall in its annual report confirm whether and to what extent it has complied with the requirements imposed under the Social Impact Management plan.
- 107.2.** The annual social development report shall at a minimum include:
 - 107.2.1.** a report on whether or not a Licensee complied with the plans provided under Article 102.4 of the Regulation;

107.2.2. copies of the queries and complaints received by the employee appointed to manage the community performance processes as well as how these queries and complaints were addressed; and

107.2.3. the contributions to the development of Local Communities in accordance with the provisions of Articles 104, 105, and 106 of the Regulation.

107.3. The annual social development report may include a request to amend the plans described under Article 102.4 of the Regulation.

Part Four: Financial Provisions

Chapter One: Minimum Expenditure Requirements for Exploration Licences

Article 108: Minimum Annual Expenditure:

- 108.1.** The holder of an Exploration Licence shall comply with the Minimum Annual Expenditure for Exploration requirements provided in Annex No. (6) of the Regulation, unless an exemption is granted by a decision of the Minister or his authorised representative.
- 108.2.** The Minimum Annual Expenditure for Exploration shall be calculated by multiplying the total surface area of the Licence Site (in square kilometres (km²)) with the minimum annual Exploration expenditure requirements for the year in question as provided in Annex No. (6) to the Regulation. If the surface area is a fraction it should be rounded up to the next whole number. The Minimum Annual Expenditure for Exploration shall be calculated according to the following formula:

$$\text{The Minimum Annual Expenditures} = \frac{\text{The total surface area of Licence Site in kilometres}^*}{\text{The Minimum Annual Expenditures for the Licence year}}$$

* a fraction of a kilometre is rounded up to the next whole number.

- 108.3.** The Exploration expenditure shall comprise:
- 108.3.1.** expenses incurred in respect of the Exploration of Minerals and Ores at the Licence Site and relating to:
 - 108.3.2.** geological and Reconnaissance activities;
 - 108.3.3.** geochemical activities;
 - 108.3.4.** geophysical activities and Aerial Surveys;
 - 108.3.5.** all Exploration, drilling and testing activities, as well as geological, hydrological, topographical, environmental and social studies, and associated expenses.
 - 108.3.6.** administrative costs related to preparing studies and evaluating the Exploration results;
 - 108.3.7.** costs for accessing the Licence Site;
 - 108.3.8.** operating expenses required to conduct the Exploration activities at the Licence Site;
 - 108.3.9.** Rehabilitation costs resulting from the Exploration activities at the Licence Site;
 - 108.3.10.** costs incurred to evaluate the opportunities of future Exploitation of Minerals at the Licence Site, including in relation to preparing feasibility studies, Closure studies, and environmental impact studies;
 - 108.3.11.** the annual Surface Rent; and
 - 108.3.12.** labour costs in relation to the Exploration Licence.
- 108.4.** Other costs, including the following, shall not be treated as Exploration expenditure:

- 108.4.1.** expenses incurred before obtaining the Licence;
 - 108.4.2.** expenses and severance fees incurred in relation to the Transfer or acquisition of the Licence;
 - 108.4.3.** fines and penalties; and
 - 108.4.4.** expenses incurred in relation to the financing of the Exploration activities.
- 108.5.** The total indirect transfer pricing, or head office and administrative support expenses shall be calculated by means of one of the following methods, whichever is the lesser:
- 108.5.1.** twenty per cent (20%) of the total annual Exploration expenditure; or
 - 108.5.2.** twenty per cent (20%) of the Minimum Annual Expenditure for Exploration.
 - 108.5.2.1. The holder of an Exploration Licence who holds more than one contiguous Exploration Licence may distribute the total annual expenditure among those Licences.
 - 108.5.2.2. The annual Exploration expenditure shall be equal to or more than the Minimum Annual Expenditure, in accordance with the requirements imposed under this Article 108 of the Regulation.
 - 108.5.2.3. If Exploration expenditure exceeds the Minimum Annual Expenditure, the excess may be carried forward to the following years.
 - 108.5.2.4. A Licensee is deemed to be compliant with the Minimum Annual Expenditure requirement for any given year, if the total Exploration expenditure incurred during that year plus the excess Exploration expenditure carried forward from previous years is equal to or exceed the Minimum Annual Expenditure of that year.
 - 108.5.2.5. Subject to the provisions of Article 56 of the Law, if a Licensee does not comply with the Minimum Annual Expenditure in any year, the shortfall shall be carried forward to the next two (2) years. If such non-compliance continues, the Ministry may refuse to accept an application to renew the Licence or cancel a Licensee's exclusive right to obtain an Exploitation Licence.
 - 108.5.2.6. The Ministry may request the holder of an Exploration Licence to submit an audited report on the total Exploration expenditures. The report shall be prepared by a chartered accountant.

Article 109: Exemption from the minimum Exploration expenditure requirement:

- 109.1.** The holder of an Exploration Licence may submit an application to the Ministry to be exempted from the obligations imposed under Article 108 of the Regulation.
- 109.2.** The application shall be in the form prescribed by the Ministry and provide the information set out in the Guidelines issued by the Ministry in accordance with Article 3 of the Regulation, including the exceptional or specific circumstances that the applicant is facing.
- 109.3.** The Minister or his duly authorised representative may (i) grant an applicant a full or partial exemption from the minimum Exploration expenditure requirements imposed under Article 108 of the Regulation, provided that the applicant complies with the requirements imposed under Article 109.2 of the Regulation or (ii) issue a general exemption for all Exploration Licences if:
- 109.3.1.** additional time is required to evaluate the works performed at the Licence Site and plan the future Exploration or Exploitation Activities, including to constructing experimental Processing units and other required facilities, as the case may be, on condition that the applicant provides proof to the Ministry that appropriate measures to carry out such activities were taken; or
 - 109.3.2.** works cannot be carried out at the Licence Site for reasons beyond the Control of a Licensee such as reasons relating to the security, environment, health or other factors.

Article 110: Surface Rental:

- 110.1.** With the exception of the privately owned lands, the holder of an Exploration and Exploitation Licence shall pay Surface Rental annually. The Surface Rental payment in respect of the first year shall be paid before the Licence is issued and in respect of the following years within thirty (30) days of the anniversary date of issuance of the Licence.
- 110.2.** The Surface Rental for building materials quarry Licences shall be calculated in accordance with the provisions of Annex No. (5) of the Regulation.
- 110.3.** The Surface Rental for other Exploitation Licences shall be calculated according to the following formula:

$$\text{The annual Surface Rental} = \text{The total surface area of the Licence Site in square kilometres*} \times \text{The annual Surface Rental rate per square kilometre}$$

* a fraction of a kilometre should be rounded up to the next whole number.

Chapter Two: Severance fees

Article 111: Severance fees due for the Minerals of Class (A):

111.1. The holder of an Exploitation Licensee for Class (A) Minerals who (i) is not subject to income tax or (ii) is subject to income tax and Zakat dues shall pay the following severance fees:

111.1.1. an amount equal to the income tax after deduction of Zakat dues, in accordance with the provisions of Article 129 of the Regulation; and

111.1.2. the severance fee on extraction: an amount which is calculated on the basis of the value of the extracted Mineral in accordance with the percentages set out in Annex No. (2) of the Regulation. A Licensee shall be exempted from this payment for the first five (5) years of the Licence's issuance date.

111.2. The holder of an Exploitation Licence for Class (A) Minerals who is subject to income tax shall, in addition to the income tax, pay:

111.2.1. the severance fee on extraction: an amount which is calculated on the basis of the value of the extracted Mineral in accordance with the percentages set out in Annex No. (2) of the Regulation. A Licensee shall be exempted from this payment for the first five (5) years of the Licence's issuance date; and

111.2.2. the severance fee on extraction shall be calculated according to the following formula:

$$\text{The severance fee on the extraction of Class A Minerals} = \frac{\text{The percentage provided in Annex No. (2)}}{\text{The net value of the Mineral upon extraction}}$$

Article 112: Severance fees due for the Minerals of Class (B):

112.1. The holder of an Exploitation Licence for Class (B) Minerals shall pay the severance fee for each ton of exploited Ore or Mineral that is mined in terms of the Licence. The severance fee shall be equal to a percentage of the net revenues which the holder derives from disposing of the mined Ore, or Mineral as provided in either Annex No. (3/A) or Annex No. (3/B) of the Regulation.

112.2. The severance fee for each ton of Ore or Mineral shall be calculated in terms of the following formula:

$$\text{Severance fee for Minerals of Class (B)} = \frac{\text{The percentage provided in Annex No. (3/A) or Annex (3/B)}}{\text{Revenue which the holder derived from disposing of the mined Ore or Mineral}}$$

112.3. The severance fee for Exploitation of the sales value of the exploited Mineral is calculated in terms of the following formula:

$$\text{Severance fee for Class (C) Minerals} = \frac{\text{The amount specified in Annex No. (3)}}{\text{Licence Revenue which the holder derived from disposing of the mined Ore or Mineral}} \times \text{Licence Revenue which the holder derived from disposing of the mined Ore or Mineral}$$

Article 113: Severance fees due for Minerals of Class (C):

113.1. The holder of an Exploitation Licence for Class (C) Minerals shall pay the severance fees per ton of Ore mined under the Licence in accordance with the amounts provided in Annex No. (4) of the Regulation.

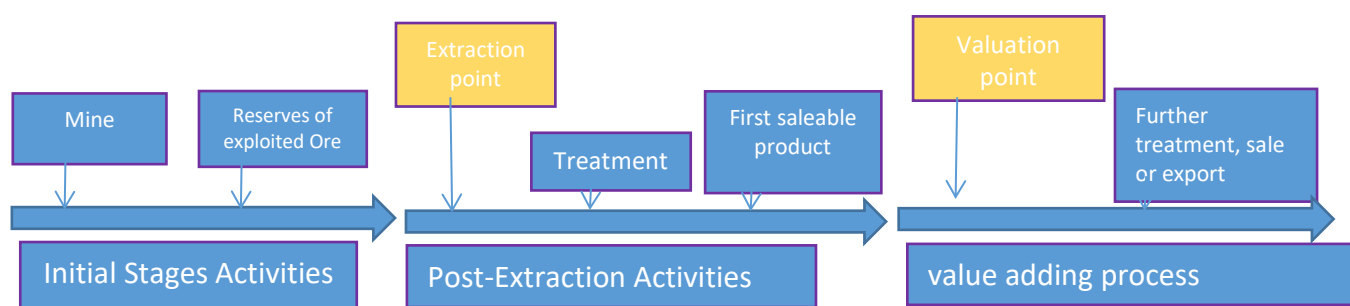
113.2. The severance fees due per ton of Ore shall be calculated according to the following formula:

$$\text{Severance fee for Class (C) Minerals} = \frac{\text{The amount specified in Annex No. (4)}}{\text{The quantity of produced Ore (in tons)}} \times \text{The quantity of produced Ore (in tons)}$$

Article 114: The due severance fees for the value of Minerals of Class (A) at extraction:

The holder of a Licence shall pay the severance fees for the value of the Mineral on extraction if the Mineral’s net value is positive. The value of the Mineral shall be determined at the extraction point in accordance with the mechanism prescribed under Article 116 of the Regulation.

Organogram indicating the extraction point and the valuation point:



Article 115: Method to determine the total revenues at the valuation point for Minerals in Class (A):

115.1. The “valuation point” shall be determined on the occurrence of the first of the following events:

115.1.1. when the first saleable product derived from the Mineral is produced;

- 115.1.2. the Mineral is first supplied to a third party;
 - 115.1.3. the Mineral is exported from the Kingdom;
 - 115.1.4. the Mineral is used for any purpose, other than being concentrated or the first saleable product is produced.
- 115.2. The Ministry shall determine what qualifies as the first saleable product. This shall be in accordance with the terms and conditions of the Licence, and shall be based on the Business Feasibility Study submitted with the application.
- 115.3. The first supply of the Minerals as referred to under clause 115.1.2 of this Article shall occur whenever the Mineral is sold, disposed of, or transferred by the holder of an Exploitation Licence to any other independent party.
- 115.4. Timing of first supply by the holder of an Exploitation Licence includes the following:
- 115.4.1. Time the Mineral is delivered.
 - 115.4.2. Time of transfer of ownership to the receiver of the initial supply.
- 115.5. The total revenue derived from the Mineral at the valuation point is equal to:
- 115.5.1. where the production and sale of the first saleable Mineral occurred during the Financial Consideration Period, the sales revenue is the total revenue at the valuation point; or
 - 115.5.2. where the production of the first saleable Mineral is not sold during the Financial Consideration Period, the total revenue at the valuation point is calculated according to the following formula:
- | | | | | |
|---|----------|--|----------|---------------------------------------|
| Total revenue at the valuation point | = | Quantity of the first saleable Mineral that is not sold during the consideration period | x | The applicable reference price |
|---|----------|--|----------|---------------------------------------|
- 115.5.3. the sale value of the initial supply is: the total revenue at the valuation point.
 - 115.5.4. in the event that any Mineral is exported or used, the total revenue at the valuation point is equal to the market price at the time of export or at the time and place where the Mineral is used.
- 115.6. The reference price of the first saleable Mineral is determined as follows:
- 115.6.1. where the first saleable Mineral is traded in a competitive market, the reference price shall be the average daily closing price announced in an international Mining market acceptable to the Ministry, or in a bulletin approved by the Ministry during the Financial Consideration Period; or
 - 115.6.2. where the first saleable product is not traded in a competitive market, the price shall be as determined by the Ministry for that product.

115.7. A market shall qualify as a competitive market:

- 115.7.1.** if the price of the first saleable Mineral product is either announced or published by an international Minerals exchange which is acceptable to the Ministry;
- 115.7.2.** if the Ministry approved a bulletin which displays or publishes the prices of the first saleable product in the international market; or
- 115.7.3.** the reference price applied to the first saleable Mineral product must correspond to the unit of measure used in the relevant market.

Article 116: Methods to determine the Mineral Value at the Extraction Point:

116.1. The Mineral Value at the Extraction Point shall be determined during the Financial Consideration Period through any of the following methods:

- 116.1.1.** the basic method for calculating the net profit according with the mechanism prescribed under Article 117 of the Regulation;
- 116.1.2.** the alternative method provided under Article 124 of the Regulation. If the holder of an Exploitation Licence wishes to use the alternative method, it shall seek and obtain the Ministry's consent before doing so;
- 116.1.3.** where the holder of an Exploitation Licence elects to use the alternative method approved by the Ministry, it may only then apply the basic method to calculate the net profit if after the Ministry's approval to do so.
- 116.1.4.** if it is not possible for a Licensee to determine the Mineral Value at the Extraction Point in accordance with the requirements imposed under this Article 116, the Ministry shall determine the Mineral Value at the Extraction Point in accordance with the provisions of Article 51 of the Law.

Article 117: Basic method to determine the Mineral Value at the Extraction Point:

117.1. The basic method to determine the Mineral Value at the Extraction Point is as follows:

- 117.1.1.** the total revenue at the valuation point during the Financial Consideration Period should be determined; and
- 117.1.2.** the sum of the following amounts:
 - 117.1.2.1. operating expenses for the activities which occurred after the Mineral was extracted up to the valuation point during the Financial Consideration Period related to the Mineral, in accordance with the provisions of Article 118 of the Regulation;
 - 117.1.2.2. depreciation costs associated with the activities which occurred after the Mineral was extracted up to the valuation point during for the Financial Consideration Period related to the Mineral in accordance with the provisions of Article 120 of the Regulation;
 - 117.1.2.3. the estimated return on capital for the investment incurred after the Mineral was extracted up to the valuation point during the

- Financial Consideration Period, in accordance with the provisions of Article 123 of the Regulation;
- 117.1.2.4. the Mineral Value at the Extraction Point is calculated by deducting the amount indicating under Article 117.1.2 of the Regulation from the amount indicated under Article 117.1.1 of the Regulation.

Article 118: Operating Expenses associated with the Post-Extraction Activities:

- 118.1.** With the exception of depreciation costs, these expenses include any expenses according to Accounting Principles applicable during the Financial Consideration Period, that meet the following conditions:
- 118.1.1.** the expenses shall relate to the following:
- 118.1.1.1. the activities which relate to the Minerals that are regulated under the Licence and which are conducted during the Financial Consideration Period, and which are undertaken after the extraction point and before the revenues are generated at the valuation point;
 - 118.1.1.2. Transfer of Minerals without additional Processing from the valuation point; and
 - 118.1.1.3. insurance costs to transport the unprocessed Mineral after the valuation point;
- 118.1.2.** the expenses do not qualify as expenses which are excluded in accordance with the provisions of Article 119 of the Regulation.

Article 119: Excluded expenses:

- 119.1.** The following expenses shall not be considered as deductible operating expenses in relation to Post-Extraction Activities during the Financial Consideration Period:
- 119.1.1.** the costs of financing, issuance of shares, repayment of assets, interest on loans, dividend distribution, share buyback or redemption, and similar expenses;
 - 119.1.2.** the hedging or currency exchange rates if they relate to a financial derivative agreement or foreign currency hedging;
 - 119.1.3.** general administrative and office expenses, and the equivalent thereof outside the Kingdom, if any;
 - 119.1.4.** Zakat and income tax; and
 - 119.1.5.** any amount paid under a court order, or a fine paid or due for any penalty under national laws, and the fine interests under international laws.

Article 120: Depreciation costs arising after the Mineral is extracted:

- 120.1.** The depreciation costs are taken into account when calculating the costs arising from the Post-Extraction Activities if a Licensee (i) owns and uses its assets, or (ii) installs or constructs an asset to undertake the Post-Extraction Activities relating to the Mineral which is regulated under an Exploitation Licence.
- 120.2.** The depreciation during the Financial Consideration Period shall be equal to the depreciation amount calculated in terms of general Accounting Principles, provided that the depreciation for this purpose is calculated on the basis of cost without undertaking any revaluations.
- 120.3.** The amount of depreciation shall be reduced according to the restrictions imposed under Article 120.2 of the Regulation, in order to ensure that the depreciation of an asset is not calculated by having regard to a period in which the asset is not in use, installed, ready for use, or is created but not to be used in the Post-Extraction Activities.
- 120.4.** The requirements imposed under the Regulation shall apply to any improvements made to the equipment or assets which accede to the land as if such assets were independent from the land. The limitation applies irrespective of whether the assets are movable or immovable.

Article 121: Adjustments for depreciation of leased assets:

- 121.1.** If the holder of an Exploitation Licence leases an asset and is required to disclose the same in its accounts according to the Accounting Principles, it shall:
 - 121.1.1.** treat the depreciation of the disclosed leased asset purchased on an instalment basis similar to the depreciation of any asset which it owns;
 - 121.1.2.** not treat rent payments as operating expenses;
 - 121.1.3.** treat any costs associated with the financing of the lease agreement similarly to financing costs in accordance with the provisions of Article 119.1.1 of the Regulation;
 - 121.1.4.** reduce the amount of depreciation calculated on the basis of Article 121.1.1 of the Regulation in order to ensure that (i) the depreciation of an asset does not take into account a period in which the asset is not in use, installed, ready for use, or (ii) an asset that was created for a purpose that is not related to the Post-Extraction Activities.

Article 122: Adjustments for the depreciation of assets purchased on an instalment basis:

- 122.1.** If the holder of an Exploitation Licence leases an asset on an instalment basis and is required to disclose this in its financial records according to the Accounting Principles, it shall:

- 122.1.1.** treat the depreciation of the capitalized asset as a depreciation of an asset which a Licensee owns;
- 122.1.2.** not treat instalments as operating expenses;
- 122.1.3.** treat the costs related to the instalment purchase contract, similarly to financing expenses in accordance with the provisions of Article 119.1.1 of the Regulation;
- 122.1.4.** reduce the amount of depreciation calculated on the basis of Article 122.1.1 of the Regulation in order to ensure that (i) the depreciation of an asset does not take into account a period in which the asset is not in use, installed, ready for use, or (ii) an asset that was created for a purpose that is not related to the Post-Extraction Activities.

Article 123: Estimated return on capital:

- 123.1.** The estimated return on capital from the extraction point to the valuation point in respect of an Exploitation Licence during the Financial Consideration Period shall be determined in accordance with the following formula:

$$\text{Estimated return on capital} = \frac{\text{The total book value} \times [\text{long term bond price for the Financial Consideration Period} + (0.05)] \times \text{number of days of the Financial Consideration Period}}{365}$$

- 123.2.** The total book value referred to under Article 123.1 of the Regulation is the sum of the book value of the assets identified under Articles 120, 121, and 122 of the Regulation at the beginning of the Financial Consideration Period in which the book value of the asset is reduced in order to ensure that the return on capital does not take into account a period in which the asset is not (i) in use, installed, ready for use, or (ii) an asset that was created for a purpose that is not related to the Post-Extraction Activities.
- 123.3.** The price of long term bonds for the Financial Consideration Period referred to under Article 123.1 of the Regulation shall be determined as follows:
 - 123.3.1.** Average yields of Saudi government bonds for ten (10) years published by the competent authority for that period.
 - 123.3.2.** where the average of Saudi government bond yield is not published by the competent government authority, the Ministry shall determine the average of those yields on a fair and reasonable basis.

Article 124: Alternative method to determine the Mineral Value at the Extraction Point:

- 124.1.** Any alternative method for determining the total revenue of Minerals at the valuation point must use an appropriate and reliable scale to determine the Mineral Value at the Extraction Point. This method shall take into account the circumstances under which a Licensee operated, including, but not limited to, (i) the tasks a Licensee performs, (ii) the assets which a Licensee uses, (iii) the Risks which a Licensee is

exposed to in conducting the Initial Stages Activities and the Post-Extraction Activities, and (iv) all other relevant information.

124.2. Subject to the provisions of Article 124.1 of the Regulation, the alternative method may be used to determine the Mineral Value at the Extraction Point on condition that:

124.2.1. the Post-Extraction Activities were carried out by a party other than a Licensee (a third party), who used its own assets;

124.2.2. the third party has no direct or indirect interest in the Mineral;

124.2.3. the transaction with the third party is made on an arm's length basis; and

124.2.4. there is a competitive market for the product which the other party produces. The market shall be considered competitive if the return obtained by such other party is proportional to the invested capital, taking into account the non-diversified Risks associated with such activities.

124.3. Any proposed alternative method shall be deemed to comply with the conditions if (i) a Licensee determines the Mineral Value at the Extraction Point in a reasonable manner in accordance with the provisions of Article 124.1 of the Regulation, and (ii) the chosen method does not limit the scope or types of other alternative methods which a Licensee could have used. The Mineral Value at the Extraction Point is determined in a reasonable matter by:

124.3.1. reducing the total revenue at the valuation point, in accordance with the provisions of Article 124.2 of the Regulation by an amount sufficient to ensure that the other party is able to recover the following amounts and provided that the deducted amounts do not exceed the costs associated with the Mineral:

124.3.1.1. any operating costs;

124.3.1.2. an amount equal to any depreciation of assets used by the other party;

124.3.1.3. an amount equal to the return on capital which does not exceed the continuing capital commitments; and

124.3.2. All costs deducted and subsequently paid up by the buyer shall be returned to the Mineral Value at the Extraction Point.

Article 125: Extraction point:

125.1. The extraction point shall be any of the following:

125.1.1. the storage point, if a Mineral is stored in the warehouse of Extracted Minerals;

125.1.2. the place to which the Mineral is transported for the first time, if the Mineral is not stored in the warehouse of Extracted Minerals and transported immediately after it is mined.

- 125.2.** In the event that the supply of the first saleable Mineral occurs before the extraction point is determined in accordance with Articles 125.1.1 and 125.1.2 of the Regulation, the extraction point of the mineral shall be the place where the Mineral is located directly before the initial supply.

Article 126: Amounts reflective of independent transactions:

- 126.1.** If the Ministry finds that a Licensee has not valued the extracted Minerals at their Trade Price, a Licensee must adjust the amount in accordance with the Trade Price upon extraction.
- 126.2.** If a Licensee does not value the Minerals at their Trade Price when it sells or uses the Minerals for personal purposes or for any other purpose, a Licensee must provide the Ministry with the value of mineral at their Trade Price.

Article 127: Prescribed method to determine amounts that reflect independent transactions:

- 127.1.** Pursuant to the provisions of Article 126 of the Regulation and in order to determine the Trade Price, all relevant amounts shall be identified using methods which comply with those prescribed under Income Tax laws, particularly in respect of the directions regarding the pricing of transactions.
- 127.2.** If a Licensee is unable to determine the Trade Price, it shall immediately notify the Ministry in order for the Ministry to estimate the Trade Price.

Article 128: Circumstances under which the Ministry may reduce the severance fee for a Mineral upon extraction:

- 128.1.** The Ministry may reduce the severance fee due for Class (A) Minerals upon extraction by thirty per cent (30%) if such Minerals are processed in the Kingdom before being exported. The severance fee may be reduced in respect of each stage of Processing in the value-added chains within the Kingdom. Irrespective of whether or not the Mineral is processed by a Licensee or by a third party in the Kingdom. A Licensee shall qualify for the exemption if:
- 128.1.1.** the additional manufacturing stage occurs in the Kingdom;
 - 128.1.2.** the purpose of the additional Processing and manufacturing is to further refine the Mineral into a tradeable commodity within the value-added chain.
- 128.2.** If a commodity containing a Mineral is sold to an independent industrial party within the Kingdom, a Licensee shall submit copies of all relevant documents to the Ministry.
- 128.3.** The Minister may increase the percentage by which the severance fee may be reduced in respect of a specific stage in the value-added chains up to fifty per cent (50%).

- 128.4.** After agreement with the Minister of Finance, the severance fee for Minerals under other Classes may be reduced if they are processed inside the Kingdom and as determined by the Ministry.

Article 129: Income tax rate:

- 129.1** The income tax rate for the holder of an Exploitation Licence shall be determined as follows:

129.1.1 on an annual basis for each Exploitation Licence which a Licensee holds;

129.1.2 from the date on which the Exploitation Licence is issued or the date on which a Licensee obtains it;

129.1.3 the tax rate for each year of the Licence period shall be equal to the amount provided under Article 129.1.3.1 of the Regulation which shall be deducted from the amount provided under Article 129.1.3.2 of the Regulation:

129.1.3.1. the amount of income tax that the holder of the Exploitation Licence must pay for that year, assuming that a Licensee is a company based in the Kingdom and is fully subject to income tax laws, and its only Taxable Income for that year is:

129.1.3.1.1 the total revenue generated from all Minerals covered by the Exploitation Licence for that year; and

129.1.3.1.2 the Taxable Income amounts specified in accordance with Article 133 of this Regulation;

129.1.3.2 the amount of the income tax payable by a Licensee for that year, assuming that the only Taxable Income for that year is:

129.1.3.2.1 the total revenue generated from all Minerals covered by the Exploitation Licence for that year; and

129.1.3.2.1 the amount indicated under Article 133 of the Regulation.

Article 130: Losses carried forward:

- 130.1.** When determining the income tax rate for a Licensee, the losses shall be deemed carried forward under the following circumstances:

130.1.1. the losses are carried forward when the Licence is issued or obtained by a Licensee, if the company is based in the Kingdom and is subject to the income tax laws;

130.1.2. the losses result from (i) a Licensee incurring expenses, (ii) through the depreciation of a Licensee's assets, or (iii) as a result of activities which are related to Reconnaissance activities, Exploration activities, or any

other preparatory and developmental works for the Exploitation of the Minerals under the Reconnaissance or Exploration Licences; or

130.1.3. Article 130.1 of the Regulation has never been applied to these losses.

130.2. The holder of an Exploration Licence may transfer the losses which were carried forward to another Exploitation Licence which it holds and those transferred losses shall be deemed to be losses carried forward for the purpose of determining the income tax rate imposed on a Licensee for the other Exploitation Licence. The carried forward losses shall not be effectively deducted for the purposes of determining the income tax rate for any Exploitation Licence.

130.3. The carried forward losses may be deducted to determine the income tax rate for any year if a Licensee complies with the conditions provided in the relevant tax laws for deduction of carried forward losses.

130.4. This Article 130 shall only apply to losses carried forward after the date on which the Regulation enters into force.

Article 131: Determination of the amounts deducted for depreciation and Taxable Income following the disposal of depreciable assets allocated to Initial Stage Activities:

131.1. The amount of depreciation and Taxable Income shall be determined after excluding the depreciable assets used in creating the value of the extracted Mineral under an Exploitation Licence, and in accordance with the provisions of the relevant tax laws for each Exploitation Licence separately.

131.2. The cost of the depreciable asset shall be assigned to the Exploitation Licence if it is used:

131.2.1. by the holder of the Exploitation Licence for the first time after the Licence is granted; or

131.2.2. only to carry out activities generating the value of the Mineral which is extracted under the Exploitation Licence.

131.3. If a Licensee relies on the mechanism prescribed under Article 131.1 of the Regulation, and the asset is subsequently no longer used only for the implementation of activities generating the value of Minerals extracted under the Exploitation Licence, the value of the asset shall be reduced in proportion to the use of the asset under the Exploitation Licence. This reduction takes effect from the date on which the asset ceases to be used for carrying out activities generating the value of the extracted Mineral.

131.4. If a Licensee relies on the mechanism prescribed under Article 131.1 of the Regulation and the asset is subsequently used for the purposes of another Exploitation Licence which a Licensee holds, and the asset value is still recorded among the group of depreciable assets under the Exploitation Licence relevant to that balance, a percentage of the remaining balance shall be allocated to the other Exploitation Licence. This percentage shall represent the usage value of the asset under the other Licence and reflect the extent to which it is used. The requirements

imposed under this Article shall apply from the date on which the asset is used for the purposes of the other Exploitation Licence.

- 131.5.** A portion of the asset's cost shall be allocated to the Exploitation Licence if (i) the depreciable asset was used for the first time by a Licensee after obtaining the Licence, and (ii) the asset is partially used to carry out activities that generate the value of Minerals extracted under the Exploitation Licence. This portion of the asset's cost shall be determined according to the use of the asset under the Exploitation Licence and the use of the asset in any other activity.
- 131.6.** If a Licensee relies on the provisions of Article 131.5 of the Regulation and the percentage usage of the asset subsequently changes, the balance of the group of depreciable assets under the Exploitation Licence related to the asset shall be adjusted to match the change of the use of the asset under the Exploitation Licence. This adjustment takes effect from the date of change to the usage percentage of the asset.
- 131.7.** If a Licensee relies on the provision of Article 131.5 of the Regulation and the asset is subsequently used for the purposes of another Exploitation Licence, and the asset has a remaining balance in the group of depreciable assets under the Exploitation Licence, a percentage of this balance shall be allocated to the other Exploitation Licence, provided that this percentage represents the value and extent of usage of the asset under the other Licence. This adjustment applies from the date on which the asset is used under the other Exploitation Licence.
- 131.8.** The entire balance of the group of depreciable assets relating to the asset that was used for the first time before the date of obtaining the Exploitation Licence and which is only used to carry out activities generating the value of extracted Mineral extracted under the Exploitation Licence, shall be allocated to the Exploitation Licence.
- 131.9.** The balance of the group of depreciable assets under the Exploitation Licence relating to an asset shall be adjusted to match the usage of that asset in connection with the Exploitation Licence and any other activity. This adjustment applies from the date on which the asset is used in another activity and provided that the following conditions are met:
- 131.9.1.** a Licensee has previously relied on the provisions of Article 131.8 of the Regulation;
 - 131.9.2.** the asset is no longer used to carry out activities generating the value of the Mineral extracted under the Exploitation Licence;
 - 131.9.3.** a percentage of the balance of the depreciable assets group is allocated to the other Exploitation Licence, provided that this percentage represents the value and extent of usage of the asset under the other Licence. This applies from the date on which the asset is used under the other Licence, if the following conditions are met:
 - 131.9.3.1.** a Licensee previously relied on Article 131.8 of the Regulation.

131.9.3.2. there is a change in respect of the usage of the asset for the purposes of another Exploitation Licence.

131.9.3.3. there is a remaining balance in the group of depreciable assets attributable to that asset

131.10. A portion of the balance of the group of depreciable assets attributable to an asset that was used before the Licensee obtained the Exploitation Licence, and which is partly used to carry out the activities that generate the value of the extracted mineral for the Exploitation Licence, shall be allocated to the Exploitation Licence. This portion shall be determined by balancing the use of the asset in relation to the activities conducted under the Licence, with the extent of to which the asset is used in the implementation of a specific activity.

131.11. The remaining balance of assets in the group of depreciable assets pertinent to the Exploitation Licence shall be adjusted to match the usage of the asset after change to its usage in any other activity. This adjustment applies as of the date on which the asset is used in another activity, if the following conditions are met:

131.11.1. if Article 131.10 of the Regulation has previously been applied; or

131.11.2. if there is a change to the usage percentage of the asset.

131.12. A percentage of the remaining balance of the asset in the depreciable assets group under the Exploitation Licence shall be allocated to another Exploitation Licence to the extent the asset is used for the activities carried out under the other Licence. This applies from the date on which the asset is used under the other Licence, on condition that the following requirements are met:

131.12.1. a Licensee previously invoked Article 131.10 of the Regulation;

131.12.2. there is a change in respect of the usage of the asset for the purposes of another Exploitation Licence; and

131.12.3. there is a remaining balance in the depreciable asset group attributable to that asset.

Article 132: Previous balances of depreciable asset groups:

132.1. The holder of an Exploitation Licence may add the previous balances of the groups of depreciable assets to which the provisions of Articles 132.1 and 132.2 of the Regulation were not applied, to the balances of the groups of depreciable assets for the purpose of determining the income tax rate applicable to the Licence holder in respect of its Exploitation Licence. It may do so as if the company is based in the Kingdom and is required to pay income tax. Those balances shall be referred to as the previous balances of the groups of depreciable assets, provided that:

132.1.1. the mechanism prescribed under this Article occurs at the time of obtaining the Exploitation Licence; and

132.1.2. the holder of the Exploitation Licence has balances of the group of depreciable assets relating to the Reconnaissance, Exploration, preparatory and development activities in respect of the Reconnaissance and Exploration Licences.

- 132.2.** If the holder of an Exploitation Licence incurs expenses related to Reconnaissance and Exploration activities after the date on which it has obtained the Exploitation Licence, those expenses will be treated as follows:
- 132.2.1.** if the holder of the Exploitation Licence has only one Exploitation Licence, the expenses shall be added to the balances of the groups of depreciable assets in accordance with tax laws, for the purpose of determining the income tax rate applicable to a Licensee in respect of the Exploitation Licensee; or
 - 132.2.2** if the holder of the Exploitation Licensee has more than one Exploitation Licence, the expenses shall be added, as determined by a Licensee, to the balances of the groups of depreciable assets in accordance with tax laws, for the purposes of determining the income tax rate applicable to each Exploitation Licence, provided that the total sum of expenses added to said balances shall be equal to the actual amount of expenses incurred by a Licensee.
- 132.3.** The amounts included in the balances of depreciable assets groups under Articles 132.2.1 and 132.2.2 of the Regulation shall be referred to as the previous balances of the groups of depreciable asset.
- 132.4.** The holder of an Exploitation Licence may transfer all or part of the balance of the groups of depreciable assets in respect of an Exploitation Licence to any other Exploitation Licence it holds. If balances are transferred between Licences, a Licensee shall:
- 132.4.1.** reduce the balance of the group of depreciable assets in respect of the Exploitation Licence in proportion to the value of the balance of the group of depreciable assets that was transferred to another Licence; and
 - 132.4.2.** add the balance of the group of depreciable assets that is transferred in the relevant group of depreciable assets for the purpose of determining the income tax rate applicable to a Licensee in respect of the other Exploitation Licence. Those balances shall be referred to as the previous balances of the groups of depreciable assets.
- 132.5.** With respect to the groups of assets relating to the Exploitation Licence, the assets to which the previous balances of the groups of depreciable assets relate shall be used to generate Taxable Income for the purposes of determining the income tax rate applicable to a Licensee.
- 132.6.** This Article 136 only applies to balances of groups of depreciable that relate to expenses incurred after the entry into force of this Law.

Article 133: Exclusion of depreciable assets:

- 133.1.** If the holder of an Exploitation Licence excludes any depreciable asset, a percentage of the excluded proceeds must be taken into account on the basis of the extent to which the asset associated with the Exploitation Licence is used for the purposes of

carrying out any other activity, when determining the income tax rate applicable to a Licensee.

- 133.2.** If the holder of an Exploitation Licence disposes of the Licence, the income tax of a Licensee must take into account the amount received in consideration of the disposal of the assets. This amount should not exceed the total of the following amounts, to the extent such amounts relate to expenditures which were incurred for Reconnaissance, Exploration, preparatory and development activities in relation to Minerals regulated under the Exploration Licence:
- 133.2.1.** the amounts deducted for losses that were previously carried forward as well as the claimed expenses and depreciations when determining the income tax rate which applies to the holder of the Exploitation Licence;
 - 133.2.2.** the portions of the balances of the group of depreciated assets that are compensated by the consideration paid for the disposal of assets; and
 - 133.2.3.** the balances of the groups of depreciable assets related to the Exploration Licence at the time of disposal of the assets, if any.

Article 134: Deduction of payable Zakat:

- 134.1.** The payable Zakat is deducted annually from the severance fee for each Exploitation Licence. This shall apply from the date on which the Licence is granted.
- 134.2.** Zakat shall be deducted for any year as follows:
- 134.2.1.** if the holder of an Exploitation Licence is an independent company, in the sense that it is not a subsidiary of another company, that is required to file a Zakat declaration for that year under the executive regulation applicable to Zakat, the amount of Zakat to be deducted shall be reasonably determined on the basis of the revenues generated from Mining Activities related to all Minerals governed by the Exploitation Licence during that year; or
 - 134.2.2.** if the holder of an Exploitation Licence is a subsidiary of another company and is required to file a consolidated Zakat declaration for that year under the executive regulation applicable to Zakat, the amount of Zakat to be deducted by the holder of the Licence in respect of the consolidated Zakat declaration shall be reasonably determined on the basis of the revenues generated from Mining Activities related to all Minerals governed by the Exploitation Licence during that year.
- 134.3.** The amount to be deducted for any year shall be calculated using appropriate methods to calculate the amount of Zakat to be deducted by the holder of the Exploitation Licensee for that year, in relation to all Minerals covered by the Exploitation Licence for that year. This calculation shall also take into account the Exploitation Licensee's circumstance, including, but not limited to (i) the activities a Licensee performs, (ii) the assets a Licensee used, (iii) the Risks which a Licensee is exposed to in conducting the Initial Stages Activities and the Post-Extraction Activities, and (iv) all other relevant information.

- 134.4.** The deductible amount of Zakat shall be determined using any of the methods which comply with the provisions of Article 134.3 of the Regulation and in accordance with the following principles:
- 134.4.1.** a separate establishment carries out the drilling, Processing, and production operations that the holder of the Exploitation Licence effectively performs as part of operations relating to the value of Minerals extracted under the Exploitation Licence and achieved during that year;
 - 134.4.2.** the absence of any interest for the separate establishment that carries out the Initial Stages Activities that achieve the value of Minerals extracted.
 - 134.4.3.** both the holder of the Exploitation Licence and the separate establishment that carries out the Initial Stages Activities shall deal with each other on an arm's length basis.
- 134.5.** The following principles shall be complied with:
- 134.5.1.** there is a market or demand for the activities of the separate establishment that carries out the Initial Stages Activities;
 - 134.5.2.** the market is a competitive market. For this purpose, the market shall be deemed competitive if the return obtained by the separate establishment that carries out the Initial Stages Activities is proportional to the capital used by the establishment for carrying out operations, taking into account the non-diversified Risks associated with such operations.
- 134.6.** If the payable Zakat for any year exceeds the amount of income tax for that year, a Licensee may deduct the excess amount from the payable Zakat for that year from the severance fee payments of the following years.

Chapter Three: Exports

Article 135: Terms and conditions for the export of Minerals and Ores:

- 135.1.** The holder of an Exploitation Licence may export Minerals and Ores for commercial purposes after the Minerals and Ores are processed to increase their Concentration or remove impurities. The holder of the Licence may process the Minerals or Ores through chemical, metrological, thermal, or physical methods, or by cutting and Polishing, in order to benefit from the processed Mineral or Ore for industrial purposes or any other purpose.
- 135.2.** The Minerals referred to under Article 135.1 of the Regulation may only be exported in accordance with the terms and conditions of the Licence and as determined by the Ministry.
- 135.3.** The Minerals and Ores which fall under Class (B) may be exported for commercial purposes in an unprocessed form on condition that: (i) a Licensee pays an export duty equal to ten per cent (10%) of the net sales of the Minerals or Ores it exported;

and (ii) a Licensee does not export more than thirty per cent (30%) of the average annual Minerals or Ores it produces, prior to Processing. The Minister or its authorized representative may increase this percentage as required.

- 135.4.** The Minerals and Ores which fall under Class (C) may be exported for commercial purposes in its natural form as processed by primary physical methods on condition that a Licensee pays an export duty equal to ten per cent (10%) of the net sales of the Minerals or Ores it exported.

Article 136: Application procedure to obtain the right to export Minerals or Ores for commercial purposes:

- 136.1.** In order to submit an application to export Minerals or Ores:
- 136.1.1.** an application should be completed in accordance with the prescribed application form;
 - 136.1.2.** the Licence should be valid;
 - 136.1.3.** the applicant should not be in arrears in paying any amounts owed to the Ministry in respect of any Licence, penalties, or any other dues;
 - 136.1.4.** the Minerals and Ores must comply with the provisions of Article 135 of the Regulation;
 - 136.1.5.** a report setting out the different stages and methods of Processing or manufacturing the Ore shall be submit to the Ministry. A representative of the Ministry may visit the Processing or manufacturing site;
 - 136.1.6.** the payment of the export duties in respect of Minerals of Class (B) and (C) should be made in accordance with the provisions of Article 135 of the Regulation.
- 136.2.** Where Minerals and Ores are exported by a party other than a Licensee, the applicant must submit information to the Ministry which proves that it purchased the Minerals or Ores from the holder of a valid Exploitation Licence in accordance with the prescribed application and in compliance with the requirements and procedures set out in this Article.
- 136.3.** The Ministry shall assess the export application within thirty (30) days and decide to either:
- 136.3.1.** approve the application, issue the export permit and notify a Licensee of its decision; or
 - 136.3.2.** reject the application and notify a Licensee of its decision and the reasons for its decision.

Part Five:
Monitoring and Inspection

Chapter One: Inspection:

Article 137: Entities authorised to monitor, inspect and detect violations:

- 137.1.** The monitoring, inspection and detection of violations shall be carried out by:
- 137.1.1.** representatives of the Ministry assigned for this purpose;
 - 137.1.2.** companies affiliated to the Ministry appointed for this purpose;
 - 137.1.3.** specialised companies or firms that are qualified to monitor and detect violations;
 - 137.1.4.** governmental inspection agencies acting in accordance with their powers.
 - 137.1.5.** Subject to the provisions of this Article, the Minister or the Minister's authorized representative shall issue a decision appointing the Inspector. The decision shall specify the function, workplace and duration of the Inspector's appointment.

Article 138: The functions of the Inspector:

- 138.1.** An Inspector may, at any time, enter any site, including facilities, where Mining Activities are conducted, with or without permission, to:
- 138.1.1.** ensure that the Law, the Regulation, the terms and conditions of the Licence, and the decisions issued by the Ministry are complied with;
 - 138.1.2.** examine hard or soft copies of books, records, documents, data, or any other document related to the implementation of the Law, the Regulation, and terms and conditions of the Licence. The Inspector may request copies or extracts for the purpose of examination;
 - 138.1.3.** assess the general conditions of the Licence Site, and a Licensee's compliance with the Work Program;
 - 138.1.4.** discuss with a Licensee, a Licensee's representative or workers at the site any matters related to the implementation of the provisions of the Law and the Regulation;
 - 138.1.5.** obtain sample(s) of the materials used at, or extracted from the site, to ensure the proper implementation of activities in accordance with the Work Program;
 - 138.1.6.** measure exploited quantities at the site where Mining Activities are conducted and review technical documents relating to measurements, and financial and accounting documents to ensure the accuracy of information which a Licensee provided to the Ministry;
 - 138.1.7.** ensure that the activities performed at the site have no adverse impact on the safety, security, health, environment or properties, nor cause substantial damage to the site. In the event that adverse impacts are identified, the Inspector shall instruct a Licensee to remedy those impacts urgently and record the facts in the inspection report so that the Ministry takes appropriate measures;
 - 138.1.8.** record minutes and draft technical and periodic reports in respect of the site where Mining Activities are conducted;

- 138.1.9.** detect violations and issue penalties that do not exceed two hundred thousand (200,000) Riyals per violation;
- 138.1.10.** detect violations where the penalty exceeds two hundred thousand (200,000) Riyals per violation, and refer the matter to the committee in charge of violations and penalties;
- 138.1.11.** seize the machinery, equipment, Minerals, and Ores used or extracted from the site where violations are detected;
- 138.1.12.** seek assistance from security forces, if needed;
- 138.1.13.** The Inspector may use technical and electronic instruments when performing the functions and when preparing relevant minutes and reports.

Article 139: Obligations and duties of Inspectors:

- 139.1.** When performing its functions, the Inspector shall:
 - 139.1.1.** carry the official identification card provided by the relevant authority and present it to those present at the site to be inspected;
 - 139.1.2.** inform a Licensee or its representative of the Inspector's functions and the purpose of the visit in a polite and courteous manner;
 - 139.1.3.** perform the functions with due care and in an honest and accurate manner. The Inspector shall only record observations in respect of facts they witness, and refrain from recording any observation on any matters they did not witness or are not fully familiar with; and
 - 139.1.4.** cooperate with a Licensees or a Licensee's representatives in all matters that would enhance the activities and the trust of investors.

Article 140: Compliance with and disclosure of conflicts of interest:

- 140.1.** The Inspector shall sign a statement of compliance in the form prescribed by the Ministry prior to undertaking any inspection.
- 140.2.** The Inspector shall carry out its inspection and monitoring duties with skill, courtesy, impartiality, and a spirit of integrity and fairness.
- 140.3.** Before performing their functions, the Inspector shall inform their direct superior of any direct or indirect relationship or interests with Persons working on any Mining Activities. If the Inspector becomes aware of the presence of a relationship while performing their duties, the Inspector shall immediately inform its direct superior so that the Inspector's replacement with another Inspector can be assessed.
- 140.4.** A Person who carries out a Mining Activity shall immediately disclose to the Ministry any direct or indirect interests with the Inspector who inspects the site.
- 140.5.** If the Ministry becomes aware that there was an undisclosed relationship between the Inspector and a Person carrying out a Mining Activity, the Ministry shall take any actions it deems appropriate and it may notify the competent authorities of such violation.

- 140.6.** The Inspector shall not accept any gifts, donations or any offer or service, of whatever kind, from a Licensee, the workers, or any other Person.

Chapter Two: Rights and Obligations of Workers Performing Mining Activities

Article 141: Obligations of workers performing Mining Activities during inspections:

- 141.1.** The workers performing Mining Activities shall not prevent the Inspector from entering the site where Mining Activities are performed or any facilities or infrastructure related to the site.
- 141.2.** The workers performing Mining Activities or their representatives shall grant the Inspector access to all facilities necessary to perform their functions, as well as any papers, data, and documents which the Inspector requests to carry out their functions.
- 141.3.** Any assets seized during an inspection shall be preserved in the same state as they were at the time of the seizure and shall not be disposed of.
- 141.4.** The Inspector's recommendations and instructions shall be complied with.

Article 142: Rights of workers performing Mining Activities during inspections:

- 142.1.** During inspection, the workers performing Mining Activities may request the following from the Inspector:
- 142.1.1.** the identity and functions of the Inspector;
 - 142.1.2.** the reasons for the inspection;
 - 142.1.3.** the opportunity to express their view; and
 - 142.1.4.** assistance of another worker at the site during the inspection.

Chapter Three: Inspection and Report on Violations

Article 143: Inspection notice:

- 143.1.** The Ministry may notify a Licensee of an inspection of the Licence Site within the period specified in the notice, for the purpose of ensuring compliance with the provisions of the Law, the Regulation, the Guidelines, and the and terms and conditions of Licence.
- 143.2.** A Licensee may request a re-inspection, and the Ministry may approve the request if it finds that a Licensee was not afforded a reasonable opportunity to provide sufficient information, data, or reports.

143.3. If the Ministry approves the request for re-inspection, it shall determine the period during which the re-inspection shall occur.

Article 144: Report on violations:

144.1. The report on violations shall be prepared using the designated form approved by the Ministry and shall include:

- 144.1.1.** the date and time of the report;
- 144.1.2.** the site where the violation was detected and the details of the violation;
- 144.1.3.** information on the Licence, if any;
- 144.1.4.** information on the perpetrators, if any;
- 144.1.5.** the list and description of seized assets, their location, the conditions of discovery of such assets, and any facts that may be useful in establishing or denying the violation;
- 144.1.6.** the documents, data, and papers that the Inspector reviewed, obtained, or requested;
- 144.1.7.** the signature of any Person who provided a statement or testimony;
- 144.1.8.** the instruments, equipment, and vehicles used in relation to the violation and their registration numbers, if any;
- 144.1.9.** the following documentation shall be attached to the report on violations:
 - 144.1.9.1. the Licence, if any, in relation to which violations are detected;
 - 144.1.9.2. a map of the location of the violation and its geographical coordinates;
 - 144.1.9.3. a description of the violation and resulting damage, if any;
 - 144.1.9.4. pictures of the violation; and
 - 144.1.9.5. a description of the evidence located on the site and which proves the violation.

144.2. The inspection report shall be prepared even if no violations were detected during the inspection.

144.3. The inspection report shall be drafted in the Arabic language. In case the report is drafted in a written or hard-copy form, the report shall be clear of any edited words, deletions, or blanks; otherwise, the author of the report and the Inspector shall sign the same. If the assistance of a translator is required, this shall be recorded in the report and the translator shall sign the report.

144.4. Technical and electronic means can be used in preparing the report on violations and detecting the violations.

Article 145: Reporting violations to security forces:

145.1. The Inspector may report the violation to security forces in the following cases:

- 145.1.1.** the perpetrator escapes or refuses to cooperate with the Inspector;
- 145.1.2.** the perpetrator obstructs the inspection;

- 145.1.3.** the violation involves a crime or a criminal suspicion.

Chapter Four: Cooperation with Governmental Bodies

Article 146: Referral of violations to other governmental bodies:

The Inspector may prepare a report on any violation of laws and instructions of other government bodies, if the violation occurs at the Licence Sites or Mining Blocks. The Ministry may refer such violations to the competent authorities to take the necessary measures.

Article 147: Violations referred to the Ministry by other governmental bodies:

- 147.1.** If the Ministry receives a report on violations in relation to Mining Activities from any governmental body, it shall:
- 147.1.1.** if the penalty associated with the violation does not exceed two hundred thousand (200,000) Riyals, refer the violation to the competent authority at the Ministry; or
 - 147.1.2.** if the penalty associated with the violation exceeds two hundred thousand (200,000) Riyals, refer the violation to the committee in charge of violations and penalties.

Chapter Five: Preservation of Seized Assets

Article 148: Procedures in relation to the preservation of seized assets:

- 148.1.** If the Inspector considers that it is necessary to seize any equipment, machine, Mineral, or Ore when detecting a violation, the Inspector shall:
- 148.1.1.** if the seized assets are equipment, machines or tools: take pictures and mark the assets as seized assets in accordance with the directions of the Ministry;
 - 148.1.2.** if the seized assets are precious objects: make an inventory, describe, take photographs, indicate – to the extent possible – the quantity, measurements or weight of the seized assets and record this information in a report signed by the Inspector and deposited at the competent authority;
 - 148.1.3.** deliver the report on seized assets to the relevant authority at the Ministry within three (3) working days from the date of issuance of the report;
 - 148.1.4.** indicate in the report on seized assets the perishable assets and assets whose preservation requires substantial costs;
 - 148.1.5.** in all cases, costs related to preservation, transport, storage and surveillance of seized assets shall be borne by the perpetrator;

- 148.1.6.** if it is not possible to seize an asset, the Inspector shall put seals or marks on the locations where the violation occurred, and may place them under surveillance, at the expense of the perpetrator.

Article 149: Procedures to dispose of seized assets:

The reports on seizure of machinery and equipment that are used in relation to a violation and which should be confiscated shall be presented to the committee in charge of violations and penalties within ten (10) working days from the date of the seizure. The committee shall consider whether the seized assets should be released or confiscated and shall either (i) release the assets or (ii) recommend their confiscation in which case the matter is referred to the competent courts.

Article 150: Releasing seized assets:

- 150.1.** Only those assets used in relation to a violation may be seized and confiscated.
- 150.2.** The owner of seized assets may request their release if the assets are not the subject of a violation nor used in respect of a violation.
- 150.3.** Assets seized during an inspection may be released and returned to the Person from which they were seized, unless the assets are (i) necessary to proceed with the penalty procedures or (ii) confiscated.
- 150.4.** If there is a dispute over the ownership or possession of the seized assets or there is an uncertainty in respect of the Person that has the right to receive the assets upon their release, the seized assets should not be delivered to any Person. In this event, the Person claiming a right over the seized assets shall submit an application to the competent authorities.
- 150.5.** The seized assets shall be released and returned to their owner on the basis of a report stating the number and description of the seized assets, their relevant violation, a summary on the specifications of the seized assets, and the names of the parties. Such report shall be signed by both parties.

Chapter Six: Measures to Remedy Adverse Impacts Arising from the Licence Site

Article 151: Temporary suspension of Mining Activities to remedy adverse impacts:

- 151.1.** In accordance with the provisions of Article 24 of the Law, if any activity or use of any equipment at the Licence Site causes adverse impacts on the safety, security, or health of a Licensee, its workers or any other Persons, or if those impacts caused (i) damage to the environment or property, (ii) an unusual disturbance, or (iii) substantial damage to any site, the Ministry may request a Licensee, the Executive Officer at the site where Mining Activities are conducted, or any person performing such activities to:

- 151.1.1.** suspend any activity or the use of any equipment at the Licence Site that causes adverse impacts on the safety, security, or health of a Licensee, its workers or any other Persons, or if those impacts caused (i) damage to the environment or property, (ii) an unusual disturbance, or (iii) substantial damage to any site;
 - 151.1.2.** suspend part or all of the Mining Activities;
 - 151.1.3.** take the necessary actions to address the reasons for any suspension;
 - 151.1.4.** prepare and implement the corrective action plan required to address the reasons referred to under Article 151.1.3 of the Regulation; and
 - 151.1.5.** provide the Ministry with any necessary or appropriate information.
- 151.2.** The Ministry shall lift any suspension imposed in accordance with Article 151.1 of the Regulation if it finds that the adverse impacts are remedied according to the corrective action plan set out under the Regulation.

Article 152: Plan to remedy adverse impacts on health, safety and environment:

- 152.1.** If the Ministry issues a decision to temporarily suspend part or all of the Mining Activities to remedy adverse impacts in accordance with Article 24 of the Law, the Ministry may request a Licensee whose activity is suspended to prepare a corrective action plan in accordance with the following requirements:
- 152.1.1.** the corrective action plan shall be submitted to the Ministry within thirty (30) days from the date of the Ministry's instructions and in accordance with Article 152.1.4 of the Regulation;
 - 152.1.2.** the Ministry shall approve the corrective action plan within sixty (60) days from the date of its submission, if the plan addresses the adverse impacts provided in this Article;
 - 152.1.3.** if the Ministry rejects the corrective action plan, it shall notify a Licensee of the reasons for the rejection. A Licensee shall then submit an amended corrective action plan that satisfies all requirements within thirty (30) days from the date of the Ministry's rejection notification;
 - 152.1.4.** if the Ministry approves the amended corrective action plan, a Licensee shall comply with the plan;
 - 152.1.5.** if a Licensee does not comply with any provision of the corrective action plan, the Ministry shall refer this violation to the committee in charge of violations and penalties.

Article 153: Submission of a recommendation to terminate the Licence:

- 153.1.** The Ministry may take the necessary actions before submitting its recommendation to the committee in charge of violations and penalties to either suspend the works or terminate the Licence.
- 153.2.** If the Ministry intends to suspend the works or terminate the Licence, it shall address a notice to a Licensee which includes:

- 153.2.1.** the reasons for the suspension of works or termination of the Licence;
 - 153.2.2.** provide a period of sixty (60) days to remedy the reasons for the suspension of works or termination of the Licence;
 - 153.2.3.** if the reasons provided in accordance with Article 153.2.1 of the Regulation cannot be remedied within the sixty (60) days, the Ministry shall grant a Licensee thirty (30) days to provide an explanation of (i) the necessity to proceed with the works under the Licence, (ii) reasons for failure to remedy the reasons for the suspension of works or termination of the Licence.
- 153.3.** If a Licensee does not provide a written explanation in support of a reassessment of the suspension of the works or termination of the Licence, the Ministry shall refer the violation to the committee in charge of violations and penalties, which shall decide whether to suspend the works or recommend the termination of the Licence.
- 153.4.** The decision to terminate the Licence does not discharge a Licensee from its obligations relating to environmental matters, Rehabilitation and Closure.

Chapter Seven: Seizure of Minerals and Ores transported without permission

Article 154: The Ministry's authority to seize Minerals and Ores transported without permission:

The Inspector may inspect any vehicle transporting Minerals or Ores to ensure that the transported Minerals or Ores have been extracted in compliance with applicable laws and the provisions of the Regulation. The Inspector may seek assistance of security forces to detect any such violations.

Part Six: Violations, Penalties, and Dispute Settlement

Article 155: Violations:

155.1. Any of the following actions shall be deemed a punishable violation:

- 155.1.1.** engaging in any Mining Activity without a Licence;
- 155.1.2.** failure to comply with the Law, the Regulation, or the terms and conditions of the Licence;
- 155.1.3.** providing misleading or incorrect information to the Ministry;
- 155.1.4.** delay or failure to provide information or reports requested by the Ministry;
- 155.1.5.** delay in paying any amounts due under the provisions of the Law and the Regulation;
- 155.1.6.** failure to comply with obligations imposed under the Law, the Regulation and the terms and conditions of the Licence within sixty (60) days from the date of notification of such non-compliance;
- 155.1.7.** failure to remedy a violation that was notified to a Licensee within the period specified in the notice, or recurrence of the violation;
- 155.1.8.** delay for more than one hundred and eighty (180) days from the date of the Ministry's relevant notice in taking the necessary actions to preserve the environment, wildlife, archaeological sites, or tourist areas;
- 155.1.9.** conducting any activity or use of any equipment at the Licence Site that has adverse impacts on the safety, security, or health of a Licensee's employees or any other Persons, or if those impacts cause (i) damage to the environment or property, (ii) an unusual disturbance, or (iii) substantial damage to any site, according to Article 24 of the Law.

Article 156: The amount of penalties:

156.1. When determining the amount of the penalties, the following elements are taken into account:

- 156.1.1.** working without a valid Licence;
- 156.1.2.** the severity of the violation;
- 156.1.3.** the recurrence of the violation;
- 156.1.4.** the number of violations;
- 156.1.5.** whether the violation causes damage to the safety, security, health, environment, or properties;
- 156.1.6.** whether the violation is associated with an attempt to obstruct inspections or failure to cooperate with the Inspector;
- 156.1.7.** the surface area of the site where the violation occurred; and
- 156.1.8.** the number of equipment and quantities used.

Article 157: Formation of the committee in charge of violations and penalties:

157.1. One or more committees shall be formed, by decision of the Minister, to investigate violations.

- 157.2.** The Minister shall set the rules according to which the committee shall perform its functions. Such rules shall enter into force on the date of their issuance.
- 157.3.** The Minister's decision on the formation of the committee shall indicate the duration of the committee's mandate, and its chair and deputy chair.
- 157.4.** The quorum for the committee's meetings is met if the majority of its members are present, and provided that the chair or deputy chair attends the meeting. The committee's decisions are taken by the majority of votes of attending members. The chair shall have a casting vote.
- 157.5.** The committee shall have one or more secretary(ies) to (i) coordinate, organize, and support its works, (ii) draft minutes, and (iii) archive files.

Article 158: Powers of the committee in charge of violations and penalties, decisions on penalties and processes:

- 158.1.** The powers vested in the committee in charge of violations and penalties include, without limitation:
- 158.1.1.** assessment of violations referred to it by the Ministry;
 - 158.1.2.** issue penalties depending on the type of violation;
 - 158.1.3.** seek assistance from any expert in order to fulfil its functions;
 - 158.1.4.** if deemed necessary by the committee, summon perpetrators or their legal representative appointed by a valid power of attorney to attend before the committee;
 - 158.1.5.** if it decides to summon a perpetrator or its representative to attend before the committee, the committee shall notify the perpetrator or its representative five (5) days in advance;
 - 158.1.6.** notify the perpetrator of the committee's decision upon its issuance.

Article 159: Recovery of Minerals and Ores, and associated funds which are the subject of a violation:

- 159.1.** The Ministry may recover all Minerals, Ores, their derivatives and associated funds resulting from activities conducted in violation of applicable laws and regulations. The Ministry may also collect the severance fees in respect of exploited Minerals and Ores resulting from those activities.
- 159.2.** The funds resulting from illegal Exploitation Activities shall be recovered according to the following procedures:
- 159.2.1.** the quantities shall be estimated by technical experts and the price of the relevant Mineral or Ore shall be estimated at their market price;
 - 159.2.2.** the Ministry may seek assistance of experts to estimate the quantities and the severance fees applicable to the Ores that are the subject of a violation.

Article 160: Notification of the penalty to a Licensee and a Licensee's right to object to the penalty:

- 160.1.** The decision setting out a penalty shall be notified to perpetrator, together with the relevant reasons.
- 160.2.** A Licensee may object to a decision of suspension of works or termination of the Licence issued by the Ministry or the committee in charge of violations and penalties within thirty (30) days from the date of notification of the decision, following which a Licensee shall be deemed to have waived its right to objection.
- 160.3.** An objection filed in accordance with Article 160.2 of the Regulation shall be assessed within fifteen (15) days from the date of receipt of the objection. The decision in respect of that objection shall be final.
- 160.4.** The decision on the objection can be challenged by the concerned Person before the administrative courts within sixty (60) days from the date of notification of the decision.

Article 161: Dispute settlement:

- 161.1.** Any dispute arising between the Ministry and a Licensee may be settled with the Ministry within sixty (60) days from a Licensee's request.
- 161.2.** If the dispute is not settled within the period specified under Article 161.1 of the Regulation, a challenge may be filed before the competent court. A Licensee may, with the approval of the Minister, refer the dispute to arbitration in accordance with the provisions of the arbitration law.

Article 162: Limitation of the Ministry's liability:

- 162.1.** The Ministry shall not be liable for any damage or loss, of whatever nature, if it is caused by:
 - 162.1.1.** the performance of any work or duty in accordance with the Law and the Regulation;
 - 162.1.2.** the inability to perform any work or duty, or exercise any powers granted under the Law and the Regulation.
- 162.2.** The Ministry shall not be liable for any damage or loss, of whatever nature, if it is caused by the following:
 - 162.2.1.** seizure and preservation of seized assets in accordance with the provisions of the Regulation; and
 - 162.2.2.** confiscation of assets in accordance with the provisions of the Regulation.

Part Seven: Miscellaneous Provisions

Article 163: Publication of notices:

- 163.1.** In accordance with the provisions of Article 60 of the Law, the Ministry shall publish the full text of the following documents:
- 163.1.1.** decisions of a general nature;
 - 163.1.2.** Licences granted under the Law;
 - 163.1.3.** renewal, extension, amendment, Transfer or termination of any Licence granted under the Law;
 - 163.1.4.** notices related to the pledges of Licences;
 - 163.1.5.** allocation of Mining Reserve Areas and Mining Blocks;
 - 163.1.6.** tender announcements; and
 - 163.1.7.** any documents related to the Regulation or the Guidelines.
- 163.2.** The documents referred to under Article 163.1 of the Regulation shall be published by the means specified by the Ministry.

Article 164: Language of documents and correspondence:

- 164.1.** The Licences granted under the Law and the Regulation shall be issued in the Arabic language, and interpreted and approved accordingly.
- 164.2.** Any correspondence and documents shall be in Arabic. Another language may be used in addition to the Arabic language, provided that the Arabic language shall be the binding language for the purpose of interpretation and implementation of such correspondence and documents.

Article 165: Calculation of time periods:

- 165.1.** Time periods are calculated according to the fiscal year of the Kingdom. The year is divided into four quarters, of three months each.
- 165.2.** Upon issuance or Transfer of any Licence during any of the periods specified under Article 165.1 of the Regulation, all rights and obligations relating to the Licence shall be calculated for the remaining part of the period of issuance or Transfer of the Licence.

Article 166: Entry into force and temporary provisions:

- 166.1.** The Regulation shall enter into force on the date of entry into force of the Law.

166.2. According to the provisions of paragraph 2 of Article 61 of the Law, the rights granted to a Licensee pursuant to the Mining Law issued by Royal Decree No. M/47, dated 20/08/1425 AH, shall remain in full force and effect, provided that a Licensee complies with the provisions of the Law from the date of its entry into force.

Annex No. (1) Mineral Classes (A), (B) and (C)

SR.	Minerals of Class (A)
1	(Bauxite / Aluminium ore AL ₂ O ₃ > 40 %)
2	(Copper)
3	(Iron Ore Fe > 40 %)
4	(Ilmenite)
5	(Nickel)
6	(Niobium)
7	(Phosphate Rock)
8	(Silica, Quartz Content > 95 %)
9	(Rare Earth Elements)
10	(Rutile)
11	(Serpentine - Gemstone variety)
12	(Thorium)
13	(Tin)
14	(Tungsten)
15	(Zinc)
16	(Zirconium)
17	(Agate)
18	(Asbestos)
19	(Beryllium)
20	(Corundum)
21	(Diamonds)
22	(Diaspore)
23	(Lithium)
24	(Manganese)
25	(Molybdenum)
26	(Platinum Group Metals)
27	(Pyrite)
28	(Tantalum)
29	(Uranium)
30	(Vanadium)
31	(Xenotime)
32	(Cadmium)
33	(Chromium)
34	Garnet Group Minerals - Precious Stone (Garnet Group Minerals - Precious Stone)
35	(Gemstone & Semi-Precious Stones)
36	(Gold)
37	(Jasper)
38	(Olivine - Peridot/ Gemstone variety)
39	(Silver)
40	(Hafnium)
41	(Lead)
42	(Leucoxene)
43	(Unlisted mineral or metal ore)

SR. Minerals of Class (B)	
1	(Bauxite/ Aluminium Ore - AL ₂ O ₃ < 40%)
2	(Red Clay)
3	(Bentonite & Kaolin)
4	(Diatomite)
5	(Dolomite)
6	(Feldspar; Incl: Felsite)
7	(Fluorite)
8	Garnet Group Minerals - Other Uses (Garnet Group Minerals - Precious Stone)
9	(Gypsum & Anhydrite)
10	(Iron ore - Fe<40%)
11	(Limestone for industry)
12	(Magnesite)
13	(Marble for industry)
14	(Nepheline Syenite)
15	(Kyanite, Andalusite & Sillimanite)
16	(Mica)
17	(Olivine - Other Uses)
18	(Pyroxenite)
19	(Talc)
20	(Perlite)
21	(Potash)
22	(Pozzolan for Cement)
23	(Pyrophyllite)
24	(Salt)
25	(High grade Silica Sand SiO ₂ > 95%)
26	(Trona)
27	(Unlisted Industrial Mineral)

SR. Minerals of Class (C)	
1	Gravel: (any rock suitable for use as gravel) (Aggregates: (any rock suitable to be crushed)
2	Crushed Marble (Crushed Marble)
3	Scoria (Scoria)
4	Silica sand (low percentage) Low grade Silica Sand SiO ₂ < 95%))
5	Dimension stones: Igneous (granite, gabbro & basalt) (Dimension Stone: Igneous (granite, gabbro & basalt Dimension Stone)
6	Dimension stones: Metamorphic: marble, gneiss, schist & phyllite Dimension Stone : Metamorphic (marble, gneiss, schist & phyllite)
7	Dimension stones: Sedimentary (dolomite, sandstone, limestone) Dimension Stone : Sedimentary (dolomite, sandstone, limestone)

8	Salt for Artisanal Miners (Salt for Artisanal Miners)
9	Sand and Gravel (Sand and Gravel)
10	Clay (Clay)
11	Sub-base materials (Sub-base Materials)

Annex No. (2) Financial consideration for Minerals of Class (A)

SR	Mineral Ores of Class (A)	Financial consideration for Exploitation
1.	(% of the net value of mineral upon extraction)	
2.	(Bauxite / Aluminium ore AL ₂ O ₃ > 40 %)	2.5%
3.	(Copper)	1.5%
4.	(Iron Ore Fe > 40 %)	4%
5.	(Ilmenite)	4.5%
6.	(Nickel)	2%
7.	(Niobium)	3%
8.	(Phosphate Rock)	4%
9.	(Silica, Quartz Content > 95 %)	3.5%
10.	(Rare Earth Elements)	3%
11.	(Rutile)	3%
12.	(Serpentinite - Gemstone variety)	3%
13.	(Thorium)	3%
14.	(Tin)	3%
15.	(Tungsten)	2%
16.	(Zinc)	2%
17.	(Zirconium)	2%
18.	(Agate)	1%
19.	(Asbestos)	1%
20.	(Beryllium)	1%
21.	(Corundum)	1%
22.	(Diamonds)	1%
23.	(Diaspore)	1%
24.	(Hafnium)	1%
25.	(Lead)	1%
26.	(Leucoxene)	1%
27.	(Lithium)	1%
28.	(Manganese)	1%
29.	(Molybdenum)	1%

30.	(Platinum Group Metals)	1%
31.	(Pyrite)	1%
32.	(Tantalum)	1%
33.	(Uranium)	1%
34.	(Vanadium)	1%
35.	(Xenotime)	1%
36.	(Cadmium)	1.5%
37.	(Chromium)	2.5%
38.	(Garnet Group Minerals - Precious Stones)	
39.	(Garnet Group Minerals - Precious Stones)	2.5%
40.	(Gemstone & Semi-Precious Stones)	2.5%
41.	(Gold)	1.5%
42.	(Jasper)	2.5%
43.	Olivine - Peridot/ Gemstone variety	

Annex No. (3) Financial consideration for Minerals of Class (B):

SR.	Mineral Ores of Class (B)	Financial consideration for Exploitation (SAR/ton)
1	(Bauxite/ Aluminium Ore - AL ₂ O ₃ < 40%)	2.5
2	(Red Clay)	2.25
3	(Bentonite)	4.5
4	(Kaolin)	3.25
5	(Diatomite)	35
6	(Dolomite) 0 – 50,000 tons	4.5
7	(Dolomite) + 50,000 tons	6.75
8	(Feldspar; Incl: Felsite)	4.5
9	(Fluorite)	15
10	Garnet Group Minerals - Other Uses (Garnet Group Minerals - Other Uses)	3.5
11	(Gypsum & Anhydrite)	3
12	(Iron ore - Fe<40%)	2.5
13	Limestone for industry (0 – 50,000 tons)	4.5
14	Limestone for industry (+ 50,000 tons)	6.75
15	(Magnesite)	38
16	Marble for industry (0 – 50,000 tons)	4.5
17	Marble for industry (+ 50,000 tons)	6.75
18	(Nepheline Syenite)	4.5
19	(Perlite)	37
20	(Potash)	10
21	(Pozzolan for Cement)	3.5
22	(Basalt)	3.5
23	(Pyrophyllite)	3.5
24	(Salt)	4.5
25	(High grade Silica Sand SiO ₂ > 95%)	7.5
26	(Trona)	15
27	(Wollastonite)	39
28	(Zeolite)	3

Annex No. (4) Financial consideration for Minerals of Class (C)

SR.	Mineral Ores of Class (C)	Exploitation Consideration in SAR/ton	Minimum Mining capacity in ton according to the Licence Site area			
			0 to 0.25 km ²	More than 0.25 to 0.5 km ²	More than 0.5 to 0.75 km ²	More than 0.75 to 1 km ²
1	Gravel: (any rock suitable for use as gravel) (Aggregates: (any rock suitable to be crushed)	0.67	200,000	300,000	400,000	500,000
2	Crushed Marble (Crushed Marble)	3.5	40,000	80,000	160,000	200,000
3	Scoria (Scoria)	3.5	40,000	80,000	160,000	200,000
4	Clay (Clay)	2.25	40,000	60,000	90,000	135,000
5	Dimension Stone (granite, gabro, gneiss) Dimension Stone (granite, gabro, gneiss)	9	9,000	18,000	32,000	45,000
6	Basalt (Basalt)	3	45,000	67,500	100,000	150,000
7	Dimension Stone (schist & phyllite)	2.25	30,000	45,000	67,500	100,000
8	Dimension Stone (marble)	4.2	12,000	24,000	42,000	60,000
9	Dimension Stone - (limestone, dolomite)	2.8	20,000	40,000	70,000	100,000
10	Dimension stones: Dimension Stone (sandstone)	1.3	20,000	40,000	70,000	100,000
11	Salt for Artisanal Miners (Salt for Artisanal Miners)	4.5	2,000	-	-	-
12	Sand and Gravel (Sand and Gravel)	0.53	130,000	195,000	260,000	325,000
13	Silica sand (low percentage) (Low grade Silica Sand SiO ₂ < 95%)	38	50,000	75,000	112,000	168,000
14	Sub-base materials (Sub-base Materials)	37	15,000	22,500	33,000	50,000

Annex No. (5) Surface Rental

Surface Rental for Exploitation Licences		
Licence Type	Area	SAR
Mining Licence	Per km ² or a fraction of km ²	10,000
General Purpose Licence		
Small Mine Licence		
Building Materials Quarry Licence	0 to 0.25 km ²	10,000
	More than 0.25 to 0.5 km ²	15,000
	More than 0.5 to 0.75 km ²	20,000
	More than 0.75 to 1 km ²	25,000

Surface Rental for Exploration Licences	
Year	Per km² or a fraction of km² SAR
1	33
2	10
3	15
4	20
5	30
6	50
7	100
8	150
9	200
10	250
11	500
12	600
13	700
14	800
15	900

Annex No. (6) Minimum Annual Expenditures on Exploration Licences

Minimum annual expenditures on Exploration Licences	
Year	Per km² or a fraction of km² SAR
1	750
2	1,500
3	3,000
4	3,000
5	4,500
6	4,500
7	5,600
8	5,600
9	7,500
10	7,500
11	7,500
12	7,500
13	7,500
14	7,500
15	7,500